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Annual Report 2014|15



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## Accountable Officer’s declaration

In accordance with the *Financial Management Act 1994*, I am   
pleased to present the report of operations for the Department   
of Treasury and Finance for the year ended 30 June 2015.

**David Martine  
Secretary**

# About DTF

**Our vision** is a prosperous future for all Victorians. To fulfil this vision we provide economic and financial policy advice to the Government with the aim of increasing the living standards of all Victorians.

**Our mission** is to provide leadership in economic, financial and resource management. Our role is to ensure that the Government and the State of Victoria benefit from the highest standard of economic, financial and resource management.

The Department’s vision and mission have been reviewed and will be amended for 2015‑16.

## DTF’s role and objectives

The Department of Treasury and Finance (DTF) provides economic, financial and resource management advice to the Victorian Government about its policy platform.

This includes:

* supporting the Government in responsible budget and financial management;
* delivering innovative and timely policy advice, and influencing government decisions on a range of economic, social and environmental issues;
* providing strategic leadership across the public sector on economic and financial sector reform;
* assisting the Government with implementing major infrastructure projects and frameworks; and
* contributing to decisions made by the Government on major contractual arrangements across the State.

DTF’s objectives are:

* sound financial management of Victoria’s fiscal objectives;
* guide Government actions to increase Victoria’s productivity and competitiveness;
* drive improvement in public sector asset management and the delivery of infrastructure;
* deliver efficient whole of government common services to the Victorian public sector; and
* ensure DTF and its people have the capability to serve Government.

We proactively look to improve the services we deliver, and the way in which they are delivered to ensure that we are:

* fiscally responsible;
* market focused; and
* reform oriented.

## Our Ministers

### Treasurer – Tim Pallas MP

Tim Pallas MP commenced as Treasurer of Victoria in December 2014.

The Treasurer is the minister in charge of government revenue and expenditure. His primary responsibilities are:

* preparing and delivering the annual state budget;
* promoting economic growth across the State of Victoria;
* promoting and encouraging investment opportunities in Victoria from interstate and abroad;
* developing the fiscal objectives and strategy for the State of Victoria;
* developing the economic policy of the Government;
* setting wages policy, which operates in conjunction with the industrial relations policies as developed and administered by the Industrial Relations Minister;
* overseeing the planning and delivery of major infrastructure projects undertaken across government;
* revenue policy and collection for the State of Victoria, including stamp duty, payroll tax and land tax;
* borrowing, investment and financial arrangements to hedge, protect and manage the State’s financial interests; and
* providing investment and fund management services to the State and its statutory authorities.

### Minister for Finance – Robin Scott MP

Robin Scott MP commenced as Minister for Finance in December 2014.

The Minister’s primary responsibilities are:

* WorkSafe Victoria, the statutory body that manages the insurance scheme for workplace accident compensation and rehabilitation and occupational health and safety;
* the Accident Compensation Conciliation Service;
* the insurance operations of the Transport Accident Commission, the statutory body that manages the no fault insurance scheme for transport accident compensation and rehabilitation;
* the State’s financial reporting and accountability framework;
* whole of Victorian Government financial management and risk management frameworks;
* whole of Victorian Government purchasing and procurement arrangements including oversight of the Victorian Government Purchasing Board;
* overseeing the insurance policy for the State (the Victorian Managed Insurance Authority);
* the Victorian Government’s data access and intellectual property policies;
* overseeing superannuation policy for the State and oversight of the Emergency Services Superannuation Scheme;
* the Victorian Government’s motor vehicle fleet;
* whole of Victorian Government land management reform and coordination of government land sales;
* whole of Victorian Government accommodation planning and policies through the Shared Service Provider;
* economic regulation of the State’s essential services; and
* regulating Victoria’s registered community housing agencies.

Minister Scott is also Minister for Multicultural Affairs.

Senior Executive Group

DTF is managed by the Senior Executive Group (SEG), which comprises the Secretary and Deputy Secretaries. Collectively, SEG has significant public and private sector management experience in the areas of economics, finance, people management and technology.

### David Martine

##### Secretary, Department of Treasury and Finance

David leads the Department in its role of providing economic, financial and resource management policy advice to the Government.

David joined DTF as Secretary in February 2014. Prior to this, David held a number of senior roles in the Commonwealth public sector, most recently as Deputy Secretary, Aged Care in the Department of Social Services. He has previously worked for the Commonwealth Treasury and was Deputy Secretary, Budget Group in the Department of Finance and Deregulation from 2010 to 2013.

David has extensive budget, finance, policy and organisational leadership experience, and has been involved in wide‑ranging strategic policy development.

### Melissa Skilbeck

##### Deputy Secretary, Budget and Finance

Melissa provides advice on the State’s fiscal resources, its financial management and consolidated reporting, and on wages policy. She has held this role since August 2012.

Melissa re‑joined the public service in February 2011 to head the Secretariat for the Independent Review of State Finances, supporting the Victorian Government appointed Panel.

Melissa has consulted to Australian governments, regulators and government businesses on public policy and administration as a director of the Allen Consulting Group and a partner in the economics and strategic advisory practice of Deloitte.

### David Webster

##### Deputy Secretary, Commercial

David is responsible for providing high‑level commercial, financial and risk management advice to the Government including a focus on major infrastructure and the State’s balance sheet.

David commenced as Deputy Secretary in November 2011 and has more than 20 years’ extensive international corporate and commercial senior management experience specialising in economic infrastructure and public private partnerships as a fund manager, equity investor, financial adviser and lender.

Prior to joining DTF, David worked for RBS Funds Management in Sydney as Executive Director and Chairman. Previously, David was Investment Director at EISER Global Infrastructure Fund in London and Head of Infrastructure Advisory at RBS London.

### Michael Brennan

##### Deputy Secretary, Economic

Michael is responsible for the provision of high level policy advice and economic analysis to the Government on taxation, economic, social, environmental and regulatory issues. Michael joined DTF in January 2014 with extensive economic experience. Michael has recently worked as a senior advisor in Commonwealth and Victorian governments and as an Associate Director of the Economics and Policy practice of PricewaterhouseCoopers.

### Gayle Porthouse

##### Deputy Secretary, Market Engagement and Corporate

Gayle is responsible for the efficient delivery of financial, people, information, legal, planning, procurement and technology services to DTF, which supports the Department to achieve its objectives and capacity to serve government.

She is also responsible for the management of whole of Victorian Government services provided to departments and agencies, including the development of policies and initiatives to achieve continuous improvement in facilities and real estate management, procurement and strategic sourcing. Gayle joined the Department in July 2014.

Gayle previously worked at the Department of Premier and Cabinet as Executive Director, Governance and Operations group and has more than 30 years’ experience in the public service.

#### Organisational chart, June 2015



Functions and services

Following machinery of government changes on 1 January 2015, the Workplace Relations Group was incorporated into the Department of Economic Development, Jobs, Transport and Resources. The Victorian Competition and Efficiency Commission was transferred to the Department of Premier and Cabinet. The Construction Code Compliance Unit was disbanded in January 2015.

As at 30 June 2015, the Office of the Secretary and 18 groups, as outlined below, carried out the functions and services of DTF during 2014‑15.

## Office of the Secretary

The Office of the Secretary supports the Secretary of the Department.

### Economic Policy

Provides advice on economic strategy, market design, competition, regulation reform and resources and environment policies to improve Victoria’s economic prosperity and competitiveness.

### Social Policy

Provides analysis and policy advice on education and training, health, housing and planning, labour force participation, transport, insurance, whole of government OHS matters and risk.

### Cost Control and Efficiency

Draws on private sector insights into cost control and operational efficiency, supporting government’s role as the purchaser of outputs. Provides focused and specialised in‑house advice on government entities to generate ongoing efficiencies in their operations, and examines whether internal services can be more efficiently provided by the public sector or made more contestable.

### Macroeconomic and Revenue Forecasting

Monitors and provides forecasts of key macroeconomic indicators and revenue lines, undertakes quantitative analysis and reviews economic modelling as required.

### Tax and Intergovernmental Relations

Provides analysis and advice to government on tax and revenue policy and intergovernmental financial relations.

### Gambling Policy and Litigation

Provides advice on gambling policy and manages the State’s litigation in response to claims from previous gaming operators.

### Finance and Technology Services

Provides corporate financial services to DTF and the Department of Premier and Cabinet including statutory and external reporting, management reporting, accounts payable and receivable, electronic procurement support and contract and tender advice. Technical support and advice to DTF in telephony services, application maintenance, IT strategy and development and general IT services. Management of the State Resource Information Management System (SRIMS), eTender Box and the Community Support Fund. Provides policy advice and administers the financial assistance provided to local authorities in Victoria recovering from the effects of natural disasters.

### Corporate Services

Provides corporate services to the Department including people and culture, communications and public affairs, information management, legal, freedom of information, planning and reporting, and Cabinet and parliamentary services.

### Strategic Sourcing

Provides whole of government procurement and strategic sourcing solutions and advice, as well as the secretariat function for the Victorian Government Purchasing Board.

### Shared Service Provider

Provides shared services in the areas of facilities, accommodation, car pool and library services to seven departments and five agencies, in line with the Government’s commitment to efficiencies through shared service provision.

### Financial Reporting

Maintains the integrity of systems and information for financial planning, management, monitoring and reporting of the State of Victoria. Provides advice on accounting and reporting issues in relation to managing the State’s finances, and liaising with bodies involved in developing accounting standards.

### Budget Strategy

Provides advice on the State’s fiscal strategy and outlook. In addition, the group is responsible for the development of policy to promote sound financial management in the Victorian public sector.

### Portfolio Analysis

Provides advice on resource allocation to the Treasurer. Acts as the first point of contact within DTF for line departments in relation to budget submissions, financial issues and performance reporting.

### Shareholder Advisory Services

Comprises the following three groups:

* the Governance Group provides shareholder advisory services and governance oversight of government business enterprises whose core activities are commercial in nature;
* the Land and Property Group provides advice to government, departments and agencies relating to acquisition of property and disposal of surplus government property, oversees the Efficient Government Buildings program, the DTF‑owned office building portfolio and the Victorian Government office accommodation guidelines; and
* VicFleet provides centralised management, policy advice and financial management of the Victorian Government motor vehicle fleet.

### Financial Assets and Liabilities

Provides advice and reports on the State’s balance sheet and associated financial risks, including the State’s investment portfolio, debt, superannuation and insurance claim liabilities.

### Infrastructure Policy and Assurance

Provides advice to Government on infrastructure investment and other major commercial projects. To support infrastructure project delivery, the group manages the Construction Supplier Register, develops whole of government infrastructure policy and manages the high‑value high‑risk project assurance process including Gateway Reviews.

### Partnerships Victoria

Partnerships Victoria works with departments and agencies during the procurement and delivery of public private partnership infrastructure projects. Partnerships Victoria administers the Market‑led Proposals Interim Guideline.

### Port Transaction Unit

The Port Transaction Unit has been established to oversee the lease of the commercial operations of the Port of Melbourne Corporation.

Governance of DTF

The overarching governance body for the Department is the Treasury and Finance Board. The Board consists of the Department’s Senior Executive Group (SEG – which comprises the Secretary and the Deputy Secretaries).

The Board’s primary functions are to set and monitor the overall strategic direction, provide effective guidance and leadership, and to ensure the sound financial management and general compliance of the Department. The Board met nine times in 2014‑15. The Senior Executive Group also meets weekly to discuss current and emerging operational issues.

The functions of the Board are supported by sub‑committees. The current structure and role of each sub‑committee is:

* **Knowledge Management:** advises and makes recommendations to the Board on appropriate knowledge management strategies designed to enhance access to and sharing of business critical information and knowledge.
* **People and Culture:** provides high‑level monitoring and oversight of our people management, organisational and communications strategies.
* **Remuneration:** manages executive remuneration practice and procedures.

### DTF Audit and Risk Committee (formerly Audit Committee)

The Audit and Risk Committee assists the Secretary in fulfilling his responsibility by reviewing the systems of established internal controls, the audit process, risk management and the financial information that will be provided to Parliament and others. The Audit and Risk Committee has external and independent members, including the Chair.

The Audit and Risk Committee comprised the following members as at 30 June 2015.

* Kathy Grigg – Chair (external)
* Graeme Bowker (external)
* Jan West (external)
* Bernard Gastin
* Steve Mitsas
* Michael Brennan
* Gayle Porthouse

The Department’s internal audit services were provided by KPMG.

Risk management attestation statement

I, David Martine certify that the Department of Treasury and Finance has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Department of Treasury and Finance Audit and Risk Committee has verified this.

**David Martine  
Secretary**

Compliance with DataVic Access Policy

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. The policy intent is to support research and education, promote innovation, support improvements in productivity and stimulate growth in the Victorian economy as well as enhance sharing of, and access to, information‑rich resources to support evidence‑based decision making in the public sector.

Government data is progressively published in a machine‑readable format on [www.data.vic.gov.au](http://www.data.vic.gov.au), to minimise access costs and maximise use and reuse.

DTF’s release of government data in accordance with the policy is proceeding at a steady rate, with 408 of DTF’s datasets and data tools now available on the Victorian Government Data Directory. During 2014‑15, the focus has been on updating existing datasets and releasing high‑value datasets. As at the end of June 2015, 90 datasets have been published.

The release of these datasets has made a valuable contribution to the policy. In addition, DTF has made the complete budget paper series available online in machine‑readable format.

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the financial statements, performance statements and tables included in this annual report will be available at [www.data.vic.gov.au/](http://www.data.vic.gov.au/) in machine‑readable format.

# Report of operations

## Secretary’s foreword

I am pleased to present the Department of Treasury and Finance (DTF) Annual Report for 2014‑15.

It has been a busy and challenging year for DTF, delivering an extraordinary program of financial reports as well as providing high quality analysis and policy advice to Government on economic and financial issues.

The *2015‑16 Budget* outlined the State’s strong fiscal position and retention of Victoria’s triple‑A credit rating. Operating surpluses of $5.8 billion are forecast across the budget and forward estimates, with net debt as a proportion of gross state product expected to be 4.4 per cent by June 2019.

In addition to DTF’s normal reporting requirements, we produced the *Pre‑Election Budget Update*, costed hundreds of election commitments and developed high quality incoming government briefs for our new Ministers.

Machinery of government changes saw our own structure evolve from 1 January 2015, as well as DTF overseeing the related financial re‑attribution process across the public service.

Some of the Department’s major achievements for 2014‑15 were:

* producing the State’s *2015‑16 Budget*;
* delivering the Back to Work Bill, the first legislation of the new Government;
* progressing a medium‑term lease over the operations of the Port of Melbourne;
* engaging on the Commonwealth White Papers on Tax and Reform of the Federation;
* preparing submissions to the Commonwealth 2015 Methodology Review of GST Revenue Sharing Relativities;
* reviewing and implementing a revised Prudential Insurance Standard;
* assisting the Government to progress procurement‑related election commitments including addressing barriers confronting Victoria’s small to medium enterprises and protecting citizens’ data security in procurement arrangements;
* identifying suitable surplus government land to assist Places Victoria to develop a pipeline of new projects;
* working with Departments, the National Disability Insurance Agency and the Commonwealth to ensure a responsive and sustainable National Disability Insurance Scheme is available to Victorians; and
* delivering savings and benefits to government departments and entities using State Purchase Contracts.

## Future challenges

In 2015‑16, DTF will continue to focus on providing quality advice and influencing positive reforms across the Victorian public sector. Some of the significant projects for 2015‑16 include:

* delivering the *2016‑17 Budget;*
* leasing the operations of the Port of Melbourne;
* assisting the Government to implement its economic strategy;
* advising on and progressing major new infrastructure projects;
* supporting the review into housing affordability;
* establishing a Parliamentary Budget Office; and
* continuing to shape the State’s input into the Commonwealth White Papers on Tax and Reform of the Federation.

In 2015, the Department undertook a Capability Review, to consider how to better align our capability and resources to effectively meet the Government’s expectations and priorities. Changes from the review will strengthen our ability to deliver on our short and long‑term vision, and enhance our focus on our policy and reform functions.

## Our people

In 2014‑15, DTF continued to focus on creating a constructive workplace culture, developing a Cultural Framework to guide our priorities and expectations. We released the Aboriginal Employment and Inclusion Action Plan 2015‑18 in February, with key areas being addressed including pathways between education and DTF employment. Other staff initiatives included the introduction of the Job Transfer Program to help facilitate a more flexible workforce and further encourage group collaboration, as well as extending the VPS‑6 leadership development program.

I thank all DTF employees for their professionalism and dedication to the projects and initiatives delivered throughout the year, and look forward to working together in meeting the challenges ahead.

**David Martine  
Secretary**

## 2014‑15 performance

The Department of Treasury and Finance met the majority of its outputs specified in the State’s *2014‑15 Budget*. Of the 77 quantity, quality and timeliness targets, 83 per cent were met or were exceeded. A report on the Department’s performance in meeting each of its outputs is provided in this section.

The Department of Treasury and Finance has achieved progress against its objectives as specified in the State’s *2014‑15 Budget*. The Department’s objectives, indicators, and progress on those indicators are outlined in this section.

### Changes to the Department during 2014‑15

The Business Environment Policy Advice output was transferred to the Department of Premier and Cabinet due to machinery of government changes effective 1 January 2015.

The Workplace Relations function and its performance measures transferred to the Department of Economic Development, Jobs, Transport and Resources due to machinery of government changes effective 1 January 2015. The objective indicator ‘Ensure approved Public Sector EBAs comply with wages policy and support improvements to productivity and workplace reform’ has been discontinued as primary responsibility for the Industrial Relations function has moved to the Department of Economic Development, Jobs, Transport and Resources. DTF retains responsibility for the application of the wages policy however, and this function is part of the Financial and Resource Management Frameworks Maintenance and Support output in 2015‑16.

On 18 January 2015, the Victorian Government announced the abolition of the Construction Code Compliance Unit. The objective indicator ‘Increased engagement with industry to enable improved compliance and productivity in the Victorian construction industry’ has been discontinued as it is no longer relevant. This function was part of the Land and Infrastructure Investment Management output.

Changes to outputs are reflected in the table below.

| 2014‑15 departmental objective | 2014‑15 output | Reason for change |
| --- | --- | --- |
| Guide government actions to increase Victoria’s productivity and competitiveness | Business Environment Policy Advice | This output has been transferred to the Department of Premier and Cabinet as a result of machinery of government changes. |
| Sound financial management of Victoria’s fiscal resources | Budget and Financial Policy Advice | The Workplace Relations function and its performance measures transferred to the Department of Economic Development, Jobs, Transport and Resources due to machinery of government changes effective 1 January 2015. |

### Departmental objectives, indicators and outputs

The Department’s objectives, associated indicators, and linked outputs as set out in the 2014‑15 Budget Paper No. 3 *Service Delivery* are shown below.

| Departmental objective | Indicators | Outputs |
| --- | --- | --- |
| **Sound financial management of Victoria’s fiscal resources**  The Department of Treasury and Finance has a central role in shaping Victoria’s economic, social and fiscal policy to ensure that Government financial policies are fiscally sound. | Demonstrate strong fiscal discipline by maintaining an annual budget surplus of at least $100 million.(a)  General government net debt reduced as a percentage of GSP over the decade to 2022.(a)  Effective financial risk management and prudential supervision of public financial corporations and public non‑financial corporations. | Financial and Resource Management Frameworks  Budget and Financial Policy Advice  Financial Reporting  GBE Performance Monitoring and Financial Risk Management  Revenue Management Services to Government |
| **Guide government actions to increase Victoria’s productivity and competitiveness**  The Department of Treasury and Finance provides Government with advice on key economic and financial issues, including longer term economic development, regulation, financial strategy and taxation policy. | Reduce regulatory burden by 25 per cent by 2014.  Reduce the costs and barriers to doing business in Victoria. | Economic and Financial Policy  Economic Regulatory Services |
| **Drive improvement in public sector asset management and the delivery of infrastructure**  The Department of Treasury and Finance develops and applies prudent commercial principles and practices to influence and deliver Government policies. This promotes transparent and accountable commercial principles and practices throughout the public sector, and ensures that Government owned property assets are managed and used efficiently. | Ensure high value high risk Government projects are completed within agreed timeframes and scope through ensuring adherence to standards. | Land and Infrastructure Investment Management |
| **Deliver efficient whole of government common services to the Victorian public sector**  The Department of Treasury and Finance assists Government agencies in providing a more integrated approach to the management of common services. | Drive productivity and efficiency by increasing the benefits delivered from government procurement contracts.  Drive efficiency by maintaining low vacancy rates for government office accommodation. | Resource Management Services to Government |

Note:

(a) In the *2015‑16 Budget*, the Government reviewed the objective indicators to more closely align with its priorities. The target for net debt was updated to ‘General government net debt as a percentage of GSP and the ratio of net debt to revenue to be maintained at a sustainable level over the medium term’. The operating surplus target was amended to ‘A net operating surplus consistent with maintaining general government net debt at a sustainable level over the medium term’.

### Reporting progress towards achieving Departmental objectives and indicators

The Department of Treasury and Finance’s objectives, indicators, and progress on those indicators are outlined below.

#### Objective 1: Sound financial management of Victoria’s fiscal resources

##### Objective indicators

1. Demonstrate strong fiscal discipline by maintaining an annual budget surplus of at least $100 million.

2. General government net debt reduced as a percentage of GSP over the decade to 2022.

3. Effective financial risk management and prudential supervision of public financial corporations and public non‑financial corporations.

In the *2015‑16 Budget*, the Government reviewed the objective indicators to more closely align with its priorities. The target for net debt was updated to ‘General government net debt as a percentage of GSP and the ratio of net debt to revenue to be maintained at a sustainable level over the medium term’. The operating surplus target was amended to ‘A net operating surplus consistent with maintaining general government net debt at a sustainable level over the medium term’.

DTF has a key role in providing economic, financial and resource management advice to help ensure that Government policies are fiscally sound. Throughout 2014‑15, the Department supported the Government in maintaining a strong focus on fiscal discipline.

DTF published the *Pre‑Election Budget Update* on 11 November 2014 in accordance with the requirements of the *Financial Management Act 1994*. The *Pre‑Election Budget Update* provided information on the general government sector since the *2014‑15 Budget* was published in May 2014.

DTF had a key role in preparing the *2015‑16 Budget*. The Budget included $9.2 billion of new output initiatives, including funding for delivery of Government election commitments.

DTF supported the delivery of *Labor’s Financial Statement 2014* (LFS) savings and efficiencies, which provided funding capacity to support the delivery of the Government’s election commitments. LFS savings of $72 million were applied in 2015‑16 with a total of $335 million over the forward estimates.

In the *2015‑16 Budget*, the growth in expenditure over the forward estimates has been maintained at 3 per cent, below the estimated growth in revenue of 3.4 per cent.

The *2014‑15 Financial Report* for the State of Victoria reports that the general government sector operating surplus (net result from transactions) for 2014‑15 was $1 214 million.

In 2014‑15, general government net debt was $22.3 billion, 6.1 per cent of gross state product (GSP). The *2015‑16 Budget* forecasts net debt to GSP to decrease to 4.4 per cent by June 2019.

DTF undertakes regular performance monitoring and corporate plan reviews of public financial and non‑financial corporations. In 2014‑15, DTF ensured effective financial risk management of key public financial corporations through the review of the half‑yearly prudential supervisor reports conducted by KPMG, and met with the relevant entities throughout the year to resolve issues identified. DTF also reviewed the prudential supervision standards for the State’s insurance and superannuation agencies to align with improvements in the Australian Prudential Regulatory Authority standards that apply to equivalent private sector organisations.

The ratings agencies Standard & Poor’s and Moody’s confirmed Victoria’s triple‑A rating during 2014‑15 making Victoria only one of two states in Australia with this rating. Further presentations were made to Standard & Poor’s and Moody’s in late May and early June 2015 following delivery of the *2015‑16 Budget*. These presentations provide input to the rating agency reviews to be announced in 2015‑16. On 28 August 2015, Standard & Poor’s re‑affirmed Victoria’s triple‑A credit rating.

Table 1 – Progress towards objective – Sound financial management of Victoria’s fiscal resources

| Indicator | Unit of  measure | 2013‑14 actual | 2014‑15 actual |
| --- | --- | --- | --- |
| Demonstrate strong fiscal discipline by maintaining an annual budget surplus of at least $100 million. | $ million | 1 976.2 | 1 214.0 |
| General government net debt reduced as a percentage of GSP over the decade to 2022. | per cent | 6.0 | 6.1 |

#### Objective 2: Guide government actions to increase Victoria’s productivity and competitiveness

##### Objective indicators:

1. Reduce regulatory burden by 25 per cent by 2014.

2. Reduce the costs and barriers to doing business in Victoria.

The Department of Treasury and Finance has provided the Government with economic advice relating to the implementation of its economic agenda to grow jobs in the economy, support small business and invest in education.

A focus remained on regulation reform and reduction in red tape that can be a barrier to increasing employment, economic growth, productivity and competitiveness. DTF provided leadership in the establishment of strategies to improve the performance of regulators and identify areas of red tape reduction to provide the greatest economic benefit.

DTF led a number of Government actions designed to support the long‑term economic development of Victoria. These actions included submissions to the Commonwealth on the 2015 Methodology Review of GST Revenue Sharing Relativities, and the Commonwealth White Papers on Tax and Reform of the Federation.

The Department continued to reform Victorian taxation policy with the implementation of revenue initiatives focussed on foreign purchase and ownership of residential real estate.

DTF led the delivery of the Government’s Back to Work legislation, intended to support those at risk of extended periods of unemployment and its passage through Parliament.

#### Objective 3: Drive improvement in public sector asset management and the delivery of infrastructure

##### Objective indicators

1. Ensure high value high risk Government projects are completed within agreed timeframes and scope through ensuring adherence to standards.

In providing the Government with reliable advice relating to the implementation of its asset programs, the Department critically evaluates high value high risk projects. In order to fulfil high value high risk measures and requirements, the Department scrutinises and provides advice to the Treasurer on the robustness of business cases, procurement documents and contracts.

DTF contributed to project steering boards and committees. This advocacy and participation better positioned projects to meet high standards and tight timelines, supported the monitoring of Government decisions and encouraged improved commercial and risk management practices of projects.

Recommendations for any proposed risk mitigation actions were made by way of status reports to Government on a quarterly basis.

Timely, relevant and quality advice is provided on asset management, infrastructure and any market‑led proposals. In February 2015, the Department released the *Market‑led Proposals Interim Guideline*. This provides a transparent and robust framework for considering proposals that originate from within the private sector for the benefit of all Victorians. One such proposal is the CityLink‑Tulla widening project which will commence construction in 2015 and be completed in 2018.

Recycling state owned assets that are not essential to core government services enables the Government to reinvest the proceeds in productive infrastructure. On 1 July 2014 the Department completed the sale of the Rural Finance Corporation and in 2014‑15 commenced planning for a medium‑term lease over the operations of the Port of Melbourne. The proceeds will be used to fund new transport infrastructure.

#### Objective 4: Deliver efficient whole of government common services to the Victorian public sector

##### Objective indicators:

1. Drive productivity and efficiency by increasing the benefits delivered from government procurement contracts

2. Drive efficiency by maintaining low vacancy rates for government office accommodation

State Purchase Contracts (SPCs) are established and managed by DTF and cover an estimated annual Government spend of $760 million. The Department delivered $50 million in savings and benefits in 2014‑15 to Government departments and entities using these SPCs. In order to reduce risk and enhance additional savings to Government departments that utilise these SPCs, DTF commenced eight market engagements. One such engagement consolidates three SPCs, streamlining processes and delivering a Government election commitment to establish a services and financial sector procurement arrangement.

Risk was reduced and savings benefits were delivered amounting to 6.6 per cent of DTF’s estimated managed spend of $760 million. This exceeded the published target that required DTF to deliver 5 per cent savings to Government departments and entities using SPCs.

Further savings arose from lower tariffs by adding over 700 Department of Health and Human Services sites to the Gas SPC and printing the Premiers’ Reading Challenge Calendar under the Print SPC.

During 2014‑15, a number of strategies were implemented to drive productivity, efficiencies and benefits by:

* incorporating over 900 small electricity sites into lower tariff structures;
* increasing the scope of services for Print, Professional Advisory Services; and
* Staffing Services SPCs.

The Government’s election commitment is to drive further savings and efficiencies by leveraging the SPCs and reforming procurement. In response, DTF supported the Victorian Government Purchasing Board to review its Supply Policies. The review considered approaches to address barriers that confront small to medium sized enterprises, promote minority groups that face additional barriers to employment, and deliver value for money, probity and support for local industry.

The Shared Service Provider (SSP) delivers facilities, accommodation management, library and car pool services to government departments and four agencies. Efficiencies were generated across SSP service delivery in the 2014‑15 year particularly in the management of government office accommodation.

Accommodation planning advice was provided to a number of departments, resulting in DTF being able to reduce vacant space in the CBD and fringe areas by 3,280 square meters resulting in a total saving of over $1.2 million. As at 30 June 2015, only 1.48 per cent of managed government office accommodation was vacant, comparing favourably to the Melbourne CBD office market vacancy rate (premium and A‑grade buildings) at 9.1 per cent overall.

Table 2 – Progress towards objective – Deliver efficient whole of government   
common services to the Victorian public sector

| Indicator | Unit of  measure | 2013‑14 actual | 2014‑15 actual |
| --- | --- | --- | --- |
| Drive efficiency by maintaining low vacancy rates for government office accommodation. | per cent | 2.2 | 1.5 |

### Performance against output performance measures

The following sections outline details of the outputs provided by the Department to the Government, including performance measures and costs for each output, and the actual performance results against budgeted targets by output for the Department over the full year ending 30 June 2015.

#### Legend of symbols

The following symbols are used to indicate the type of variance in performance against output performance measures:

|  |  |
| --- | --- |
|  | performance target achieved – (both within 5 per cent variance and exceeds 5 per cent variance) |
|  | performance target not achieved – within 5 per cent variance |
|  | performance target not achieved – exceeds 5 per cent variance |

## Sound financial management of Victoria’s fiscal resources

The Department of Treasury and Finance has a central role in shaping Victoria’s economic, social and fiscal policy to ensure that Government financial policies are fiscally sound.

### Financial and Resource Management Frameworks

This output develops and maintains cohesive financial and resource management frameworks that drive sound financial and resource management practices within the Victorian public sector (VPS). This includes enhancing key frameworks to drive performance, monitoring VPS entities’ compliance, and advising government and key stakeholders on compliance, accounting policy, resource management and tax issues.

The output contributes to the Department’s objective of ensuring sound financial management of the State’s fiscal resources by:

* ensuring that financial and resource management frameworks are established and complied with;
* facilitating consistent and reliable financial reporting across the VPS that complies with professional accounting standards;
* promoting continuous improvement in resource allocation and management through regular reviews and updates to ensure the frameworks represent good practice; and
* promoting awareness of financial management accountabilities and roles.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Annual review of whole of government compliance framework | number | 1 | 1 | 0 |  |
| Delivery of updates, guides and newsletters | number | 10 | 10 | 0 |  |
| Review of major resource management policies | number | 2 | 2 | 0 |  |
| **Quality** |  |  |  |  |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| Material and adverse whole of government issues relating to financial management and governance (identified by Victorian Auditor‑General’s Office) rectified | per cent | 100 | 100 | 0 |  |
| VPS stakeholder feedback indicates that delivery of guidelines, newsletters, information sessions and training has improved the VPS awareness and understanding of accounting policy and financial management | per cent | 80 | 87 | 8.8 |  |
| The outcome is higher than the target as DTF has provided additional services during 2014‑15 including holding departmental forums, better communication and portfolio visits. |  |  |  |  |  |
| **Timeliness** |  |  |  |  |  |
| Financial Management Compliance Framework assurance reviews conducted | date | by end Feb 2015 | 24 Feb 2015 | n/a |  |
| Timely coordination of the Government’s response to Auditor‑General reports | date | by end June 2015 | n/a | n/a |  |
| The Auditor‑General implemented a new process in 2014‑15 to follow‑up on implementation of audit recommendations resulting in the cessation of this activity. |  |  |  |  |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 4.3 | 4.1 | –4.7 |  |

### Budget and Financial Policy Advice

This output contributes to the Department’s objective of providing sound financial management of Victoria’s fiscal resources through the provision of strategic, timely and comprehensive analysis and advice to Ministers, Cabinet and Cabinet Sub‑Committees on:

* resource allocation; and
* departmental financial, output and asset delivery performance to support government in making decisions on the allocation of the State’s fiscal resources.

This output assists government to deliver responsible budgets and operating surpluses which contribute to sound financial management.

The output also provides management of Cost Control and Efficiency Reviews[[1]](#footnote-1).

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Budget and financial policy advice through Ministerial briefs, Budget and Expenditure Review Committee and Cabinet and Sub‑Committee briefs | number | 1 250 | 1 311 | 4.9 |  |
| Cost Control and Efficiency Reviews | number | 3 | 1 | –66.7 |  |
| The outcome is lower than the target as the reviews are subject to finalisation of Government policy. |  |  |  |  |  |
| **Quality** |  |  |  |  |  |
| Accuracy of the revised estimate of State budget expenditure | per cent | =< 5.0 | 2.1 | 0 |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| **Timeliness** |  |  |  |  |  |
| Delivery of Cost Control and Efficiency Review reports within agreed timeframes | per cent | 100 | 100 | 0 |  |
| Delivery of output performance and asset investment performance reports within agreed timeframes | per cent | 100 | 100 | 0 |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 15.3 | 13.0 | –15.0 |  |
| The outcome is lower than the target due to the transfer of Workplace Relations functions to the Department of Economic Development, Jobs, Transport and Resources. |  |  |  |  |  |

### Financial Reporting

This output contributes to the Department’s objective of providing sound financial management of Victoria’s fiscal resources by maintaining the integrity of systems and information for financial planning, management, monitoring and reporting of the State of Victoria through:

* publication of the State Budget and budget related documents;
* reporting, monitoring and publication of financial and non‑financial performance in the Victorian public sector;
* management of the Public Account; and
* best practice financial reporting framework, and whole of state management information systems, supporting financial reporting across the Victorian public sector.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Auditor‑General qualification relating to material weaknesses in financial reporting systems and processes for the State of Victoria Financial Report or Estimated Financial Statements | number | 0 | 0 | 0 |  |
| Estimates reporting – Budget, Budget Update and Pre‑Election Budget Update | number | 3 | 3 | 0 |  |
| Financial Performance Reporting – Annual Financial Report, Mid‑Year Financial Report and Quarterly Financial Reports | number | 6 | 6 | 0 |  |
| **Quality** |  |  |  |  |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| Supporting the financial reporting framework across the VPS (survey data) | per cent | 80 | 83 | 3.8 |  |
| **Timeliness** |  |  |  |  |  |
| Annual Budget published by date agreed by Treasurer | date | May  2015 | 5 May 2015 | n/a |  |
| Budget Update | date | 15 Dec 2014 | 15 Dec 2014 | n/a |  |
| Financial Report for the State of Victoria | date | 15 Oct 2014 | 15 Oct 2014 | n/a |  |
| Mid‑Year Financial Report | date | 15 Mar 2015 | 15 Mar 2015 | n/a |  |
| Quarterly Financial Reports | date | 15 Oct 2014  15 Nov 2014  15 Mar 2015  15 May 2015 | 15 Oct 2014  15 Nov 2014  15 Mar 2015  15 May 2015 | n/a |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 9.3 | 10.1 | 8.6 |  |
| The outcome is higher than the target reflecting internal repriortisation of resources to support the activities of this output. |  |  |  |  |  |

### GBE Performance Monitoring and Financial Risk Management

This output monitors the performance of government business enterprises (GBEs) and Registered Housing Agencies, and manages the State’s financial risk. It contributes to the Department’s objective of ensuring sound financial management of Victoria’s fiscal resources by:

* monitoring and providing advice on the financial and operational performance of GBEs and Registered Housing Agencies;
* developing and implementing prudential risk management and reporting frameworks in respect of public financial corporations (PFCs) and strategies to manage the State’s financial risks;
* overseeing policy and strategies to manage the State’s investment, borrowing, unfunded superannuation and insurance claims obligations and the management of the associated risks; and
* producing budget and financial reporting data for the public non‑financial corporation (PNFC) and PFC sectors.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Annual performance and compliance review of registered housing agencies | number | 43 | 41 | –4.7 |  |
| Board appointments | number | 46 | 56 | 21.7 |  |
| The outcome is higher than the target due to circumstances requiring a higher number of new appointments and reappointments than anticipated. |  |  |  |  |  |
| Corporate plans reviewed and assessed and quarterly performance reports | number | 195 | 193 | –1 |  |
| Dividends negotiated | number | 42 | 40 | –4.8 |  |
| Manage the review process for the State’s credit rating: number of presentations to credit rating agencies | number | 2 | 2 | 0 |  |
| Provide financial policy advice on borrowings, investments, insurance, and superannuation issues and prudential supervision | number | 100 | 116 | 16 |  |
| The outcome is higher than the target as the output has generated additional briefing requirements that were not originally anticipated. |  |  |  |  |  |
| Provision of Budget Sector debt, public authority income and superannuation estimates and analysis and commentary on the PNFC and PFC sectors for whole of government published financial reports | number | 6 | 6 | 0 |  |
| Review of financial position of business entities | number | 12 | 11 | –8.3 |  |
| The outcome is lower than the target as one business entity did not require review as it did not apply for additional borrowings. |  |  |  |  |  |
| **Quality** |  |  |  |  |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| **Timeliness** |  |  |  |  |  |
| Analysis and review of corporate plans, quarterly performance reports within three months of receipt | per cent | 90 | 90 | 0 |  |
| Board appointments approved within agreed timelines | per cent | 100 | 100 | 0 |  |
| Dividend payments made within agreed timeframes | per cent | 100 | 100 | 0 |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 11.8 | 31.1 | 163.6 |  |
| The outcome is higher than the target as the target did not take into account budget expenditure for the Port of Melbourne and Rural Finance Corporation projects that was held centrally until required, and released to the Department during 2014‑15. |  |  |  |  |  |

### Revenue Management Services to Government

This output provides revenue management services across the various state‑based taxes in a fair and efficient manner for the benefit of all Victorians. By administering Victoria’s taxation legislation and collecting a range of taxes, duties and levies, this output contributes to the Department’s objective of sound financial management of the State’s fiscal resources.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Revenue assessed from compliance projects meets estimates | per cent | >= 90 | 103 | 0 |  |
| Revenue collected as a percentage of budget target | per cent | >= 99 | 100 | 0 |  |
| **Quality** |  |  |  |  |  |
| Customer satisfaction level | per cent | >= 80 | 96 | 0 |  |
| Maintain ISO 9001 (Quality management Systems) and ISO/IEC 20000‑1:2005 (IT Service management) Certification | number | 3 | 3 | 0 |  |
| Ratio of outstanding debt to total revenue | per cent | < 2 | 1.37 | 0 |  |
| **Timeliness** |  |  |  |  |  |
| Meet Cabinet and Parliamentary time‑lines | per cent | 100 | 100 | 0 |  |
| Revenue banked on day of receipt | per cent | >= 99 | 100 | 0 |  |
| Timely handling of objections (within 90 days) | per cent | >= 80 | 86 | 0 |  |
| Timely handling of private rulings (within 90 days) | per cent | >= 80 | 83 | 0 |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 81.4 | 80.6 | –1.0 |  |

## Guide government actions to increase Victoria’s productivity and competitiveness

The Department of Treasury and Finance provides Government with advice on key economic and financial issues, including longer term economic development, regulation, financial strategy and taxation policy.

### Economic and Financial Policy

This output provides strategic policy advice including potential reform options to ministers across a range of current economic and financial policy issues.

The output contributes to the Department’s objective of increasing Victoria’s productivity and competitiveness by providing advice on:

* medium and longer‑term strategies to strengthen productivity, participation and the State’s overall competitiveness;
* key economic, social and environmental policy and infrastructure issues;
* State revenue policy and insurance policy;
* intergovernmental financial relations, including the distribution of Commonwealth funding to Australian states and territories (including representation on various inter‑jurisdictional committees);
* production of the economic and revenue estimates that underpin the State Budget;
* best practice regulatory frameworks; and
* building capacity in and promoting market based policy mechanisms in Victoria.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Briefings on Cabinet submissions | number | 200 | 177 | –11.5 |  |
| The outcome is lower than the target as the 2014 state election resulted in fewer briefs being prepared during the caretaker period. |  |  |  |  |  |
| Long‑term research projects completed | number | 5 | 5 | 0 |  |
| Written Ministerial briefs | number | 300 | 255 | –15 |  |
| The outcome is lower than the target as the 2014 state election resulted in fewer briefs being prepared during the caretaker period. |  |  |  |  |  |
| **Quality** |  |  |  |  |  |
| Accuracy of estimating gross state product and employment in the State budget | per cent | =< 1.0 | n/a  0.95 | n/a  0 | n/a |
| The gross state product growth rate estimate is not yet available. The estimate will be available when the ABS State Accounts are released in November 2015.  The accuracy of estimating employment growth in 2014‑15 was 0.95 percentage points greater than forecast in the *2014‑15 Budget*. |  |  |  |  |  |
| Accuracy of estimating State taxation revenue in the State budget | per cent | =< 5.0 | 1.9 | 0 |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| **Timeliness** |  |  |  |  |  |
| Briefings on key Australian Bureau of Statistics economic data on day of release | per cent | 100 | 100 | 0 |  |
| Long‑term research projects managed within agreed timeframes | per cent | 100 | 100 | 0 |  |
| Meet financial reporting deadlines | per cent | 100 | 100 | 0 |  |
| Respond to correspondence within agreed timeframes | per cent | 85 | 89 | 4.7 |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 17.2 | 17.4 | 1.2 |  |

### Economic Regulatory Services

This output provides economic regulation of utilities and other specified markets in Victoria to protect the long‑term interests of Victorian consumers with regard to price, quality and reliability of essential services. By providing these services, this output contributes to the departmental objective of guiding government actions to increase Victoria’s productivity and competitiveness.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| New or revised regulatory instruments issued | number | 6 | 6 | 0 |  |
| Performance reports for regulated businesses or industries | number | 4 | 4 | 0 |  |
| Performance reviews and compliance audits of regulated businesses | number | 102 | 103 | 1 |  |
| Price approvals of regulated businesses | number | 19 | 20 | 5.3 |  |
| The outcome is higher than the target as a delayed review from 2013‑14 was completed in 2014‑15. |  |  |  |  |  |
| Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme | number | 3 000 | 5 578 | 85.9 |  |
| The outcome is higher than the target due to the Government announcement to increase the 2015 Victorian Energy Efficiency Target certificate target. |  |  |  |  |  |
| Reviews, investigations or advisory projects | number | 3 | 2 | –33.3 |  |
| The outcome is lower than the target as a review has been delayed and is expected to be completed by the end of 2016. |  |  |  |  |  |
| **Quality** |  |  |  |  |  |
| Decisions upheld where subject to review, appeal or disallowance | per cent | 100 | 100 | 0 |  |
| **Timeliness** |  |  |  |  |  |
| Delivery of major milestones within agreed timelines | per cent | 100 | 100 | 0 |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 17.0 | 16.3 | –4.1 |  |

## Drive improvement in public sector asset management and the delivery of infrastructure

The Department of Treasury and Finance develops and applies prudent commercial principles and practices to influence and deliver Government policies. This promotes transparent and accountable commercial principles and practices throughout the public sector, and ensures that Government owned property assets are managed and used efficiently.

### Land and Infrastructure Investment Management

This output covers the provision of land and infrastructure advice and assistance to departments, ministers and senior DTF management. It contributes to the Department’s objective of driving improvement in public sector asset management and the delivery of infrastructure by providing advice and assistance on:

* land purchases, sales, facilitation, leasing and management of contaminated sites;
* feasibility studies, business cases, procurement processes and contractual management of major projects and commercial transactions;
* policy to support project generation, development and delivery;
* development and implementation of services including policy, procedures and training in practices which govern new infrastructure investment; and
* medium to long‑term asset investment planning and processes for investment decision making[[2]](#footnote-2).

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Attendance on building sites (site visits, inspections, audits) | number | 150 | 38 | –74.7 |  |
| The outcome is lower than the target as the Victorian Government announced the abolition of the Construction Code Compliance Unit on 18 January 2015. |  |  |  |  |  |
| Develop and implement policies, procedures and training to govern and build capability to deliver infrastructure investment | weighted number | 45 | 69 | 53.3 |  |
| The outcome is higher than the target due to a higher than expected number of presentations and requirements to review policy documents. |  |  |  |  |  |
| Gateway reviews undertaken to minimise Government’s exposure to project risks | weighted number | 50 | 66 | 32 |  |
| The outcome is higher than the target due to an increase in infrastructure projects in the pipeline. |  |  |  |  |  |
| Provision of written commercial and risk management advice on infrastructure and commercial projects (including projects identified as high‑value high‑risk) which facilitates sound investment and minimises risk | weighted number | 320 | 449 | 40.3 |  |
| The outcome is higher than the target as the output has generated additional briefing requirements that were not originally anticipated. |  |  |  |  |  |
| Revenue from sale of surplus Government land including Crown land | $ million | 124 | 64.13 | –48.3 |  |
| The outcome is lower than the target due to changes in the timing of the release of land from landholding departments and machinery of government changes as a result of the 2014 election. |  |  |  |  |  |
| **Quality** |  |  |  |  |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| **Timeliness** |  |  |  |  |  |
| Workplace Relations Management Plan assessments completed within five working days | per cent | 95 | 100 | 5.3 |  |
| The outcome is higher than the target as all Workplace Management Plan assessments were completed within five working days when the Construction Code Compliance Unit was abolished on 18 January 2015. |  |  |  |  |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 26.1 | 23.1 | –11.5 |  |
| The outcome is lower than the target due to the abolition of the Construction Code Compliance Unit and lower than expected costs associated with the sales of land and properties. |  |  |  |  |  |

## Deliver efficient whole of government common services to the Victorian public sector

The Department of Treasury and Finance assists Government agencies in providing a more integrated approach to the management of common services.

### Resource Management Services to Government

This output delivers whole of government services, policies and initiatives in areas including procurement, fleet and accommodation.

The output contributes to the Department’s objective of delivering efficient whole of government common services to the Victorian public sector by:

* developing and maintaining a framework of whole of government policies, standards and guidelines which promote the efficient and effective use of common services including procurement, fleet and accommodation;
* implementing a program of whole of government procurement and contract management to ensure optimum benefit to government;
* supporting the operations of the Victorian Government Purchasing Board, facilitating the approval of major government procurements and developing procurement capability across government; and
* providing whole of government fleet and accommodation.

| Major outputs/deliverables Performance measures | Unit of  measure | 2014‑15 target | 2014‑15 actual | Performance variation (%) | Result |
| --- | --- | --- | --- | --- | --- |
| **Quantity** |  |  |  |  |  |
| Briefs provided on services to Government | number | 60 | 57 | –5 |  |
| The outcome is lower than the target as the 2014 state election resulted in fewer briefs being prepared during the caretaker period. |  |  |  |  |  |
| Evaluation and decision on existing or potential whole of Victorian government contracts within agreed timelines | number | 10 | 10 | 0 |  |
| Total accommodation cost | $ per square metre per year | 405 | 410 | 1.2 |  |
| Workspace ratio | square metre per FTE | 15.0 | 14.37 | –4.2 |  |
| **Quality** |  |  |  |  |  |
| Benefits delivered as a percentage of managed spend, including reduced and avoided costs | per cent | 5.0 | 6.6 | 32.0 |  |
| The outcome is higher than the target through Strategic Sourcing focusing on indirect goods and services that deliver higher yielding benefits to government departments and entities. |  |  |  |  |  |
| Client agencies’ satisfaction with the service provided by the Shared Service Provider | per cent | 70 | 70.2 | 0.3 |  |
| Maintain ISO 9001 (Quality Management Systems) Certification | per cent | 100 | 100 | 0 |  |
| **Cost** |  |  |  |  |  |
| Total output cost | $ million | 47.4 | 52.0 | 9.7 |  |
| The outcome is higher than the target due to the transfer of the capital asset charge from the GBE Performance Monitoring and Financial Risk Management output. |  |  |  |  |  |

## Budget portfolio outcomes

The budget portfolio outcomes statements provide a comparison between the actual financial information of all general government entities within the portfolio and the forecasted financial information published in the budget papers. The budget portfolio outcomes comprise the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, and administered items statement.

The budget portfolio outcomes have been prepared on a consolidated basis and include all general government entities within the portfolio. Financial transactions and balances are classified into either controlled or administered consistent with the published statements in the budget papers.

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor‑General’s Office. They are not prepared on the same basis as the Department’s financial statements as they include the consolidated financial information of Essential Services Commission and CenITex (from 1 January 2015 following machinery of government changes) in addition to that of the Department. Essential Services Commission and CenITex are not consolidated in the Department’s audited financial statements enclosed within this annual report, as they prepare separate annual reports for tabling in Parliament. Further, the Department’s audited financial statements include certain whole of government transactions, as referred to in Note 22. Otherwise, albeit in different format, the following statements are reflective of the audited financial statements.

## Budget portfolio outcomes

### Comprehensive operating statement for the year ended 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
| Controlled | 2014‑15 actual | 2014‑15 budget | Variation |
|  | $m | $m | % |
| **Income from transactions** |  |  |  |
| Output appropriations | 250.7 | 236.9 | 5.8 |
| Interest | 0.9 | 12.2 | (92.6) |
| Sale of goods and services (a) | 90.7 | 19.4 | 367.5 |
| Fair value of assets and services received free of charge or for nominal consideration | 1.6 | – | n/a |
| Other income | 20.6 | 26.6 | (22.6) |
| **Total income from transactions** | **364.5** | **295.1** | **23.5** |
|  |  |  |  |
| **Expenses from transactions** |  |  |  |
| Employee benefits (a) | 150.7 | 124.2 | 21.3 |
| Depreciation (a) | 42.9 | 38.0 | 12.9 |
| Interest expense | 0.1 | 13.4 | (99.3) |
| Grants and other transfers | 6.8 | 5.6 | 21.4 |
| Capital asset charge | 21.2 | 21.2 | – |
| Other operating expenses (a) | 128.3 | 87.1 | 47.3 |
| **Total expenses from transactions** | 350.0 | 289.5 | 20.9 |
| **Net result from transactions** | 14.5 | 5.6 | 158.9 |
|  |  |  |  |
| **Other economic flows included in net result** |  |  |  |
| Net loss on non‑financial assets | (1.1) | – | n/a |
| Net gain on financial instruments and statutory receivables/payables | 0.1 | – | n/a |
| Other losses from other economic flows | (0.4) | – | n/a |
| **Total other economic flows included in net result** | (1.4) | – | n/a |
| **Net result** | 13.1 | 5.6 | 133.9 |
|  |  |  |  |
| **Other economic flows – other comprehensive income** | – | 29.7 | (100.0) |
| **Comprehensive result** | 13.1 | 35.3 | (62.9) |

Note:

(a) The variations in sale of goods and services, employee benefits, depreciation and other operating expenses largely reflect the transfer of CenITex during the year, from the Department of Economic Development, Jobs, Transport and Resources, in accordance with *Administrative Arrangements Order (No. 219) 2014*. This transfer was not reflected in the budget papers.

## Budget portfolio outcomes

### Balance sheet as at 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
| Controlled | 2015 actual | 2015 budget | Variation |
|  | $m | $m | % |
| **Financial assets** |  |  |  |
| Cash and deposits (a) | 116.8 | 62.3 | 87.5 |
| Receivables | 174.2 | 187.2 | (6.9) |
| **Total financial assets** | 291.0 | 249.5 | 16.6 |
|  |  |  |  |
| **Non‑financial assets** |  |  |  |
| Inventories | – | 6.2 | (100.0) |
| Property, plant and equipment (a) | 524.4 | 532.6 | (1.5) |
| Intangible assets (a) | 54.2 | 27.1 | 100.0 |
| Other assets (a) | 16.8 | 5.9 | 184.7 |
| **Total non‑financial assets** | 595.4 | 571.8 | 4.1 |
| **Total assets** | 886.4 | 821.3 | 7.9 |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Payables (a) | 100.4 | 68.8 | 45.9 |
| Borrowings | 4.5 | 9.6 | (53.1) |
| Provisions (a) | 48.1 | 39.9 | 20.6 |
| **Total liabilities** | 153.0 | 118.3 | 29.3 |
| **Net assets** | 733.4 | 703.0 | 4.3 |
|  |  |  |  |
| **Equity** |  |  |  |
| Contributed capital (a) | 368.0 | 251.7 | 46.2 |
| Reserves | 237.1 | 266.8 | (11.1) |
| Accumulated surplus (a) | 128.3 | 184.5 | (30.5) |
| **Total equity** | 733.4 | 703.0 | 4.3 |

Note:

(a) The variations in cash and deposits, property, plant and equipment, intangible assets, other assets, payables, provisions, contributed capital and accumulated surplus largely reflect the transfer of CenITex during the year, from the Department of Economic Development, Jobs, Transport and Resources, in accordance with *Administrative Arrangements Order (No. 219) 2014*. This transfer was not reflected in the budget papers.

## Budget portfolio outcomes

### Cash flow statement for the year ended 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
| Controlled | 2014‑15 actual | 2014‑15 budget | Variation |
|  | $m | $m | % |
| **Cash flows from operating activities** |  |  |  |
| Receipts from government | 245.2 | 219.6 | 11.7 |
| Receipts from other entities | 6.3 | – | n/a |
| Interest received | 0.9 | 12.2 | (92.3) |
| Other receipts (a) | 104.5 | 46.4 | 125.3 |
|  | 357.0 | 278.2 | 28.3 |
|  |  |  |  |
| Payments of grants and other transfers | (18.5) | (11.0) | (68.1) |
| Payments to suppliers and employees (a) | (279.2) | (206.8) | (35.0) |
| Goods and services tax recovered from the ATO | (2.5) | – | n/a |
| Capital asset charge | (21.2) | (21.2) | 0.2 |
| Interest and other finance costs | (0.1) | (13.4) | 99.5 |
|  | (321.47) | (252.4) | (27.3) |
| **Net cash flows from operating activities** | 35.72 | 25.8 | 38.2 |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Net payments for non‑financial assets | (30.5) | (32.6) | 6.3 |
| Proceeds from sale of non‑financial assets | 0.5 | – | n/a |
| Net loans to other parties | (0.1) | (0.1) | 45.0 |
| **Net cash flows used in investing activities** | (30.1) | (32.7) | 7.9 |
|  |  |  |  |
| **Cash flows from financing activities** |  |  |  |
| Owner contributions by state government (a) | 5.0 | 7.8 | (36.5) |
| Cash received from administrative restructure | 48.6 | – | n/a |
| Net borrowings | (3.5) | 0.3 | (1 277.7) |
| **Net cash flows used in financing activities** | 50.0 | 8.1 | 517.6 |
|  |  |  |  |
| **Net increase/(decrease) in cash held** | 55.6 | 1.2 | 4 530.5 |
|  |  |  |  |
| Cash at the beginning of the financial year | 61.2 | 61.2 | – |
|  |  |  |  |
| **Cash at the end of the financial year** | 116.8 | 62.4 | 87.1 |

Note:

(a) The variations in other receipts, payments to suppliers and employees and cash received from administrative restructure largely reflect the transfer of CenITex during the year, from the Department of Economic Development, Jobs, Transport and Resources, in accordance with *Administrative Arrangements Order (No. 219) 2014*. This transfer was not reflected in the budget papers.

## Budget portfolio outcomes

### Statement of changes in equity for the year ended 30 June 2015

|  | 2014‑15 actual | 2014‑15 budget | Variation |
| --- | --- | --- | --- |
|  | $m | $m | % |
| **Contributed capital** |  |  |  |
| Opening balance | 246.3 | 246.3 | – |
| Transactions with owners in their capacity as owners (a) | 121.7 | 5.4 | 2 153.7 |
| **Closing balance** | **368.0** | **251.7** | **46.2** |
|  |  |  |  |
| **Reserves** |  |  |  |
| Opening balance | 237.1 | 237.1 | – |
| Comprehensive result | – | 29.7 | (100.0) |
| **Closing balance** | **237.1** | **266.8** | **(11.1)** |
|  |  |  |  |
| **Accumulated surplus** |  |  |  |
| Opening balance | 178.9 | 178.9 | – |
| Comprehensive result | 13.1 | 5.6 | 133.9 |
| Transactions with owners in their capacity as owners (a) | (63.7) | – | n/a |
| **Closing balance** | **128.3** | **184.5** | **(30.5)** |
| **Total equity** | **733.4** | **703.0** | **4.3** |

Note:

(a) The transactions with owners in their capacity as owners mainly reflect the transfer of CenITex during the year, from the Department of Economic Development, Jobs, Transport and Resources, in accordance with *Administrative Arrangements Order (No. 219) 2014*. This transfer was not reflected in the budget papers.

## Budget portfolio outcomes

### Administered items statement for the year ended 30 June 2015

|  | 2014‑15 actual | 2014‑15 budget | Variation |
| --- | --- | --- | --- |
|  | $m | $m | % |
| **Administered income from transactions** |  |  |  |
| Appropriations – payments made on behalf of the State (a) | 1 746.6 | 2 434.3 | (28.3) |
| Special appropriations (b) | 1 281.7 | 2 252.4 | (43.1) |
| Interest | 48.3 | 64.6 | (25.2) |
| Sales of goods and services | 18.3 | 39.4 | (53.6) |
| Grants | 18 688.0 | 19 690.2 | (5.1) |
| Other income | 20 058.7 | 19 257.9 | 4.2 |
| **Total administered income from transactions** | 41 841.6 | 43 738.8 | (4.3) |
|  |  |  |  |
| **Administered expenses from transactions** |  |  |  |
| Expenses on behalf of the State (c) | 855.5 | 298.5 | 186.6 |
| Employee benefits | 1 319.4 | 1 412.8 | (6.6) |
| Grants and other transfers | 3 236.1 | 2 950.3 | 9.7 |
| Interest expense | 1 275.1 | 1 369.1 | (6.9) |
| Payments into Consolidated Fund | 36 614.9 | 37 495.3 | (2.3) |
| **Total administered expenses from transactions** | 43 301.0 | 43 526.0 | (0.5) |
| **Net result from transactions** | (1 459.4) | 212.8 | (785.8) |
|  |  |  |  |
| **Other economic flows included in net result** |  |  |  |
| Net gain/(loss) on non‑financial assets | 1.3 | 58.6 | (97.8) |
| Net gain/(loss) on financial instruments and statutory receivables/payables (d) | 387.4 | 26.3 | 1 110.0 |
| Other gains/(losses) from other economic flows | (26.5) | – | n/a |
| **Total other economic flows included in net result** | 362.2 | 84.9 | 326.6 |
| **Net result** | (1 097.2) | 297.7 | (468.6) |
|  |  |  |  |
| **Other economic flows – other non‑owner changes in equity** |  |  |  |
| Remeasurement of superannuation defined benefit plans (e) | 551.3 | 499.2 | 10.4 |
| **Total other economic flows – other non‑owner changes in equity** | 551.3 | 499.2 | 10.4 |
| **Comprehensive result** | (545.9) | 796.9 | (168.5) |
|  |  |  |  |
| **Administered assets** |  |  |  |
| Cash and deposits (f) | 1 717.1 | 1 673.2 | 2.6 |
| Receivables (f) | 958.2 | 2 888.3 | (66.8) |
| Other financial assets (f) | 875.8 | 480.8 | 82.2 |
| Property, plant and equipment | – | 380.5 | (100.0) |
| Other non‑financial assets | 1.2 | 1.2 | – |
| **Total administered assets** | 3 552.3 | 5 424.0 | (34.5) |
|  |  |  |  |
| **Administered liabilities** |  |  |  |
| Payables (f) | 552.0 | 455.1 | 21.3 |
| Borrowings | 26 851.6 | 26 879.3 | (0.1) |
| Provisions | 68.0 | 12.0 | 466.7 |
| Superannuation (e) | 25 946.7 | 25 951.8 | – |
| **Total administered liabilities** | **53 418.3** | **53 298.2** | **0.2** |

Notes:

(a) The budget for the Department includes the estimate for Treasurer’s Advances which may be provided during the year to all departments. This includes both the appropriation revenue and the underlying expenditure.

(b) Appropriation for refinancing of borrowings was not required to the extent budgeted.

(c) The variation in expenses on behalf of the State mainly reflects the provision made by the State for the costs of settlement relating to the suspension of the East West Link Project.

(d) The variation in net gain/(loss) on financial instruments and statutory receivables/payables mainly reflects the sale of the State’s interest in the operations of Rural Finance Corporation Victoria, and fluctuations in the value of the State’s interest in Snowy Hydro Limited.

(e) The variations in the remeasurement of superannuation defined benefit plans and the associated superannuation liability were largely driven by the impact of movements in the index linked bond yield that is used to measure the superannuation liability.

(f) The variations in cash assets, receivables, other financial assets and payables reflect variations in operational funding requirements.

## Financial performance

### Overview

The Department recorded a surplus of $6.4 million in 2014‑15 compared to $17.6 million in 2013‑14.

Total assets of the Department increased from $770 million to $780 million during the year. The major assets of the Department at 30 June 2015 are land and buildings ($494 million), funds held in trust ($66 million) and the Department’s receivable from the State Administration Unit ($148 million).

Total liabilities increased from $116 million to $121 million. The Department’s major liabilities are accounts payable, employee provisions and advances received from other departments for capital works managed by the Department on their behalf.

### Core operations

The best indicator of the scale and efficiency of core Departmental operations is the revenue paid by Government for DTF outputs. This has decreased this year to $250.7 million, from $254.8 million in 2013‑14. Less funding was required in 2014‑15 for assistance to local councils with the completion of the implementation of the new Fire Services Property Levy arrangements.

The following table details operational revenue by output group.

### Revenue from the provision of outputs(a)

|  |  |  |  |
| --- | --- | --- | --- |
| Output group | 2014‑15  $m | 2013‑14  $m | Change $m |
| Strategic Policy Advice | 36 | 37 | –1 |
| Financial Management Services | 43 | 22 | 21 |
| Risk Management Services | 25 | 31 | –6 |
| Resource Management Services | 45 | 50 | –5 |
| Regulatory Services | 19 | 21 | –2 |
| Revenue Management Services | 83 | 94 | –11 |
| **Total** | 251 | 255 | –4 |

Note:

(a) Includes only Parliamentary appropriations.

### Five year financial summary: Departmental (controlled) activities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2014‑15 $m | 2013‑14 $m | 2012‑13 $m | 2011‑12(a) $m | 2010‑11$m |
| Government output appropriations income | 251 | 255 | 246 | 239 | 241 |
| Government other appropriations income | – | – | 2 | – | – |
| Other income | 51 | 52 | 52 | 54 | 55 |
| Total income from transactions | 302 | 307 | 300 | 293 | 296 |
| Total expenses from transactions | (295) | (290) | (295) | (283) | (287) |
| Net result from transactions | 7 | 17 | 5 | 10 | 9 |
| Total other economic flows included in net result | (1) | 1 | – | – | – |
| Net result | 6 | 18 | 5 | 10 | 9 |
| Net cash flow from operations | 25 | 11 | 16 | 30 | 45 |
| **Total assets** | **780** | **770** | **749** | **766** | **605** |
| **Total liabilities** | **121** | **116** | **113** | **133** | **139** |

Notes:

(a) 2011–12 asset balances were impacted by asset valuations during the year.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

.. or – zero, or rounded to zero

1 billion 1 000 million

200x year period

200x‑0x year period

n/a not available or not applicable

(xxx.x) negative numbers

# Financial statements

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Comprehensive operating statement

## for the year ended 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 2015 | 2014 |
|  | Notes | $’000 | $’000 |
| **Income from transactions** |  |  |  |
| Output appropriations | 4(a) | 250 713 | 254 827 |
| Other income | 3 | 51 009 | 52 034 |
| **Total income from transactions** |  | 301 722 | 306 861 |
|  |  |  |  |
| **Expenses from transactions** |  |  |  |
| Employee expenses | 5 | 119 125 | 117 083 |
| Depreciation | 5 | 32 205 | 41 546 |
| Interest expense |  | 55 | 109 |
| Grants expense | 5 | 22 736 | 24 108 |
| Capital asset charge |  | 21 120 | 21 155 |
| Supplies and services | 5 | 87 592 | 78 923 |
| Payments to Consolidated Fund |  | 12 330 | 6 934 |
| **Total expenses from transactions** |  | 295 163 | 289 858 |
|  |  |  |  |
| **Net result from transactions** |  | 6 559 | 17 003 |
|  |  |  |  |
| **Other economic flows included in net result** |  |  |  |
| Net loss on financial instruments |  | – | (3) |
| Net gain on non‑financial assets |  | 34 | 643 |
| Net loss from revaluation of leave liabilities |  | (135) | (48) |
| **Total other economic flows included in net result** |  | (101) | 592 |
|  |  |  |  |
| **Net result** |  | 6 458 | 17 595 |
|  |  |  |  |
| Comprehensive result |  | 6 458 | 17 595 |

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet

## as at 30 June 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 2015 | 2014 |
|  | Notes | $’000 | $’000 |
| **Assets** |  |  |  |
| **Financial assets** |  |  |  |
| Cash and deposits | 21(a) | 66 418 | 61 648 |
| Receivables | 6 | 180 674 | 159 774 |
| **Total financial assets** |  | 247 092 | 221 422 |
|  |  |  |  |
| **Non‑financial assets** |  |  |  |
| Inventories |  | – | 60 |
| Prepayments |  | 3 261 | 5 871 |
| Non‑financial assets classified as held for sale | 7 | 31 | 6 119 |
| Property, plant and equipment | 8 | 500 104 | 519 280 |
| Intangible assets | 9 | 29 513 | 17 300 |
| **Total non‑financial assets** |  | **532 909** | **548 630** |
| **Total assets** |  | **780 001** | **770 052** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Payables | 10 | 29 708 | 27 253 |
| Provisions | 11 | 32 754 | 33 198 |
| Unearned income |  | 3 255 | 5 976 |
| Advances for capital works |  | 50 266 | 44 210 |
| Borrowings | 12 | 4 650 | 5 319 |
| **Total liabilities** |  | **120 633** | **115 956** |
|  |  |  |  |
| **Net assets** |  | **659 368** | **654 096** |
|  |  |  |  |
| **Equity** |  |  |  |
| Contributed capital |  | 244 225 | 245 411 |
| Asset revaluation surplus |  | 237 100 | 237 100 |
| Accumulated surplus |  | 178 043 | 171 585 |
| **Total equity** |  | 659 368 | **654 096** |

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

## for the year ended 30 June 2015

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Contributed capital | Asset revaluation surplus | Accumulated surplus | Total |
|  | Notes | $’000 | $’000 | $’000 | $’000 |
|  |  |  |  |  |  |
| Balance at 1 July 2013 |  | 245 482 | 237 100 | 153 990 | 636 572 |
|  |  |  |  |  |  |
| Capital appropriations | 4(a) | – |  |  | – |
| Return of capital |  | (71) |  |  | (71) |
| Net result for the year |  |  |  | 17 595 | 17 595 |
|  |  |  |  |  |  |
| **Balance at 30 June 2014** |  | 245 411 | 237 100 | 171 585 | 654 096 |
|  |  |  |  |  |  |
| **Capital appropriations** | 4(a) | 5 000 |  |  | 5 000 |
| Machinery of government changes |  | (192) |  |  | (192) |
| **Return of capital** |  | (5 994) |  |  | (5 994) |
| **Net result for the year** |  |  |  | 6 458 | 6 458 |
|  |  |  |  |  |  |
| **Balance at 30 June 2015** |  | 244 225 | 237 100 | 178 043 | 659 368 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

## for the year ended 30 June 2014

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 2015 | 2014 |
|  | Notes | $’000 | $’000 |
| **Cash flows from operating activities** |  |  |  |
| Receipts from government |  | 261 920 | 260 629 |
| Receipts from other entities |  | 37 525 | 45 862 |
| Goods and services tax recovered from the ATO |  | 12 555 | 5 585 |
|  |  | 312 000 | 312 076 |
|  |  |  |  |
| Payments to suppliers and employees |  | (243 332) | (255 357) |
| Grants paid |  | (22 116) | (24 108) |
| Capital asset charge paid |  | (21 120) | (21 155) |
| Interest and other finance costs paid |  | (55) | (109) |
|  |  | (286 623) | (300 729) |
|  |  |  |  |
| **Net cash flows from operating activities** | 21(b) | 25 377 | 11 347 |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Payments for property, plant and equipment |  | (2 692) | (4 001) |
| Proceeds from sale of property, plant and equipment |  | 1 390 | 1 910 |
| Payments for intangible assets |  | (21 488) | (3 765) |
|  |  |  |  |
| **Net cash flows used in investing activities** |  | (22 790) | (5 856) |
|  |  |  |  |
| **Cash flows from financing activities** |  |  |  |
| Owner contributions by State Government |  | 5 000 | – |
| Repayment of finance lease liabilities |  | (2 366) | (2 820) |
|  |  |  |  |
| **Net cash flows from/(used in) financing activities** |  | 2 634 | (2 820) |
|  |  |  |  |
| **Net increase in cash and cash equivalents** |  | 5 221 | 2 671 |
| Cash and cash equivalents at the start of the year |  | 60 796 | 58 125 |
|  |  |  |  |
| **Cash and cash equivalents at the end of the year** | 21(a) | 66 017 | 60 796 |
| Non‑cash financing and investing activities | 21(c) |  |  |

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to financial statements

Note 1. Summary of significant accounting policies

### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) including Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where relevant, those paragraphs of the AASs applicable to not‑for‑profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### (b) Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements relate to:

* the fair value of land, buildings, plant and equipment (Note 1(i));
* actuarial assumptions for superannuation expense and liability (Note 22);
* employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Note 1(j)); and
* Commonwealth infrastructure funding (former East West Link project) (Note 22).

The financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

* non‑financial physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent depreciation and impairment losses. Revaluations are made with sufficient regularity such that the carrying amounts do not materially differ from their fair value; and
* certain liabilities that are calculated with regard to actuarial assessments.

Consistent with AASB 13 *Fair Value Measurement*, the Department of Treasury and Finance (the Department) determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non‑recurring fair value measurements such as non‑financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
* Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
* Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Department has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Department determines whether transfers have occurred between levels in the hierarchy by re‑assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer‑General Victoria (VGV) is the Department’s independent valuation agency. The Department, in conjunction with the VGV, monitors changes in the fair value of its assets through relevant data sources to determine whether revaluation is required.

The accounting policies set out below have been applied in preparing the financial statements.

### (c) Reporting entity

The financial statements cover the Department as an individual reporting entity. The Department is a government department of the State of Victoria.

Its principal address is:

1 Treasury Place  
Melbourne, Victoria, 3002

The Department is an administrative agency acting on behalf of the Crown.

The financial statements include all the controlled activities of the Department. This includes the transactions and balances of the following controlled trust accounts:

|  |  |
| --- | --- |
| **Trust account** | **Purpose** |
| Finance Agency Trust – *Financial Management Act 1994* | To record the receipt of funds from client departments and agencies pending disbursement for fitout works, minor and major capital works, construction and construction related works and general projects undertaken on their behalf. |
| Government Accommodation Trust – *Financial Management Act 1994* | To receive all rents and pay all outgoings associated with the management of properties administered by the Department and to fund minor capital works. |
| Industry Supervision Fund – *Financial Sector Reform (Victoria) Act 1999* | To facilitate the registration of financial institutions made under the Financial Sector Reform Act. |
| Shared Corporate Services Trust Account – *Financial Management Act 1994* | To record receipts and payments for shared corporate services, including, but not limited to, the operations of the Shared Service Provider. |
| Treasury Trust – *Financial Management Act 1994* | To record the Department’s receipt and disbursement of unclaimed and unidentified monies and other funds held in trust. |
| Vehicle Lease Trust – *Financial Management Act 1994* | To record transactions relating to the Department’s vehicle pool. |

The Essential Services Commission and CenITex (gained by the Department in the recent machinery of government changes), which are part of the Department’s portfolio, prepare separate annual financial statements and are not included in the Department’s financial statements.

#### Administered resources

The Department administers, but does not control, certain resources on behalf of the Crown, for example taxes raised by the State Revenue Office. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for its own benefit or for the achievement of its objectives.

Accordingly, transactions and balances relating to these administered resources are not recognised as departmental income, expenses, assets or liabilities within the body of the financial statements, but are disclosed separately in Note 22. Except as otherwise disclosed, administered transactions are accounted for on an accrual basis using the same accounting policies adopted for recognition of departmental items in the financial statements.

The administered activities of the Department include the following administered trust accounts:

| **Trust account** | **Purpose** |
| --- | --- |
| Asset Sales Deposit Trust Account – *Financial Management Act 1994* | To record the receipt of deposits lodged in connection with asset sales and their disbursement in accordance with the terms of settlement. |
| Cattle Compensation Fund – *Livestock Disease Control Act 1994* | To receive stamp duties paid by agents relating to sale of cattle, and fines and monies received from the Commonwealth; and make payments including compensation claims from graziers, and costs of transportation and destruction of condemned cattle. |
| Community Support Fund Trust – *Gaming Machine Control Act 1991* | To record the receipt (under special appropriations) of certain gambling revenues and the disbursement of these funds in accordance with the requirements of the Act, including the funding of gambling research and various community programs. |
| Debt Portfolio Trust – *Financial Management Act 1994* | To facilitate the recording of the cash transactions associated with Public Account borrowings and their management, aimed at enhancing administrative and operational efficiency. |
| Land Acquisition and Compensation Trust – *Land Acquisition and Compensation Act 1986* | To hold land compensation monies where claimant not found. |
| Public Service Commuter Club Trust *Financial Management Act 1994* | To record the receipt and payment of amounts relating to the purchase of rail tickets and associated reimbursement from Club members. |
| Security Trust – *Financial Management Act 1994* | To hold securities lodged by contractors to various departments as a guarantee of satisfactorily fulfilling contractual obligations. |
| Sheep And Goat Compensation Fund – *Livestock Disease Control Act 1994* | To receive stamp duties paid by agents relating to sale of sheep and goats, and fines and monies received from the Commonwealth; and make payments including compensation claims from graziers, and costs of transportation and destruction of condemned sheep and goats. |
| Swine Compensation Trust – *Livestock Disease Control Act 1994* | To receive stamp duties, penalties and other monies relating to the sale of pigs and to make payments including compensation claims and costs of transportation and destruction of condemned pigs. |
| Treasury Trust – *Financial Management Act 1994* | To record, on behalf of the State, the receipt and disbursement of unclaimed and unidentified monies and other funds held in trust. |
| Vehicle Lease Trust – *Financial Management Act 1994* | To record transactions relating to the Government’s vehicle pool and fleet management operations. |
| Victorian Natural Disasters Relief Account – *Financial Management Act 1994* | To record the receipt and disbursement of funds in connection with natural disasters in Victoria. |

#### Objectives and funding

In 2014‑15, the Department continued to pursue its mission of providing leadership in economic, financial and resource management. This leadership focus is reflected in the Department’s long‑term operational objectives, which guide its policy directions:

* sound financial management of Victoria’s fiscal resources;
* guide government actions to increase Victoria’s productivity and competitiveness;
* drive improvement in public sector asset management and the delivery of infrastructure; and
* deliver efficient whole of government common services to the Victorian public sector.

The Department is predominantly funded by accrual‑based Parliamentary appropriations for the provision of outputs.

#### Outputs of the Department

Information about the Department’s output activities, and the expenses, income, assets and liabilities which are reliably attributable to those activities, is set out in the departmental outputs schedules (Note 2). Information about expenses, income, assets and liabilities administered by the Department are given in the schedule of administered income and expenses and the schedule of administered assets and liabilities (Note 22).

As a consequence of machinery of government changes announced on 4 December 2014, outputs relating to Workplace Relations and Victorian Competition and Efficiency Commission (VCEC) were transferred out of the Department. The financial statements of the Department include the performance of these outputs for the period from 1 July to 31 December 2014 being the period during which the Department had responsibility for the outputs. Other information relating to machinery of government changes are reflected in Note 2 and Note 24.

### (d) Scope and presentation of financial statements

#### Comprehensive operating statement

The comprehensive operating statement comprises three components, being ‘net result from transactions’, ‘other economic flows included in net result’, and ‘other economic flows – other comprehensive income’. The sum of the first two represents the net result, which is equivalent to profit and loss derived in accordance with AASs.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

#### Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non‑financial assets. Current and non‑current assets and liabilities are disclosed in the notes, where relevant. Non‑current assets or liabilities are those expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the Department does not have the unconditional right to defer the settlement of the liabilities. The net result is equivalent to profit or loss derived in accordance with AASs.

#### Statement of changes in equity

The statement of changes in equity presents reconciliations of non‑owner and owner changes in equity from opening balance at the beginning of the year to the closing balance at the end of the year. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in ‘other economic flows – other movements in equity’ related to transactions with the owner in its capacity as owner.

#### Cash flow statement

Cash flows are classified according to whether they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*. For purposes of the cash flow statement, cash and cash equivalents include bank overdrafts, which are included as borrowings on the balance sheet (Note 21).

### (e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Department and the income can be reliably measured. Amounts disclosed as income are, where applicable, net of duties and taxes. Income is recognised for each of the Department’s major activities as follows:

#### Appropriation income

Appropriated income becomes controlled and is recognised by the Department when it is appropriated from the Consolidated Fund by the Victorian Parliament and applied to the purposes defined under the relevant Appropriation Act. Additionally, the Department is permitted under section 29 of the *Financial Management Act 1994* to have certain revenues annotated to the annual appropriation. The revenues which form part of a section 29 agreement are recognised and paid into the Consolidated Fund by the Department as administered income (Note 22). When the revenue is recognised, section 29 provides for an equivalent amount to be added to the annual appropriation authority, which is then available for application by the Treasurer. Examples of revenues which can form part of a section 29 agreement are revenues from sales of products and services, Commonwealth specific purpose grants and the proceeds from the sale of assets.

##### Output appropriations

Revenue from the outputs the Department provides to Government is recognised when those outputs have been delivered and the relevant Minister has certified delivery of those outputs in accordance with specified performance criteria.

##### Special appropriations

Special appropriations income is recognised when the amount appropriated for the purpose specified under the relevant legislation is due and payable by the Department.

#### Other income

##### Provision of services

Income from the provision of services by business units are controlled by the Department where they can be deployed for the achievement of departmental objectives. Income is recognised when the services are provided.

##### Rental accommodation income

Income from the provision of rental accommodation to government departments and agencies is accounted for on a straight line basis over the lease term.

##### Resources received free of charge

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

#### Interest income

Interest income includes the unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken direct to equity, forming part of the total change in net worth in the comprehensive result.

#### Grants income

Income from grants (other than contributions by owners) is recognised when the Department obtains control over the contribution. Where such grants are payable into the Consolidated Fund, they are reported as administered income (Note 22). Where grants are reciprocal (i.e. equal value is given by the Department to the provider), the Department is deemed to have assumed control when it has satisfied its performance obligations under the terms of the grant. Non‑reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non‑reciprocal depending on the terms of the grant.

The Department’s administered grants mainly comprise funds provided by the Commonwealth to assist the State in meeting general or specific service delivery obligations, primarily for the purpose of aiding in the financing of operations, capital purposes and/or for on passing to other recipients.

#### Taxation (includes taxes, fines, regulatory fees and other state revenue)

State taxation revenue is recognised by the State on receipt of a taxpayer’s self‑assessment, or the time the taxpayer’s obligation to pay arises pursuant to the issue of an assessment, whichever is earlier. Revenue in relation to the Growth Area Infrastructure Contribution (GAIC) is recognised on the occurrence of the first GAIC event. Revenue in relation to the Fire Services Property Levy is recognised on receipt from a municipal council of an annual estimate of liability, a payment, or an annual reconciliation. Fines and regulatory fees revenue is recognised at the time the fine or regulatory fee is issued.

Public authority dividends, and income tax equivalent and rate equivalent revenue are recognised when the right to receive the payment is established.

Taxes, public authority dividends, fines and regulatory fees collected, but not controlled, by the Department, are not recognised as revenues in the comprehensive operating statement or cash flow statement, but are reported as administered revenues (Note 22).

### (f) Expenses from transactions

#### Employee expenses

Employee expenses comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation expenses represent the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department discloses, on behalf of the State as the sponsoring employer, the net defined benefit cost and the defined benefit liability or surplus related to the members of these plans as administered items (Note 22).

#### Depreciation

All buildings, plant and equipment and other non‑financial physical assets, excluding assets held for sale, that have finite useful lives are depreciated. Depreciation is calculated on a straight line basis at rates that allocate the asset’s value, less any estimated residual value, over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a straight line basis over the asset’s useful life.

Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Estimated useful lives applicable for the years ended 30 June 2015 and 30 June 2014 are as follows:

|  |  |
| --- | --- |
| Buildings (a) | 45–257 years |
| Buildings (including heritage buildings) – internal fitouts | 10–25 years |
| Office equipment | 3–10 years |
| Computer equipment and associated peripherals | 2–7 years |
| Leased motor vehicles | 1–5 years |
| Intangible produced assets | 2–7 years |

(a) Certain heritage buildings owned by the Department have been determined to have useful lives of up to 257 years. The majority of the buildings have useful lives of below 60 years. There are two buildings with a useful life in the range of 94 to 98 years and another five buildings with a useful life in the range of 207 to 257 years.

Land assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets as their service potential has not, in any material sense, been consumed during the reporting period.

The estimated useful lives, residual values and depreciation method are reviewed at least annually.

#### Interest expense

Interest expense is recognised in the period in which it is incurred.

#### Grants expense

Grants to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable.

#### Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non‑financial physical assets used in the provision of outputs. The charge is calculated on the budgeted carrying amount of applicable non‑financial physical assets (excluding leased motor vehicles).

#### Supplies and services

Supplies and services are recognised as an expense in the period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

#### Resources provided free of charge

Resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of any restrictions or conditions imposed over their use, except transfers to another government department or agency as a consequence of a restructuring of administrative arrangements are recognised at carrying value.

### (g) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

#### Net gain/(loss) on non‑financial assets

Net gain/(loss) on non‑financial assets includes realised and unrealised gains and losses from impairments, and disposals of all physical and intangible assets.

##### Disposal of non‑financial assets

Any gain or loss on the disposal of non‑financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

##### Impairment of non‑financial assets

All non‑financial physical assets and intangible assets, except non‑financial physical assets held for sale, are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset’s carrying value exceeds its recoverable amount, the difference is written off to other economic flow except to the extent that the write‑down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset’s recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

#### Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held for trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

##### Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

##### Impairment of financial assets

The Department assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as other economic flows.

#### Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the transfer of amounts from reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification, the revaluation of the present value of leave liabilities due to changes in bond interest rates and the revaluation of restoration costs provision.

### (h) Financial assets

The Department classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available‑for‑sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Department assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### Cash and deposits

Cash and deposits comprise cash on hand and cash at bank, deposits at call and short‑term deposits, with original maturities of three months or less, that are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and deposits with original maturities of three months or less, that are held for the purpose of meeting long term funding management are classified as other financial assets.

#### Receivables

Receivables consist of:

* statutory receivables, which include predominantly amounts owing from the Victorian Government and goods and services tax input tax credits recoverable; and
* contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowance for impairment.

Debtors are generally due for settlement no more than 30 days from the date of recognition. Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised when there is objective evidence that the debts may not be collected. Bad debts are written off when identified.

#### Investments

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

* financial assets at fair value through profit or loss;
* loans and receivables; and
* available for sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

The Department assesses at the end of each reporting period whether a financial asset or group of financial assets is impaired.

##### Financial assets at fair value through profit or loss

Equities and managed investment schemes, and certain debt securities are designated at fair value through profit or loss on initial recognition on the basis that the financial assets form part of a group of financial assets that are managed and its performance evaluated by the Department in accordance with documented role strategies. The financial assets are subsequently stated at fair value, with any resultant gain/(loss) recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result as a transaction.

##### Loans and receivables

Trade receivables, loans and other receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest method, less impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

##### Available‑for‑sale financial assets

Other investments held by the Department are classified as being available‑for‑sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are reclassified to the net result as other economic flows for the period.

### (i) Non‑financial assets

#### Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### Non‑financial assets classified as held for sale

Non‑financial physical assets are classified as held for sale and treated as current assets if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate use in the current condition and the sale is highly probable and is expected to be completed within one year from the date of classification. Non‑financial assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Surplus land and buildings that fall within the Government’s asset sales program, and which are not controlled by the Department, are reported by the relevant agency and not by this Department. Reporting responsibility for these assets remains with the relevant agency until the total sale price is fully discharged.

#### Property, plant and equipment

Property, plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment (refer to Note 1 (g)). The initial cost for non‑financial physical assets under a finance lease (refer Note 1(k)) is measured at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The fair value of land and buildings (including heritage buildings) is determined using the market and income approach respectively. For computer and office equipment and motor vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned. Details about the valuation techniques and inputs used in determining the fair value of non‑financial physical assets are discussed in Note 8.

Assets such as specialised land and heritage assets are measured at fair value with regard to the asset’s highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non‑financial physical assets will be their highest and best use.

The fair value of heritage assets that the State intends to preserve because of their unique historical, cultural or environmental attributes may be impacted by policies and any legislative limitations and restrictions imposed on their use and/or disposal.

##### Restricted nature of heritage assets and specialised land

During, and at the end of, the reporting period, the Department held heritage assets and specialised land (Note 8), which are deemed worthy of preservation for the social rather than financial benefits they provide to the community. Consequently there are certain limitations and restrictions imposed on their use and/or disposal.

##### Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

##### Non‑financial physical assets constructed by the Department

The cost of non‑financial physical assets constructed by the Department includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

##### Revaluation of non‑financial physical assets

Non‑financial physical assets are measured at fair value in accordance with Financial Reporting Directions issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset’s government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations as determined in accordance with the requirements of the Financial Reporting Directions.

Revaluation increments are recognised in other comprehensive income as an increase in the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised in determining the net result.

Revaluation decrements are recognised immediately as expenses (other economic flows) in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of asset, they are recognised in other comprehensive income as a decrease in the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

#### Intangible assets

Intangible assets represent identifiable non‑monetary assets without physical substance. Intangible produced assets are initially recognised at cost. Subsequently, intangible produced assets with finite useful lives are carried at cost less accumulated depreciation and impairment. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Department.

The Department’s intangible produced assets comprise capitalised software development and digital databases. Purchased intangible assets include costs incurred in acquiring databases, software and licences that will contribute to future economic benefits. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Department has an intention and ability to use the asset. Other development costs that do not meet these criteria are recognised as expenses.

### (j) Liabilities

#### Payables

Payables consist of:

* contractual payables, such as accounts payable, and unearned income. Accounts payable represent liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid, and arise when the Department becomes obliged to make future payments in respect of the purchase of those goods and services; and
* statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

#### Provisions

Provisions are recognised when the Department has a present obligation where the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rates that reflect the time value of money and risks specific to the provision.

##### Provision for restoration costs

The Department records a provision for restoration costs for some of its leased properties. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

##### Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Department in respect of services provided by employees up to reporting date. The liability is classified as a current liability where the Department does not have an unconditional right to defer settlement for at least 12 months after the reporting date. The long service leave liability is classified as non‑current where the Department has an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The Department recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### Unearned income

Unearned income relates mainly to accommodation rentals on government owned buildings invoiced in advance to tenants.

#### Advances for capital works

Funds received in advance for capital works managed on behalf of other departments and agencies are recognised as current liabilities until the associated capital expenditure is incurred. Advances for capital works are managed through the Finance Agency Trust.

#### Borrowings

Borrowings are recorded initially at fair value, being the cost of the borrowings, net of transaction costs (Note 1(k) Leases). The measurement basis subsequent to initial recognition depends on whether the Department has categorised its interest‑bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest rate method.

#### Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may be exercised, then it is measured at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation.

In the determination of fair value, consideration is given to factors including the overall capital management/ prudential supervision framework in operation, the protection provided by the State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the Department in the event of default.

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts at 30 June 2015 and at 30 June 2014.

The value of loans and other amounts guaranteed by the Treasurer is disclosed in Note 16 (contingent liabilities and contingent assets).

### (k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### Department as lessor

Amounts due from lessees under finance leases are recorded as administered receivables (Note 22). Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised as administered income on a straight‑line basis over the term of the relevant lease. All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive’s nature or form or the timing of payments. In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight‑line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

##### Department as lessee

Finance leases are recognised as assets and liabilities of the Department at amounts equal to the fair value of the lease property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Lease assets held at the reporting date, being motor vehicles, are being depreciated over one to five years.

Minimum finance lease payments are apportioned between finance charges and reduction of the lease liability. Finance charges are calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight‑line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

### (l) Goods and services tax

Income, expenses and assets are recognised net of goods and services tax (GST), unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as an operating cash flow.

Commitments and contingent assets and liabilities are stated inclusive of GST.

### (m) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Department and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the financial statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material interest.

### (n) Administered items

Administered items are disclosed in Note 22.

#### Other financial assets

Other financial assets held in the Public Account (recognised as administered other financial assets) are primarily invested in short‑term deposits and financial securities, consistent with the objective of ensuring that the short‑term funding needs of the Public Account can be met at all times and that any borrowings in the short‑term portfolio are managed to minimise the net interest cost.

#### Public Account liabilities

Within administered assets and liabilities, the Department has recognised certain liabilities that exist in the Public Account at year end. These are the outstanding liabilities to other Departments in respect of (a) amounts appropriated from the Consolidated Fund but remaining undrawn at the end of the year, net of Public Account advances to other departments, and (b) Trust Account funds held on their behalf within the Public Account.

#### Budget Sector Debt Portfolio

Management of the Budget Sector Debt Portfolio (BSDP) is based on the key objectives of achieving relative certainty of interest cost over the budgeting period while minimising net borrowing costs, and conservatively managing the financial and operational risks of the budget sector treasury operations.

The BSDP is primarily composed of fixed rate borrowing facilities that have an even maturity profile. This ensures that a relatively small proportion of the BSDP is subject to re‑pricing in any one period, with the effect that BSDP interest costs are not subject to large fluctuations as a result of movements in market interest rates. Since borrowings in the BSDP are held to maturity, the BSDP is accounted for on an historical cost basis. This is disclosed as borrowings in the administered balance sheet of the Department.

#### State Electricity Commission of Victoria (SECV) indemnity

Under a deed of indemnity from the Treasurer, the Department, on behalf of the State, is obliged to fund the shortfall relating to the SECV’s obligations under electricity supply agreements with the aluminium smelter at Portland. The liability amount is included as payables in the administered balance sheet and represents the present value of future payments to be made to the SECV to fund the shortfall.

The value of the indemnity is assessed at least annually and any revaluation gain/(loss) is recognised as an ‘other economic flow’ in determining the administered net result. Any revaluation gain/(loss) recognises the adjustment required to the outstanding indemnity balance and represents a reduction/(increase) in losses under the indemnity resulting from favourable/ unfavourable movements in factors affecting those losses, principally aluminium prices.

#### Superannuation liability

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of administered assets and liabilities, and is determined in accordance with AASB 119 *Employee Benefits*, with actuarial valuations being carried out at each reporting date. Accrued benefits are measured as the net present value of estimated future benefit payments to members arising from their membership of the scheme up to the end of the reporting period. Remeasurements of the liability are recognised in full in the statement of administered income and expenses in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight‑line basis over the average period until the benefits become vested.

The superannuation liability recognised in the administered balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. This liability mainly represents the State’s superannuation liability with respect to superannuation funds operated principally for general government sector employees, being the State’s share of the shortfall between the total net assets of the State’s general government sector superannuation funds at 30 June 2015 and the present value of total benefits that members have accrued up to that date, as determined by an actuarial assessment. The balance of the superannuation liability with respect to these funds is to be met by Commonwealth funded agencies.

In addition, the State also recognises a liability for accrued benefits arising from constitutionally protected pension entitlements principally in respect of judges and other judicial office holders. No assets are held in respect of these liabilities and pensions are paid from the Consolidated Fund. The Department has changed its accounting policy in the current year such that the calculation of the tax liability no longer allows for the fact that taxes payable will ultimately be offset by franking credits (Note 1(t)).

Government policy is that the superannuation liability for the entire general government sector should be recognised and disclosed in the administered balance sheet of the Department.

#### Lease receivables

The Department is the lessor for the State’s motor vehicle fleet. Leases effected under this arrangement are recognised as finance leases by this Department as the lessor in the administered balance sheet, and by other Departments and public bodies as lessees.

Amounts due from lessees under finance leases are recorded as administered receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### (o) Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are contributions or distributions in nature have also been designated as contributions by owners.

Transfers of net assets or liabilities arising from administrative restructurings are treated as distributions to or contributions by owners.

### (p) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed in Note 15 at their nominal value and inclusive of GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet (Note 1(k) and Note 13).

### (q) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets (including those administered on behalf of the State, where applicable) are not recognised in the balance sheet, but are disclosed by way of a note (Note 16) and, if quantifiable, are measured at nominal value. Contingent liabilities and assets are presented inclusive of GST receivable or payable, respectively.

### (r) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

### (s) New and revised accounting standards

Subsequent to the 2013‑14 reporting period, the following new and revised standards which are applicable for annual reporting periods beginning on 1 January 2014 have been adopted for the first time in the current period with their financial impact detailed as below.

AASB 10 *Consolidated Financial Statements* provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The approach requires the satisfaction of all three criteria for control over another entity for financial reporting purposes:

(a) the investor has power over the investee;

(b) the investor has exposure, or rights to variable returns from its involvement with the investee; and

(c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

Based on the criteria prescribed in AASB 10, the Department has reviewed its existing arrangements to determine if there are any additional entities that need to be consolidated into the financial statements. The Department has concluded that no entity meets the control criteria.

AASB 12 *Disclosure of Interests in Other Entities* prescribes the disclosure requirements for an entity’s interests in subsidiaries, associates, joint arrangements and extends to the entity’s association with unconsolidated structured entities.

The Department has reviewed its current contractual arrangements to determine if there are any unconsolidated structured entities that the Department has involvement with. The review did not identify any unconsolidated structured entities requiring disclosure.

### (t) Changes in accounting policies

Revised AASB 119 *Employee Benefits* was applied for the first time in the 2013‑14 financial year. This revised standard requires an entity to make a reliable estimate of the ultimate cost to the entity of the defined benefit schemes in estimating the net defined benefit superannuation liability.

The State previously used a net tax approach in estimating the net defined benefit superannuation liability with the expected tax payable on contributions being offset by the tax credits expected to be generated from superannuation plan assets. This approach was adopted due to the fact that the investment income on these assets is largely tax exempt and franking credits received on the investment income are expected to be available to offset the taxes payable on contributions, which in turn reduces the ultimate cost of funding the State’s defined benefit superannuation liability.

However, under the revised standard, the State noted that there were differing views regarding the treatment of expected franking credits from superannuation plan assets. Following a review of broader industry practice, including that of other jurisdictions, the State has changed its accounting policy such that the calculation of the tax liability no longer allows for the fact that taxes payable will ultimately be offset by franking credits.

This has resulted in an increase in the net defined superannuation liability of $572 million up to 30 June 2014. The change will not have a significant impact on the administered net result from transactions, as the increase in net superannuation interest expense will be partially offset by an expected decrease in the associated superannuation service cost. Future franking credits and other tax offsets will be incorporated as part of the return on assets each year and recognised accordingly as they arise. The impact of the change on the administered comprehensive result in the current year and prior year is a decrease of $10.9 million and an increase of $6.5 million respectively.

Comparative amounts for 2013‑14 and the related amounts as at 1 July 2013 have been restated in accordance with the change in accounting treatment of expected franking credits from superannuation plan assets. The impact is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2014 |  |  |
| **Impact on administered comprehensive result** | $’000 |  |  |
| Decrease in superannuation costs non‑ departmental | (10 700) |  |  |
| Increase in actuarial gains/(losses) on superannuation defined benefit plans | 4 200 |  |  |
|  | 6 500 |  |  |
|  |  |  |  |
|  | As previously reported | Adjustments | Restated |
| Impact on administered superannuation liability | $’000 | $’000 | $’000 |
| As at 1 July 2013 | 25 139 545 | 578 700 | 25 718 245 |
| As at 30 June 2014 | 25 681 522 | 572 200 | 26 253 722 |

The impact of these changes on Note 22 *Administered items* for the comparative year is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | As published | Effect of change in accounting treatment | Restated |
|  | 2014 | 2014 | 2014 |
|  | $’000 | $’000 | $’000 |
| Administered (Note 22) |  |  |  |
|  |  |  |  |
| Administered expenses from transactions |  |  |  |
| Superannuation – non‑departmental | 1 328 413 | (10 700) | 1 317 713 |
|  |  |  |  |
| Other economic flows – other comprehensive income |  |  |  |
| Remeasurement of superannuation defined benefit plans | 286 204 | 4 200 | 290 404 |
|  |  |  |  |
| Administered liability |  |  |  |
| Superannuation liability | 25 681 522 | 572 200 | 26 253 722 |

### (u) Accounting standards issued but not yet effective

As at 30 June 2015, the following standards and interpretations (applicable to the Department) had been issued but were not mandatory for the 30 June 2015 reporting period.

AASB 2015‑7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not‑for‑Profit Public Sector Entities*, applicable for reporting periods commencing 1 July 2016. This standard provides scope‑limited relief for not‑for‑profit public sector entities from making certain specified disclosures about the fair value measurement of assets within the scope of AASB 116 *Property, Plant and Equipment*. In accordance with FRD 7A *Early adoption of authoritative accounting pronouncements*, the Department has elected to early adopt AASB 2015‑7 for the 2014‑15 reporting period.

Specifically, for fair value measurements that have been categorised within Level 3 of the fair value hierarchy, the Department is no longer required to provide quantitative information about the ‘significant unobservable inputs’ used in the fair value measurement.

The Department has elected not to early adopt the following standards:

AASB 9 *Financial Instruments*. The key changes include simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. Applicable for annual reporting periods beginning on 1 January 2018. The assessment has identified that the financial impact of available for sale assets will now be reported through other comprehensive income and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

AASB 15 *Revenue from Contracts with Customers*. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Applicable for annual reporting periods beginning on 1 January 2017 (Exposure Draft 263 – potential deferral to 1 January 2018). The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.

AASB 2014‑4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* [AASB 116 and AASB 138]. Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to:

* establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; and
* prohibit the use of revenue‑based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.

Applicable for annual reporting periods beginning on 1 January 2016. There is no expected impact as the revenue‑based method is not used for depreciation and amortisation.

AASB 2015‑6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not‑for‑Profit Public Sector Entities* [AASB 10, AASB 124 and AASB 1049]. The amendments extend the scope of AASB 124 *Related Party Disclosures* to not‑for‑profit public sector entities. A guidance has been included to assist the application of the Standard by not‑for‑profit public sector entities. Applicable for annual reporting periods beginning on 1 January 2016, the amending standard will result in extended disclosures on the Department’s key management personnel, and related party transactions.

Note 2. Departmental outputs

### (a) Outputs of the Department

A description of departmental outputs during the year ended 30 June 2015 are summarised below.

#### Strategic Policy Advice outputs

These outputs provide strategic policy advice to Ministers on a wide range of Government activity. This includes advice on:

* the State’s overall financial and aggregate budget strategy;
* taxation policy;
* the State’s insurance schemes;
* accounting policies and performance management;
* economic, social and environmental monitoring and analysis;
* managing various State‑based taxes;
* financial accounting and reporting;
* strategic research focusing on developing greater understanding of factors affecting long‑term living standards for Victorians; and
* inter‑government financial analysis and advice in relation to the level of Commonwealth funding to the states and territories.

#### Financial Management Services outputs

These outputs provide financial management services to government departments, agencies, government business enterprises and registered housing agencies. These services include:

* managing and forecasting cash balances and central Government cash transactions;
* managing the liabilities of Victoria’s public sector superannuation schemes;
* monitoring the performance of government business enterprises;
* preparing the State’s consolidated financial and budget related reports;
* providing financial risk management and advice to manage the State’s financial risks;
* reviewing and analysing performance of departments with a focus on delivering value for money services to the community; and
* reviewing registered housing agencies.

#### Risk Management Services output

This output provides risk management advice and information on frameworks to Ministers, departments and private infrastructure partners to manage the Government’s exposure to commercial and infrastructure project risks.

#### Resource Management Services output

This output assists the Government in administering and coordinating the provision of whole of government services by maximising value in purchasing decisions and providing professional management of substantial government assets

#### Regulatory Services outputs

These outputs regulate utilities and other regulated markets in Victoria and provide advice on ways the Government can improve the business environment.

#### Revenue Management Services output

This output administers revenue collections of major taxes and duties on behalf of the Government. It also assesses and processes unclaimed monies applications.

### (b) Changes to outputs

In 2014‑15, as a result of machinery of government changes, the Department relinquished the Workplace Relations (within Risk Management Services output) and Victorian Competition and Efficiency Commission (within Regulatory Services output) functions to the Department of Economic Development, Jobs, Transport and Resources and Department of Premier and Cabinet respectively. There were no other material changes to the output structure for 2014‑15.

### Departmental outputs schedule

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Strategic Policy Advice | | Financial Management Services | | Risk Management Services (a) | |
|  | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
|  | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| Controlled income and expenses for the year ended 30 June 2015 | | |  |  |  |  |
|  |  |  |  |  |  |  |
| **Income from transactions** |  |  |  |  |  |  |
| Output appropriations | 36 127 | 37 269 | 42 787 | 22 496 | 24 722 | 30 701 |
| Special appropriations |  | – |  |  |  |  |
| Other income | 589 | 581 | 215 | 207 | 2 478 | 3 037 |
| **Total income from transactions** | 36 716 | 37 850 | 43 002 | 22 703 | 27 200 | 33 738 |
|  |  |  |  |  |  |  |
| **Expenses from transactions** |  |  |  |  |  |  |
| Employee benefits | 25 732 | 25 991 | 11 507 | 11 478 | 12 404 | 12 453 |
| Depreciation | 253 | 309 | 1 913 | 1 913 | 136 | 148 |
| Finance lease interest expense | 10 | 23 | 5 | 14 | 6 | 15 |
| Grants expense | 839 | 688 | 424 | 216 | 295 | 374 |
| Capital asset charge | 60 | 238 | 23 | 87 | 2 394 | 6 794 |
| Supplies and services | 5 862 | 6 582 | 26 550 | 6 888 | 7 787 | 10 301 |
| Payments to Consolidated Fund | 44 | – | 16 | – | 1 056 | 1 048 |
| **Total expenses from transactions** | **32 800** | **33 831** | **40 438** | **20 596** | **24 078** | **31 133** |
|  |  |  |  |  |  |  |
| **Net result from transactions** | **3 916** | **4 019** | **2 564** | **2 107** | **3 122** | **2 605** |
|  |  |  |  |  |  |  |
| **Other economic flows included in net result** |  |  |  |  |  |  |
| Net gain/(loss) on financial instruments |  |  |  |  |  |  |
| Net gain/(loss) on disposal of property, plant and equipment |  |  |  |  |  |  |
| Net gain/(loss) from revaluation of leave liabilities | (32) | (14) | (15) | (10) | (12) | (6) |
| **Total other economic flows included in net result** | **(32)** | **(14)** | **(15)** | **(10)** | **(12)** | **(6)** |
|  |  |  |  |  |  |  |
| **Net result** | **3 884** | **4 005** | **2 549** | **2 097** | **3 110** | **2 599** |
|  |  |  |  |  |  |  |
| **Total other economic flows – other comprehensive income** | – | – | – | – | – | – |
| **Comprehensive result** | **3 884** | **4 005** | **2 549** | **2 097** | **3 110** | **2 599** |
|  |  |  |  |  |  |  |
| **Controlled assets and liabilities as at 30 June 2015** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |
| Financial assets | 1 150 | 916 | 366 | 250 | 380 | 980 |
| Non‑financial assets | 1 345 | 2 143 | 9 353 | 11 567 | 270 573 | 276 923 |
| **Total assets** | **2 495** | **3 059** | **9 719** | **11 817** | **270 953** | **277 903** |
|  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |
| Total liabilities | **9 238** | **10 796** | **6 243** | **5 240** | **5 755** | **5 895** |
|  |  |  |  |  |  |  |
| Net assets/(liabilities) | **(6** **743)** | **(7** **737)** | **3** **476** | **6** **577** | **265** **198** | **272** **008** |

Note:

(a) Includes Workplace relations group up to 31 December 2014. From 1 January 2015, pursuant to machinery of government changes, Workplace relations group is reported by the Department of Economic Development, Jobs, Transport and Resources.

(b) Includes Victorian Competition and Efficiency Commission up to 31 December 2014. From 1 January 2015, pursuant to machinery of government changes, Victorian Competition and Efficiency Commission is reported by the Department of Premier and Cabinet.

(c) These amounts consist predominantly of the Department’s SAU balances with the Consolidated Fund and the Trust Fund.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Resource Management Services | | Regulatory Services (b) | | Revenue Management Services | | Other – not attributable (c) | | | Departmental total | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | | 2014 |
| $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | | $’000 |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
| 44 721 | 49 448 | 19 510 | 20 923 | 82 846 | 93 990 |  |  | 250 713 | | 254 827 |
|  |  |  |  |  |  |  |  |  | | – |
| 47 251 | 47 697 | 52 | 93 | 424 | 419 |  |  | 51 009 | | 52 034 |
| 91 972 | 97 145 | 19 562 | 21 016 | 83 270 | 94 409 | – | – | 301 722 | | 306 861 |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
| 16 064 | 17 336 | 2 599 | 4 393 | 50 819 | 45 432 |  |  | 119 125 | | 117 083 |
| 21 408 | 21 954 | 25 | 51 | 8 470 | 17 171 |  |  | 32 205 | | 41 546 |
| 24 | 47 | – | 2 | 10 | 8 |  |  | 55 | | 109 |
| 550 | 34 | 16 007 | 15 899 | 4 621 | 6 897 |  |  | 22 736 | | 24 108 |
| 18 549 | 13 785 | 10 | 44 | 84 | 207 |  |  | 21 120 | | 21 155 |
| 30 115 | 32 072 | 692 | 1 060 | 16 586 | 22 020 |  |  | 87 592 | | 78 923 |
| 11 202 | 5 886 | 7 |  | 5 |  |  |  | 12 330 | | 6 934 |
| **97 912** | **91 114** | **19 340** | **21 449** | **80 595** | **91 735** | **–** | **–** | **295 163** | | **289 858** |
|  |  |  |  |  |  |  |  |  | |  |
| **(5 940)** | **6 031** | **222** | **(433)** | **2 675** | **2 674** | **–** | **–** | **6 559** | | **17 003** |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
|  | (3) |  |  |  |  |  |  |  | | (3) |
| 34 | 643 |  |  |  |  |  |  | 34 | | 643 |
| (17) | (7) | (1) | (2) | (58) | (9) | – | – | (135) | | (48) |
| **(17)** | **633** | **(1)** | **(2)** | **(58)** | **(9)** | **–** | – | **(101)** | | **592** |
|  |  |  |  |  |  |  |  |  | |  |
| **(5 923)** | **6 664** | **221** | **(435)** | **2 617** | **2 665** | **–** | – | **6 458** | | **17 595** |
|  |  |  |  |  |  |  |  |  | |  |
| **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | | **–** |
| **(5 923)** | **6 664** | **221** | **(435)** | **2 617** | **2 665** | **–** | – | **6 458** | | **17 595** |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
| 27 223 | 27 455 | 543 | 64 | 2 670 | 863 | 214 760 | 190 894 | 247 092 | | 221 422 |
| 227 158 | 245 691 | 63 | 457 | 24 417 | 11 849 | – |  | 532 909 | | 548 630 |
| 254 381 | 273 146 | 606 | 521 | 27 087 | 12 712 | 214 760 | 190 894 | 780 001 | | 770 052 |
|  |  |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  |  |  |  | |  |
| **64 838** | **62 766** | **11 462** | **11 086** | **23 097** | **20 173** | **–** | **–** | **120 633** | | **115 956** |
|  |  |  |  |  |  |  |  |  | |  |
| **189 543** | **210 380** | **(10 856)** | **(10 565)** | **3 990** | **(7 461)** | **214 760** | **190 894** | **659 368** | | **654 096** |

Note 3. Income from transactions

Income from transactions includes:

|  |  |  |
| --- | --- | --- |
|  | 2015 $’000 | 2014 $’000 |
| **Other income** |  |  |
| Provision of services | 18 106 | 20 190 |
| Rental accommodation income | 32 563 | 31 607 |
| Other | 340 | 237 |
| **Total other income** | 51 009 | **52 034** |

Note 4. Summary of compliance with annual Parliamentary and special appropriations

### (a) Summary of compliance with annual Parliamentary appropriations

The following table discloses the details of the various Parliamentary appropriations received by the Department during the year. In accordance with accrual output‑based management procedures, ‘provision of outputs’ and ‘additions to net asset base’ are disclosed as ‘controlled’ activities of the Department. Administered transactions are those that are undertaken on behalf of the State, and over which the Department has no control or discretion.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Appropriation Act | | | |
|  | Annual appropriations –  as published | | Advance from  Treasurer | |
|  | $’000 | | $’000 | |
|  | 2015 | 2014 | 2015 | 2014 |
| **Controlled** |  |  |  |  |
| Provision of outputs | 229 841 | 239 787 | 22 710 | 2 249 |
| Additions to net asset base | 24 427 | 26 587 |  |  |
|  |  |  |  |  |
| **Administered** |  |  |  |  |
| Payments made on behalf of the State | 1 753 223 | 1 792 074 | – | 47 582 |
|  |  |  |  |  |
| **Total** | 2 007 491 | 2 058 448 | 22 710 | 49 831 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *Financial Management Act 1994* | | | | | | | |  | |  | |  | |
| Section 29 | | Section 30 | | Section 32 | | Section 35 | | Total Parliamentary authority | | Appropriations applied | | Variance | |
| $’000 | | $’000 | | $’000 | | $’000 | | $’000 | | $’000 | | $’000 | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 583 | 7 363 | – | 4 625 | 1 921 | 3 775 |  |  | 263 056 | 257 799 | 250 713 | 254 827 | 12 343 | 2 972 |
|  |  | – | (23 625) | 2 757 | 741 |  |  | 27 184 | 3 703 | 5 000 | – | 22 184 | 3 703 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | – | 19 000 | 2 600 | 898 | – | 24 320 | 1 755 823 | 1 883 874 | 1 746 568 | 1 880 349 | 9 255 | 3 525 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 583 | 7 363 | – | – | 7 278 | 5 414 | – | 24 320 | 2 046 063 | 2 145 376 | 2 002 281 | 2 135 176 | 43 782 | 10 200 |

Explanation of variances between total Parliamentary authority and appropriations applied – year ended 30 June 2015.

* Provision of outputs
  + $2.2 million has been carried over to 2015‑16, in respect of various projects not completed as expected in 2014‑15. $3.4 million was not utilised due to the transfer of functions to the Department of Premier and Cabinet and the Department of Economic Development, Jobs, Transport and Resources following machinery of government changes. $4.7 million was not drawn down due to lower depreciation expense as a result of the timing of purchases of municipal land valuations data and property, plant and equipment. $1.9 million relates to underutilisation of the Treasurer’s Advance.
* Additions to net asset base
  + Capital funding was not applied as expected in 2014‑15 – due to the VMIA not requiring $16.6 million in capital funding, and the purchase of non‑financial assets were funded from depreciation equivalent.
* Payments made on behalf of the State
  + The $9.3 million has been carried over to 2015‑16 in respect of Melbourne major events funding.

### (b) Summary of compliance with special appropriations

|  |  |  |  |
| --- | --- | --- | --- |
| Authority | Purpose | Appropriations applied | |
|  |  | 2015  $’000 | 2014  $’000 |
| **Administered (Note 22)** |  |  |  |
| *Constitution Act, No. 8750 of 1975* – Governors’ Pensions | Governors’ pensions | 1 005 | 983 |
| *County Court Act, No. 6230 of 1958* – Judges | Judges’ pensions | 13 536 | 13 238 |
| *Constitution Act, No. 8750 of 1975* – Supreme Court Judges | Judges’ pensions | 9 776 | 9 561 |
| *State Superannuation Act, No. 50 of 1988*, Section 90(2) – Contributions | Superannuation contributions | 1 036 612 | 1 035 753 |
| *State Electricity Commission Act, No. 6377 of 1958*, Section 85B(2) | Indemnity | 86 099 | 104 604 |
| *Treasury Corporation of Victoria Act, No. 80 of 1992*, Section 38 – Debt Retirement | Budget sector debt retirement | 23 933 | 14 536 |
| *Taxation (Interest on Overpayments) Act, No. 35 of 1986*, Section 11 | Interest on overpayments of tax | 977 | 1 725 |
| *State Owned Enterprises Act, No. 90 of 1992*, Section 88 | State equivalent tax refunds | 8 364 | 1 039 |
| *Liquor Control Reform Act, No. 94 of 1988*, Section 177(2) | Safety net payments | 2 733 | 2 487 |
| *Gambling Regulation Act, No. 114 of 2003*, Section 3.6.12 | Payments to Community Support Fund | 96 506 | 93 211 |
| *Financial Management Act, No. 18 of 1994*, Section 39 | Interest on advances | 2 163 | 8 681 |
|  |  |  |  |
| **Total special appropriations** |  | 1 281 704 | **1 285 818** |

### (c) Annotated revenue agreements

Section 29 annotated revenue agreements included in the financial statements are:

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Section 105 land tax certificates | 3 251 | 2 981 |
| Rural Finance Corporation divestment advisor fees | 2 896 | – |
| Collaborative inter‑governmental projects | 80 | 2 097 |
| Construction supplier register | 534 | – |
| Government land and property | 338 | 1 170 |
| Essential Services Commission ministerial advices | 293 | – |
| Public financial corporations risk management and reporting framework | 178 | 129 |
| Government bodies gymnasium | 189 | 136 |
| Victorian Energy and Efficiency Target expansion | 824 | 850 |
|  | 8 583 | 7 363 |

Note 5. Expenses from transactions

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Expenses from transactions includes: |  |  |
| Employee expenses |  |  |
| Salaries and wages | 92 576 | 90 948 |
| Annual and long service leave expense | 11 801 | 10 921 |
| Superannuation |  |  |
| * defined contribution plans | 7 506 | 7 340 |
| * defined benefits plans | 1 509 | 1 679 |
| Other on‑costs | 5 733 | 6 195 |
| Total employee expenses | 119 125 | 117 083 |
|  |  |  |
| **Depreciation** |  |  |
| Buildings | 19 880 | 19 740 |
| Office and computer equipment | 1 372 | 1 763 |
| Motor vehicles under finance lease | 1 309 | 1 592 |
| Municipal valuations database | 5 548 | 14 373 |
| Capitalised software development | 4 096 | 4 078 |
| Total depreciation | 32 205 | 41 546 |
|  |  |  |
| **Grants expense** |  |  |
| Victorian Government entities | 17 477 | 16 847 |
| Local Government entities | 4 621 | 6 987 |
| Other organisations | 638 | 274 |
| Total grants expense | 22 736 | 24 108 |
|  |  |  |
| **Supplies and services** |  |  |
| Rentals and property outgoings | 25 713 | 24 560 |
| Purchase of services | 40 777 | 33 258 |
| Information and communication technology costs | 13 792 | 13 572 |
| Others | 7 310 | 7 533 |
| **Total supplies and services** | 87 592 | 78 923 |

Note 6. Receivables

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| **Current:** |  |  |
| **Contractual** |  |  |
| Debtors | 27 808 | 28 651 |
|  | 27 808 | 28 651 |
| **Statutory** |  |  |
| Amounts owing from Victorian Government (a) | 148 041 | 126 320 |
| GST recoverable | 2 430 | 1 871 |
|  | 150 471 | 128 191 |
| **Total current receivables** | 178 279 | 156 842 |
|  |  |  |
| **Non‑current:** |  |  |
| **Statutory** |  |  |
| Amounts owing from Victorian Government (a) | 2 395 | 2 932 |
| Total non‑current receivables (Note 11) | 2 395 | 2 932 |
|  |  |  |
| Total receivables | 180 674 | 159 774 |

Note:

(a) Represents balance of appropriations relating to the provision of outputs and for additions to the net asset base, for which payments had not been disbursed at balance date, and accordingly had not been drawn from the Consolidated Fund.

Note 14 discloses an ageing analysis of contractual receivables and the nature of and extent of   
credit risk arising from the receivables.

Note 7. Non‑financial assets classified as held for sale

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Vehicles held for sale | 31 | 114 |
| Property held for sale | – | 6 005 |
|  |  |  |
| **Total non‑financial assets classified as held for sale** | **31** | **6 119** |

Non‑financial assets classified as held for sale comprise property and vehicles that the Department no longer utilises and which it intends to dispose of within the next 12 months. No impairment losses were recognised on reclassification of the property as held for sale or at balance date.

#### Fair value measurement of land held for sale

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Carrying amount | Fair value  measurement using: | | |
|  |  | Level 1 | Level 2 | Level 3 |
| Fair value measurement hierarchy at 30 June 2015 | $’000 | $’000 | $’000 | $’000 |
|  |  |  |  |  |
| **Land at fair value** |  |  |  |  |
| Specialised land | – |  |  | – |
| Non‑specialised land | – |  |  | – |
| **Total land at fair value** | – |  |  | – |
|  |  |  |  |  |
| Fair value measurement hierarchy at 30 June 2014 |  |  | | |
|  |  |  |  |  |
| **Land at fair value** |  |  |  |  |
| Specialised land | 5 891 |  |  | 5 891 |
| Non‑specialised land | 114 |  |  | 114 |
| **Total land at fair value** | **6 005** |  |  | **6 005** |

Note 8. Property, plant and equipment

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| **Land** |  |  |
| At independent valuation | 366 191 | 366 180 |
|  |  |  |
| **Buildings (including heritage buildings)** |  |  |
| At independent valuation | 170 812 | 170 812 |
| At cost | 20 906 | 16 905 |
| Less: accumulated depreciation | (64 785) | (44 953) |
|  | 126 933 | 142 764 |
| Construction in progress – at cost | 672 | 2 124 |
| Total buildings | 127 605 | 144 888 |
|  |  |  |
| **Plant and equipment** |  |  |
| Office and computer equipment – at cost | 12 754 | 13 195 |
| Less: accumulated depreciation | (10 638) | (9 317) |
|  | 2 116 | 3 878 |
|  |  |  |
| Motor vehicles under finance lease | 5 901 | 6 443 |
| Less: accumulated depreciation | (1 709) | (2 109) |
|  | 4 192 | 4 334 |
| Total plant and equipment | 6 308 | 8 212 |
|  |  |  |
| **Total property, plant and equipment** | 500 104 | 519 280 |

#### Valuations

The basis of valuation of land and buildings (including heritage buildings) is fair value. Fair value is determined by direct reference to recent market transactions for land of comparable size and location. For buildings (including heritage buildings), fair value is determined by applying an appropriate capitalisation rate based on factors such as building design, location, tenancy size on the average rental income of the building area. The latest revaluations were based on independent assessments as at 30 June 2012, carried out by Valuer‑General Victoria, Urbis, Napier and Blakeley Pty. Ltd. and Herron Todd White Pty. Ltd.

The revaluation process normally occurs every five years, based on the asset’s government purpose classification. In the intervening period, annual assessments are made of all property, plant and equipment as to whether the fair value of a class of assets may differ materially from its carrying amount, being revalued amount, or cost for recently acquired items, less applicable accumulated depreciation.

#### Restricted assets

The carrying amount of buildings listed as heritage assets is $81.3 million (2014 – $88.7 million). These heritage assets cannot be modified nor disposed of without formal Ministerial approval.

Note 8. Property, plant and equipment (continued)

### Reconciliations of carrying amounts

Reconciliations of the carrying amounts of each class of property, plant and equipment at the start and end of the year are set out below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Land | Buildings  (including heritage buildings) | Building construction in progress |
|  | $’000 | $’000 | $’000 |
| **2015** |  |  |  |
| Carrying amount at the start of the year | 366 180 | 142 764 | 2 124 |
| Additions |  | 65 | 3 048 |
| Disposals |  |  | (291) |
| Transfers between classes |  | 4 174 | (4 209) |
| Transfers to intangible assets |  |  |  |
| Net transfers to property held for sale | 11 |  |  |
| Transfers through contributed capital |  |  |  |
| Machinery of government transfers |  | (190) |  |
| Net transfers free of charge |  |  |  |
| Depreciation expense (Note 5) |  | (19 880) |  |
|  |  |  |  |
| **Carrying amount at the end of the year** | 366 191 | 126 933 | 672 |
|  |  |  |  |
| **2014** |  |  |  |
| Carrying amount at the start of the year | 371 784 | 160 551 | 1 143 |
| Additions | 402 |  | 3 031 |
| Disposals |  |  |  |
| Transfers between classes |  | 2 012 | (2 050) |
| Transfers to intangible assets |  |  |  |
| Net transfers to property held for sale | (5 935) | (59) |  |
| Transfers through contributed capital | (71) |  |  |
| Net transfers free of charge |  |  |  |
| Depreciation expense (Note 5) |  | (19 740) |  |
|  |  |  |  |
| **Carrying amount at the end of the year** | 366 180 | 142 764 | 2 124 |

|  |  |  |
| --- | --- | --- |
| Office and computer equipment | Motor  vehicles under  finance lease | Total |
| $’000 | $’000 | $’000 |
|  |  |  |
| 3 878 | 4 334 | 519 280 |
| 195 | 2 276 | 5 584 |
| – | (1 065) | (1 356) |
| 35 |  | – |
| (618) |  | (618) |
|  | (31) | (20) |
|  |  | – |
| (2) | (13) | (205) |
|  |  | – |
| (1 372) | (1 309) | (22 561) |
|  |  |  |
| 2 116 | 4 192 | 500 104 |
|  |  |  |
|  |  |  |
| 5 060 | 4 221 | 542 759 |
| 648 | 2 925 | 7 006 |
| (2) | (1 221) | (1 223) |
| 38 |  | – |
| (103) |  | (103) |
|  |  | (5 994) |
|  |  | (71) |
|  | 1 | 1 |
| (1 763) | (1 592) | (23 095) |
|  |  |  |
| 3 878 | 4 334 | 519 280 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Carrying amount | Fair value  measurement using: | | |
|  |  | Level 1 | Level 2 | Level 3 |
| Fair value measurement hierarchy at 30 June 2015 (a) | $’000 | $’000 | $’000 | $’000 |
| **Land at fair value** |  |  |  |  |
| Specialised land | 348 889 |  |  | 348 889 |
| Non‑ specialised land | 17 302 |  |  | 17 302 |
| **Total land at fair value** | 366 191 |  |  | 366 191 |
|  |  |  |  |  |
| **Buildings at fair value** |  |  |  |  |
| Buildings (including heritage buildings) | 126 933 |  |  | 126 933 |
| **Total buildings at fair value** | 126 933 |  |  | 126 933 |
|  |  |  |  |  |
| **Plant and equipment at fair value** |  |  |  |  |
| Office and computer equipment | 2 116 |  |  | 2 116 |
| **Total plant and equipment at fair value** | 2 116 |  |  | 2 116 |
|  |  |  |  |  |
| Fair value measurement hierarchy at 30 June 2014 (a) |  |  |  |  |
| **Land at fair value** |  |  |  |  |
| Specialised land | 348 889 |  |  | 348 889 |
| Non‑ specialised land | 17 291 |  |  | 17 291 |
| **Total land at fair value** | **366 180** |  |  | **366 180** |
|  |  |  |  |  |
| **Buildings at fair value** |  |  |  |  |
| Buildings (including heritage buildings) | 142 764 |  |  | 142 764 |
| **Total buildings at fair value** | **142 764** |  |  | **142 764** |
|  |  |  |  |  |
| **Plant and equipment at fair value** |  |  |  |  |
| Office and computer equipment | 3 878 |  |  | 3 878 |
| **Total plant and equipment at fair value** | **3 878** |  |  | **3 878** |

(a) See fair value hierarchy in Note 1(b)

There have been no transfers between levels during the period.

#### Land and buildings (including heritage buildings)

The market and income approach is used for land and buildings respectively.

Specialised land is adjusted for heritage and community service obligations (CSO) to reflect the specialised nature of the land being valued.

The heritage and CSO adjustments are a reflection of the valuer’s assessment of the impact of restrictions associated with an asset to the extent that they are equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As heritage and CSO adjustments are considered as significant unobservable inputs, specialised land would be classified as Level 3 fair value assets.

For non‑specialised land, the assets are compared to sales of comparable assets which are considered to have nominal or no added improvement value. The assets are classified as Level 3 under the market approach as they contain significant unobservable adjustments.

For the Department’s buildings, including heritage buildings, the income approach is adopted, adjusting for the associated depreciation. As rental per square metre, capitalisation rate and depreciation adjustments are considered as significant unobservable inputs in nature, specialised buildings are classified as Level 3 fair value assets.

Independent valuations of the Department’s specialised land and buildings were performed by Valuer‑General Victoria, Urbis, Napier and Blakeley Pty. Ltd. and Herron Todd White Pty. Ltd, as at 30 June 2012. The valuations were performed using the market approach adjusted for heritage and CSO.

#### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2015. For all assets measured at fair value, the current use is considered the highest and best use.

#### Reconciliation of Level 3 fair value

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Specialised land | Non‑ specialised land | Buildings (including heritage buildings) | Office and computer equipment |
| **2015** | $’000 | $’000 | $’000 | $’000 |
| **Opening balance** | 348 889 | 17 291 | 142 764 | 3 878 |
| Net purchases/(sales) |  | – | 65 | 195 |
| Transfers through contributed capital |  |  |  |  |
| Machinery of government transfers |  |  | (190) | (2) |
| Transfer between classes |  |  | 4 174 | 35 |
| Transfer to intangible assets |  |  |  | (618) |
| Transfers from/(to) held for sale |  | 11 |  |  |
| Depreciation |  |  | (19 880) | (1 372) |
| **Closing balance** | 348 889 | 17 302 | 126 933 | 2 116 |
|  |  |  |  |  |
| **2014** |  |  |  |  |
| **Opening balance** | 354 824 | 16 960 | 160 551 | 5 060 |
| Net purchases/(sales) |  | 402 |  | 646 |
| Transfers through contributed capital |  | (71) |  |  |
| Transfer between classes |  |  | 2 012 | 38 |
| Transfer to intangible assets |  |  |  | (103) |
| Transfer from/(to) held for sale | (5 935) |  | (59) |  |
| Depreciation |  |  | (19 740) | (1 763) |
| **Closing balance** | 348 889 | 17 291 | 142 764 | 3 878 |

#### Description of significant unobservable inputs to Level 3 valuations

|  |  |  |
| --- | --- | --- |
|  | Valuation technique | Significant unobservable inputs |
| Specialised  land | Market approach | CSO adjustment  Heritage adjustment |
| Non‑specialised land | Market approach | Direct cost per square metre(a)/direct cost per parcel |
| Buildings (including heritage buildings) | Income approach (Net market rentals) | Rental income per square metre  Capitalisation rate  Useful life |
| Office and computer equipment | Depreciated replacement cost | Cost per unit  Useful life |

(a) Direct cost per square metre is a close approximation of the market cost per square metre.

As disclosed in Note 1(u), the Department has elected to early adopt AASB 2015‑7 for the 2014‑15 reporting period. Accordingly, the Department is no longer required to provide quantitative information about the ‘significant unobservable inputs’ used in the fair value measurements of assets categorised within Level 3 of the fair value hierarchy.

Note 9. Intangible assets

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Municipal valuations database | 18 709 | 21 083 |
| Less: accumulated depreciation | (5 548) | (21 083) |
|  | 13 161 | – |
|  |  |  |
| Capitalised software development | 54 875 | 53 400 |
| Less: accumulated depreciation | (41 053) | (36 957) |
|  | 13 822 | 16 443 |
|  |  |  |
| Intangible assets under development | 2 530 | 857 |
|  |  |  |
| **Total intangible assets** | 29 513 | 17 300 |
|  |  |  |
| **Reconciliations of carrying amounts** |  |  |
|  |  |  |
| **Municipal valuations database** |  |  |
| Carrying amount at the start of the year | – | 11 987 |
| Additions | 18 709 | 2 386 |
| Depreciation expense (Note 5) | (5 548) | (14 373) |
| **Carrying amount at the end of the year** | 13 161 | – |
|  |  |  |
| **Capitalised software development** |  |  |
| Carrying amount at the start of the year | 16 443 | 17 305 |
| Additions | 857 | 3 113 |
| Net transfers from plant and equipment | 618 | 103 |
| Depreciation expense (Note 5) | (4 096) | (4 078) |
| **Carrying amount at the end of the year** | 13 822 | 16 443 |
|  |  |  |
| **Intangible assets under development** |  |  |
| Carrying amount at the start of the year | 857 | 2 990 |
| Additions | 2 530 | 700 |
| Transfers to assets | (857) | (2 833) |
| **Carrying amount at the end of the year** | 2 530 | 857 |

Note 10. Payables

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| **Current:** |  |  |
| **Contractual** |  |  |
| Creditors and accruals | 18 368 | 17 300 |
|  |  |  |
| **Statutory** |  |  |
| Amounts payable to other government agencies | 11 340 | 9 953 |
|  |  |  |
| **Total payables** | 29 708 | 27 253 |

Note 14 discloses the maturity analysis of contractual payables and the nature and extent of risks   
arising from contractual payables.

Note 11. Provisions

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| **Current:** |  |  |
| Employee benefits |  |  |
| * Annual leave |  |  |
| – expected to be settled within 12 months | 6 985 | 6 815 |
| – expected to be settled after 12 months | 1 798 | 2 284 |
| * Long service leave |  |  |
| – expected to be settled within 12 months | 3 121 | 2 850 |
| – expected to be settled after 12 months | 17 712 | 17 312 |
| * Performance bonus | 743 | 855 |
| * Redundancy provision | – | 150 |
|  | 30 359 | 30 266 |
| **Non‑current:** |  |  |
| Employee benefits |  |  |
| * Long service leave (Note 6) | 2 395 | 2 932 |
|  | 2 395 | 2 932 |
|  |  |  |
| **Total provisions** | 32 754 | 33 198 |

Note 12. Borrowings

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| **Current:** |  |  |
| **Unsecured** |  |  |
| Bank overdraft (Note 21) | 401 | 852 |
| **Secured** |  |  |
| Finance lease liabilities (Note 13) | 1 916 | 2 157 |
|  | 2 317 | 3 009 |
|  |  |  |
| **Non‑current:** |  |  |
| **Secured** |  |  |
| Finance lease liabilities (Note 13) | 2 333 | 2 310 |
|  | 2 333 | 2 310 |
|  |  |  |
| **Aggregate carrying amount of borrowings** |  |  |
| Current | 2 317 | 3 009 |
| Non‑current | 2 333 | 2 310 |
| **Total borrowings** | 4 650 | 5 319 |
|  |  |  |
| Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. |  |  |
|  |  |  |
| **Assets pledged as security** |  |  |
| The carrying amounts of non‑current assets pledged as security are: |  |  |
| * Motor vehicles under finance lease | 4 192 | 4 334 |

Note 14 discloses the maturity analysis of borrowings and the nature and extent of risks   
arising from borrowings.

Note 13. Leases

|  | 2014  $’000 | 2013  $’000 |
| --- | --- | --- |
| Operating lease receivables |  |  |
| The Department acts as a lessor for tenancies relating to its State‑owned properties. The tenancy arrangements detail the lease terms, including options negotiated with the occupying departments. All tenancy arrangements contain market reviews in line with the biennial market rental valuations completed on the State‑owned properties. The tenancy arrangements do not include an option to purchase the property at the expiry of the tenancy. These tenancy arrangements are not required to be recognised in the balance sheet. |  |  |
|  |  |  |
| *Operating lease receivables* |  |  |
| Due within one year | 36 354 | 36 776 |
| Due later than one year but not later than five years | 145 418 | 147 965 |
|  | 181 772 | 184 741 |
|  |  |  |
| Finance lease commitments |  |  |
| Commitments in relation to finance leases are payable as follows: |  |  |
|  |  |  |
| * Within one year | 2 072 | 2 310 |
| * Later than one year but not later than five years | 2 391 | 2 405 |
| Minimum lease payments | 4 463 | 4 715 |
| Less: future finance charges | (214) | (248) |
| Total lease liabilities | 4 249 | 4 467 |
|  |  |  |
| Shown in the financial statements (Note 12) as: |  |  |
| * Current | 1 916 | 2 157 |
| * Non‑current | 2 333 | 2 310 |
|  | 4 249 | 4 467 |
|  |  |  |
| Operating lease commitments |  |  |
| Commitments for minimum lease payments in relation to non‑cancellable operating leases, not recognised as liabilities, are payable as follows: |  |  |
| * Within one year | 2 392 | 2 733 |
| * Later than one year but not later than five years | 6 889 | 5 903 |
| * Later than five years | 3 150 | 3 569 |
|  | 12 431 | 12 205 |

Note 14. Financial instruments

### (a) Financial risk management objectives and policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

The Department’s main financial risks include credit risk, liquidity risk and interest rate risk. The Department manages these financial risks in accordance with its financial risk management policy. The Department uses different methods to measure and manage the different risks.

### (b) Categorisation of financial instruments

##### Carrying amount of financial instruments by category:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Financial assets | Note | Category | 2015 $’000 | 2014 $’000 |
| Cash and deposits | 21 | Loans and receivables | 66 418 | 61 648 |
| Receivables (a) | 6 | Loans and receivables | 27 808 | 28 651 |
|  |  |  | 94 226 | 90 299 |
| **Financial liabilities** |  |  |  |  |
| Payables (a) | 10 | Financial liabilities at amortised cost | 18 368 | 17 300 |
| Borrowings | 12 | Financial liabilities at amortised cost | 4 650 | 5 319 |
|  |  |  | 23 018 | 22 619 |

##### Net holding gain/(loss) on financial instruments by category:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Financial assets** |  | **Category** | 2015 $’000 | 2014 $’000 |
| Cash and deposits |  | Loans and receivables | – | – |
| Receivables (a) |  | Loans and receivables | – | – |
|  |  |  | – | – |
| **Financial liabilities** |  |  |  |  |
| Payables (a) |  | Financial liabilities at amortised cost | – | – |
| Borrowings |  | Financial liabilities at amortised cost | (55) | (109) |
|  |  |  | (55) | (109) |

Note:

(a) Receivables and payables disclosed here exclude statutory receivables (i.e. amounts owing from Victorian Government and GST recoverable) and statutory payables (i.e. amounts payable to other government agencies).

The net holding gains or losses disclosed above are determined as follows:

* For cash and cash equivalents, loans or receivables and available for sale financial assets, the net gain or loss is calculated by taking the interest revenue minus any impairment recognised in the net result; and
* For financial liabilities measured at amortised cost, the net gain or loss is the interest expense.

### (c) Credit risk

Credit risk arises from the financial assets of the Department, which comprise cash and cash equivalents, and trade and other receivables. The Department’s exposure to credit risk arises from the potential default of counter parties on their contractual obligations, resulting in financial loss to the Department. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Department’s financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, it is the Department’s policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. Credit risk in relation to receivables is also monitored by management by reviewing the ageing of receivables on a monthly basis. In addition, the Department does not engage in hedging for its financial assets and mainly obtains financial assets that are on fixed interest.

Provision for impairment of financial assets is calculated based on past experience and current and expected changes in client credit ratings.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Department’s maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### Financial assets that are past due or impaired

As at the reporting date, there is no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

#### (i) Credit quality of contractual financial assets that are neither past due nor impaired

|  |  |  |  |
| --- | --- | --- | --- |
|  | Other institutions (non‑rated) | Government agencies (triple‑A  credit rating | Total |
| 2015 | $’000 | $’000 | $’000 |
| Receivables |  |  |  |
| Government departments/councils |  | 27 705 | 27 705 |
| Other entities | 103 |  | 103 |
|  | 103 | 27 705 | 27 808 |
| 2014 |  |  |  |
| Receivables |  |  |  |
| Government departments/councils |  | 28 581 | 28 581 |
| Other entities | 70 |  | 70 |
|  | 70 | 28 581 | 28 651 |

#### (ii) Ageing analysis of contractual financial assets

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Past due but not impaired | | | | |
|  | Carrying amount | Neither past due nor impaired | Less than  1 month | 1–3 months | 3 months– 1 year | 1–5 years | Greater than 5 years |
| **2015** | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| Receivables | 27 808 | 25 121 | 1 901 | 786 | – |  |  |
|  |  |  |  |  |  |  |  |
| **2014** |  |  |  |  |  |  |  |
| Receivables | 28 651 | 15 548 | 4 110 | 3 998 | 4 995 |  |  |

### (d) Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due. The Department operates under the Government’s fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk to ensure that short‑term funding needs can be met at all times and that the net interest cost on any short‑term borrowings are minimised. These objectives are achieved by negotiating funding arrangements to ensure that the maximum expected short‑term funding need can be met at all times and regular forecasting as a basis for borrowing or investing decisions.

The Department’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

The following table discloses the contractual maturity analysis for the Department’s financial liabilities:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Maturity dates(a) | | | | |
|  | Carrying amount | Nominal amount | Less than 1 month | 1–3 months | 3 months– 1 year | 1–5 years | Greater than 5 years |
| **2015** | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| Payables | 18 368 | 18 368 | 18 368 |  |  |  |  |
| Bank overdrafts | 401 | 401 | 401 |  |  |  |  |
| Finance lease liabilities | 4 249 | 4 463 | 315 | 220 | 1 537 | 2 391 |  |
|  | 23 018 | 23 232 | 19 084 | 220 | 1 537 | 2 391 |  |
| **2014** |  |  |  |  |  |  |  |
| Payables | 17 300 | 17 300 | 17 300 |  |  |  |  |
| Bank overdrafts | 852 | 852 | 852 |  |  |  |  |
| Finance lease liabilities | 4 467 | 4 715 | 772 | 311 | 1 228 | 2 404 |  |
|  | **22 619** | **22 867** | **18 924** | **311** | **1 228** | **2 404** | **–** |

Note:

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

### (e) Market risk

The Department’s exposures to market risk are primarily through interest rate risk, which it manages by matching borrowing and investment decisions to projected forecasts. The Department has no exposure to foreign currency or other price risks.

#### Interest rate risk

Exposure to interest rate risk is insignificant and may arise primarily through the Department’s borrowings. Minimisation of risk is achieved by mainly undertaking fixed rate or non‑interest bearing financial instruments. For financial liabilities, the Department mainly undertakes financial liabilities with relatively even maturity profiles. The Department’s borrowings are managed by Treasury Corporation of Victoria and any movements in interest rates are monitored on a daily basis.

The Department’s exposure to interest rate risk is set out below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | | Interest rate exposure | | |
|  | Weighted average effective interest rate | | Carrying amount | Fixed  interest rate | | Variable interest rate | Non‑interest bearing |
| **2015** | % | | $’000 | $’000 | | $’000 | $’000 |
| **Financial assets** |  | |  |  | |  |  |
| Cash and deposits | – | | 66 418 |  | |  | 66 418 |
| Other receivables | – | | 27 808 |  | |  | 27 808 |
|  |  | | 94 226 |  | |  | 94 226 |
| **Financial liabilities** |  | |  |  | |  |  |
| Payables | – | | 18 368 |  | |  | 18 368 |
| Bank overdrafts | – | | 401 |  | |  | 401 |
| Finance lease liabilities | 5.3 | | 4 249 | 4 249 | |  |  |
|  |  | | 23 018 | 4 249 | |  | 18 769 |
|  |  | |  |  | |  |  |
| **2014** |  | |  |  | |  |  |
| **Financial assets** |  | |  |  | |  |  |
| Cash and deposits | – | | 61 648 |  | |  | 61 648 |
| Other receivables | – | | 28 651 |  | |  | 28 651 |
|  |  | | 90 299 | – | | – | 90 299 |
| **Financial liabilities** |  | |  |  | |  |  |
| Payables | – | | 17 300 |  | |  | 17 300 |
| Bank overdrafts | – | | 852 |  | |  | 852 |
| Finance lease liabilities | 5.3 | | 4 467 | 4 467 | |  |  |
|  |  | | 22 619 | 4 467 | | – | 18 152 |

#### Sensitivity disclosure analysis

The Department’s sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period with all variables other than the primary risk variable held constant. The Department’s fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. The following movements in market interest rates are ‘reasonably possible’ over the next 12 months – a movement of 100 (2014 – 100) basis points up and down.

The impact on net operating result and equity for each category of financial instruments held by the Department at year end as presented to key management personnel if the above movements were to occur is immaterial for the 2015 and 2014 financial years.

### (f) Fair value of financial assets and liabilities

The Department considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

* Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
* Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability either directly or indirectly; and
* Level 3 – the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

The Department currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value either due to their short‑term nature or with the expectation that they will be paid in full by the end of the 2014‑15 reporting period.

Note 15. Commitments for expenditure

|  |  |  |
| --- | --- | --- |
|  | 2015 $’000 | 2014 $’000 |
| **Capital commitments**  Commitments for capital expenditure on building improvements, fitouts and IT development, contracted for at the reporting date but not recognised as liabilities, payable: |  |  |
| * Within one year | 17 765 | 21 811 |
| * Later than one year but not later than five years | – | – |
|  | 17 765 | 21 811 |
| **Outsourcing commitments** |  |  |
| Commitments under outsourcing contracts for human resource, property management and security services, payable: |  |  |
| * Within one year | 13 332 | 10 094 |
| * Later than one year but not later than five years | 9 926 | 19 045 |
|  | 23 258 | 29 139 |
| In addition, the outsourcing of information technology services is subject to an open‑ended memorandum of understanding with an annual cost to the Department of $6 249 000. |  |  |

Operating lease commitments are disclosed in Note 13.

Note 16. Contingent liabilities and contingent assets

### Quantifiable contingent liabilities

The following table summarises quantifiable contingent liabilities relating to the Department.

|  |  |  |
| --- | --- | --- |
|  | 2015 $m | 2014 $m |
| Specific guarantees and indemnities under statute | 296 | 315 |
| Guarantees for loans to water industry entities | 10 381 | 10 163 |
| Guarantees for loans to other entities | 600 | 2 218 |
| Litigation against State Revenue Office | 89 | 75 |
| Other | 93 | 135 |
| **Total** | 11 459 | 12 906 |

### Non‑quantifiable contingent liabilities

The Department has a number of non‑quantifiable contingent liabilities as follows.

#### Land remediation – environmental concerns

In addition to properties for which remediation costs have been provided in the State’s financial statements, certain other properties have been identified as potentially contaminated sites. The State does not admit any liability in respect of these sites. However, remedial expenditure may be incurred to restore the sites to an acceptable environmental standard where an unacceptable contamination risk has been identified.

#### Victorian Managed Insurance Authority – Insurance cover

The Victorian Managed Insurance Authority (VMIA) was established in 1996 as an insurer for state government departments, participating bodies and other entities as defined under the *Victorian Managed Insurance Authority Act 1996*. The VMIA provides its clients with a range of insurance cover, including for property, public and products liability, professional indemnity and contract works. The VMIA reinsures in the private market for losses above $50 million arising out of any one occurrence up to a maximum of $850 million for public and products liability and for losses above $50 million arising out of any one event up to a maximum of $3.05 billion for property. The risk of losses above these reinsured levels is borne by the State.

The VMIA also insures the Department of Health and Human Services for all public sector medical indemnity claims incurred in each policy year from 1 July 2003 regardless of when claims are finally settled. Under the indemnity deed to provide stop loss protection for the VMIA, the Department of Treasury and Finance has agreed to reimburse the VMIA if the ultimate claims payouts exceed by more than 20 per cent of the initial estimate on which the risk premium was based.

#### Gambling licences

Related to the ‘Gambling licenses’item within non‑quantifiable contingent assets the State was successful in the Tabcorp proceeding and did not need to pay Tabcorp its claimed amount of $686.8 million plus interest. The matter went on appeal to the Court of Appeal. On 4 December 2014, the Court of Appeal upheld the Supreme Court’s decision. Tabcorp has sought special leave to appeal to the High Court of Australia which was granted on 15 May 2015. The appeal will be heard by the High Court in due course.

### Other contingent liabilities not quantified

There are other commitments made by Government which are not quantifiable at this time arising from:

* indemnities provided in relation to transactions including financial arrangements and consultancy services as well as for directors and administrators;
* performance guarantees warranties letters of comfort;
* deeds in respect of certain obligations; and
* unclaimed monies which may be subject to future claims by the general public against the State.

### Contingent assets

#### Gambling licences

In 1992, a gaming operator’s licence was issued to the Trustees of the Will and Estate of the late George Adams, later succeeded by Tatts Group Limited (Tatts). In 1994, the State issued a coupled wagering licence and gaming licence to Tabcorp Holdings Limited (Tabcorp). These licences expired in August 2012. The *Gambling Regulation Act 2003* specified end‑of‑licence arrangements, which included compensation provisions for the licensees predicated on the previous licensing arrangements being rolled over beyond their scheduled expiry date.

On 10 April 2008, the State announced that a new regulatory and licencing regime would be implemented post‑August 2012. This included separating the wagering and gaming licence to instead license wagering on a standalone basis and transitioning from the gaming operator duopoly to a system where venue operators are licensed to own and operate gaming machines in their own right.

After considering the end‑of‑licence arrangements in the *Gambling Regulation Act 2003*, the State formed the view that neither Tatts nor Tabcorp were entitled to compensation after the expiration of their licences. In August 2012 Tatts and Tabcorp commenced legal proceedings against the State. The State defended both claims and was successful in relation to the Tabcorp claim but unsuccessful in relation to the Tatts claim.

When the judgement was entered on 27 June 2014, the State paid Tatts its claimed amount including interest amounting to $540.5 million. The matter went on appeal to the Court of Appeal. On 4 December 2014, the Court of Appeal upheld the Supreme Court’s decision. The State has sought special leave to appeal to the High Court of Australia which was granted on 15 May 2015. The appeal will be heard by the High Court on 10 and 11 November 2015.

Note 17. Responsible persons

The persons who held the positions of Ministers and Accountable Officer in the Department (from 1 July 2014 to 30 June 2015 unless otherwise stated) were as follows:

* Tim Pallas MP  
  Treasurer of Victoria (from 4 December 2014)
* The Hon. Michael O’Brien MP  
  Treasurer of Victoria (to 4 December 2014)
* Robin Scott MP  
  Minister for Finance (from 4 December 2014)
* The Hon. Robert Clark MP  
  Minister for Finance (to 4 December 2014)  
  Minister for Industrial Relations (to 4 December 2014)
* The Hon. Gordon Rich‑Phillips MLC  
  Assistant Treasurer (to 4 December 2014)
* Mr David Martine  
  Secretary

The Hon. Daniel Andrews MP and Robin Scott MP acted in the office of the Treasurer during the absences of Tim Pallas MP.

The Hon. Daniel Andrews MP and Tim Pallas MP acted in the office of the Minister for Finance during the absences of Robin Scott MP.

David Webster and Melissa Skilbeck acted in the office of Secretary during absences of David Martine.

### Remuneration

Total remuneration received or receivable by the Accountable Officer in connection with the management of the Department during the reporting period was in the income bands in the table below:

|  |  |  |
| --- | --- | --- |
| Income band | 2015 No. | 2014 No. |
| $200 000 – $209 999 | – | 1 |
| $440 000 – $449 999 | – | 1 |
| $550 000 – $559 999 | 1 | – |

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet. Amounts relating to acting Accountable Officers are reported in ‘Remuneration of executives’ (Note 18).

### Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 18. Remuneration of executives

The numbers of executive officers other than Ministers and the Accountable Officer whose total remuneration exceeded $100 000 during the reporting period are shown in their relevant income bands in the first two columns of the table below. The base remuneration of these executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments long service leave payments redundancy payments and retirement benefits.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Total remuneration | | Base remuneration | |
| Income band | 2015  No. | 2014  No. | 2015  No. | 2014  No. |
| $nil – $9 999 |  |  | – | 1 |
| $30 000 – $39 999 |  |  | – | 1 |
| $80 000 – $89 999 |  |  | – | 1 |
| $90 000 – $99 999 |  |  | 1 | 1 |
| $100 000 – $109 999 | 2 | – | 3 | 1 |
| $110 000 – $119 999 | 1 | 3 | – | 2 |
| $120 000 – $129 999 | – | 1 | 2 | 2 |
| $130 000 – $139 999 | 2 | 2 | 2 | 3 |
| $140 000 – $149 999 | 4 | 6 | 3 | 7 |
| $150 000 – $159 999 | 5 | 11 | 11 | 14 |
| $160 000 – $169 999 | 10 | 12 | 11 | 11 |
| $170 000 – $179 999 | 11 | 7 | 7 | 9 |
| $180 000 – $189 999 | 4 | 7 | 6 | 4 |
| $190 000 – $199 999 | 5 | 7 | 7 | 5 |
| $200 000 – $209 999 | 8 | 4 | 1 | 4 |
| $210 000 – $219 999 | 3 | 4 | 4 | 6 |
| $220 000 – $229 999 | 5 | 5 | 7 | 2 |
| $230 000 – $239 999 | 5 | 3 |  |  |
| $240 000 – $249 999 | – | 1 | 2 | – |
| $260 000 – $269 999 | 1 | – |  |  |
| $270 000 – $279 999 |  |  | – | 1 |
| $280 000 – $289 999 |  |  | 1 | – |
| $290 000 – $299 999 | – | 1 |  |  |
| $300 000 – $309 999 | 1 | – | 1 | – |
| $310 000 – $319 999 | 1 | 1 | – | 1 |
| $320 000 – $329 999 |  |  | – | 1 |
| $330 000 – $339 999 | – | 1 | 2 | – |
| $350 000 – $359 999 | 2 | – |  |  |
| $370 000 – $379 999 | – | 1 |  |  |
| $460 000 – $469 999 | 1 | – |  |  |
| **Total numbers** | 71 | 77 | 71 | 77 |
| **Total amount $’000s** | 12 829 | 14 251 | 11 971 | 12 965 |
| **Total annualised employee equivalents** | 67.8 | 75.1 | 67.8 | 75.1 |

Note 19. Remuneration of auditors

|  |  |  |
| --- | --- | --- |
|  | 2015 $’000 | 2014 $’000 |
| **Audit fees paid or payable to the Victorian Auditor‑General’s Office** |  |  |
| Annual financial statements of the Department | 416 | 406 |
| Annual financial report for the State of Victoria | 374 | 365 |
| Annual budget for the State of Victoria | 395 | 385 |
| Commonwealth acquittals | 20 | 20 |
|  | 1 205 | 1 176 |

No other services were provided by the Victorian Auditor‑General’s Office.

Note 20. Superannuation

Employees of the Department are entitled to receive superannuation benefits and the Department contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The Department does not recognise any defined benefit liability in respect of the plans because the Department has no legal or constructive obligation to pay future benefits relating to its employees. Its only obligation is to pay superannuation contributions as they fall due. The State’s superannuation liability with respect to defined benefits superannuation funds operated principally for general government sector employees is administered by this Department on behalf of the State and is recognised and disclosed as an administered item in these financial statements (Note 22).

However superannuation contributions for the period relating to departmental employees are included as part of employee benefit costs in the comprehensive operating statement of the Department (Note 5).

The Department made contributions to the following major superannuation funds during the year:

|  |  |
| --- | --- |
| Defined benefit funds | Emergency Services and State Super   * Revised scheme * New scheme * State employees retirement benefit scheme * Transport scheme |
| Accumulation funds | VicSuper |

The Department does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

Note 21. Cash flow information

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| (a) Reconciliation of cash and deposits |  |  |
| Cash at bank and on hand | 4 | 5 |
| Funds held in trust | 66 414 | 61 643 |
|  |  |  |
| **Total cash and deposits disclosed in the balance sheet** | 66 418 | 61 648 |
|  |  |  |
| The above figures are reconciled to cash and cash equivalents at the end of the year as shown in the cash flow statement as follows: |  |  |
| Balances as above | 66 418 | 61 648 |
| Less: bank overdrafts (Note 12) | (401) | (852) |
|  |  |  |
| **Cash and cash equivalents per cash flow statement** | 66 017 | 60 796 |

Due to the State of Victoria’s investment policy and government funding arrangements the Department does not hold a large cash reserve in its bank accounts. Cash received by the Department from the generation of income is generally paid into the State’s bank account known as the Public Account. Similarly any departmental expenditure including that in the form of cheques drawn by the Department for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that the Public Account remits to the Department the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the Department’s suppliers or creditors.

The above funding arrangements often result in the Department having a notional shortfall in the cash at bank (or a notional bank overdraft) required for payment of unpresented cheques at balance date. The Department’s bank overdraft figure at 30 June 2015 was totally represented by unpresented cheques.

|  |  |  |
| --- | --- | --- |
|  | 2015 $’000 | 2014 $’000 |
| (b) Reconciliation of net result to net cash flows from operating activities |  |  |
| Net result | 6 458 | 17 595 |
|  |  |  |
| Depreciation expense | 32 205 | 41 546 |
| Net (loss)/gain on disposal of property, plant and equipment | (34) | (643) |
| Net transfers free of charge | – | (1) |
| Change in operating assets and liabilities, net of effects of restructuring |  |  |
| (Increase)/decrease in receivables | (20 900) | (49 738) |
| (Increase)/decrease in other operating assets | 2 670 | (974) |
| Increase/(decrease) in payables | 2 087 | 1 526 |
| Increase/(decrease) in other operating liabilities | 2 891 | 2 036 |
|  |  |  |
| **Net cash flows from operating activities** | 25 377 | 11 347 |

### (c) Non‑cash financing and investing activities

During the reporting period motor vehicles with a fair value of $1 211 000 (2014 – $2 925 000) were acquired by means of finance leases.

During the reporting period assets amounting to $nil (2014 – $1 000) were transferred to the Department from other organisations. These transfers were recognised in the comprehensive operating statement as resources transferred/received free of charge.

Note 22. Administered items

In addition to the specific departmental operations which are included in the balance sheet comprehensive operating statement and cash flow statement, the Department administers or manages activities on behalf of the State. The transactions relating to these State activities are reported as administered in this note. Administered transactions give rise to income expenses assets and liabilities and are determined on an accrual basis. Administered income includes taxes, fees, Commonwealth grants, capital asset charges to other departments, and the proceeds from the sale of surplus land and buildings. Administered assets include Public Account investments government revenues earned but yet to be collected and the State’s motor vehicle finance lease receivables. Administered liabilities include the Government’s Budget Sector Debt Portfolio superannuation liabilities managed on behalf of the State amounts associated with the SECV indemnity and borrowings related to the State’s motor vehicle leasing operations.

In 2013‑14, the State received $1.5 billion from the Commonwealth Government as a contribution towards the former East West Link project. This was recorded as Administered income from transactions in Note 22 Administered Items. Following the election in November 2014, the new Victorian Government confirmed that the East West Link project would not proceed and that it would not return the $1.5 billion to the Commonwealth Government. The Department subsequently sought independent legal and accounting advice on the appropriate accounting treatment for this transaction in the 2014‑15 financial year. This advice has concluded that the Department is not required to recognise a liability under Australian Accounting Standards AASB 1004 and AASB 137 as there is no present obligation on the State to return the funding previously received for the project. On this basis, no liability or expense has been recognised in the Department’s Administered Items note in relation to this transaction.

Note 22. Administered items (continued)

### Administered income and expenses for the year ended 30 June 2015

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Strategic Policy  Advice | | Financial Management Services | | Risk Management Services | |
|  | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
|  | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| **Administered income from transactions** |  |  |  |  |  |  |
| Payments on behalf of the State appropriations (Note 4(a)) | 250 961 | 295 253 | 1 330 666 | 1 312 120 | 1 288 | 5 732 |
| Special appropriations (Note 4(b)) | 96 506 | 93 211 | 34 460 | 24 257 |  |  |
| Commonwealth grants | 11 984 132 | 11 507 376 | 23 046 | 25 638 |  |  |
| Taxation |  |  | 376 052 | 320 095 |  |  |
| Dividends |  |  | 822 267 | 219 954 |  |  |
| Capital asset charge | 3 227 272 | 3 120 256 | 1 155 361 | 1 092 383 |  |  |
| Interest |  |  | 42 050 | 55 539 | 348 | 366 |
| Other income | 47 999 | 21 955 | 15 577 | 5 788 | 7 208 | 9 295 |
| State revenues received into Consolidated Fund, net of appropriations applied within government departments |  |  |  |  |  |  |
| **Total administered income from transactions** | 15 606 870 | 15 038 051 | 3 799 479 | 3 055 774 | 8 844 | 15 393 |
|  |  |  |  |  |  |  |
| **Administered expenses from transactions** |  |  |  |  |  |  |
| Grants expense | 238 983 | 357 198 |  |  |  |  |
| Interest expense |  |  | 1 260 755 | 1 280 996 |  |  |
| Superannuation – non‑departmental |  |  |  |  |  |  |
| Contribution to GST administration costs | 169 332 | 176 214 |  |  |  |  |
| Ex‑gratia payments (a) |  |  |  |  |  |  |
| Other expenses (b) | 2 255 | 5 757 | 8 786 | 8 854 | 1 358 | 5 747 |
| Payments to Consolidated Fund | 15 134 178 | 14 652 956 | 3 501 108 | 3 866 645 | 62 | 469 |
| **Total administered expenses from transactions** | 15 544 748 | 15 192 125 | 4 770 649 | 5 156 495 | 1 420 | 6 216 |
|  |  |  |  |  |  |  |
| **Administered net result from transactions** | 62 122 | (154 074) | (971 170) | (2 100 721) | 7 424 | 9 177 |
|  |  |  |  |  |  |  |
| Other economic flows included in net result |  |  |  |  |  |  |
| Net gain/(loss) on non‑financial assets |  |  |  |  | 1 299 | 1 067 |
| Net gain/(loss) on financial instruments (c) |  |  |  |  |  |  |
| Other gains/(losses) from other economic  flows |  |  |  |  |  |  |
| **Total other economic flows included in net  result** | – | – | – | – | 1 299 | 1 067 |
|  |  |  |  |  |  |  |
| **Administered net result** | 62 122 | (154 074) | (971 170) | (2 100 721) | 8 723 | 10 244 |
|  |  |  |  |  |  |  |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |  |
| Remeasurement of superannuation defined benefit plans |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Administered comprehensive result** | 62 122 | (154 074) | (971 170) | (2 100 721) | 8 723 | 10 244 |

Note:

(a) Ex‑gratia payments mainly represent tax relief provided by the State in various circumstances including hardship. In 2014‑15 ex‑gratia relief was conditionally granted in relation to duty assessed on a proposed corporate restructure. The offer for relief will be withdrawn if certain conditions of the relief are not met.

(b) Includes a provision made by the State for the costs of settlement in relation to the discontinuation of the East West Link Project.

(c) Includes a gain on disposal of investments in Rural Finance Corporation recorded by the Department on behalf of the State.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Resource Management Services | | Regulatory Services | | Revenue Management Services | | Other – not attributable | | Departmental total | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
|  |  |  |  |  |  |  |  |  |  |
| 1 953 | 271 | – | 39 | 161 700 | 266 934 |  |  | 1 746 568 | 1 880 349 |
|  |  |  |  | 3 710 | 4 212 | 1 147 028 | 1 164 138 | 1 281 704 | 1 285 818 |
|  |  |  |  |  |  | 6 671 030 | 8 954 629 | 18 678 208 | 20 487 643 |
|  |  |  |  | 14 314 850 | 13 206 522 |  |  | 14 690 902 | 13 526 617 |
|  |  |  |  |  |  |  |  | 822 267 | 219 954 |
|  |  |  |  |  |  |  |  | 4 382 633 | 4 212 639 |
| 5 883 | 9 212 |  |  |  |  |  |  | 48 281 | 65 117 |
| 2 815 | 2 984 | 13 | 23 | 94 978 | 92 221 |  |  | 168 590 | 132 266 |
|  |  |  |  |  |  | 1 747 875 | 2 872 657 | 1 747 875 | 2 872 657 |
| 10 651 | 12 467 | 13 | 62 | 14 575 238 | 13 569 889 | 9 565 933 | 12 991 424 | 43 567 028 | 44 683 060 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | 122 121 | 142 932 | 2 874 952 | 2 448 253 | 3 236 056 | 2 948 383 |
| 6 835 | 8 016 |  |  | 2 746 | 1 726 | 4 743 | 9 780 | 1 275 079 | 1 300 518 |
|  |  |  |  |  |  | 1 318 332 | 1 317 713 | 1 318 332 | 1 317 713 |
|  |  |  |  |  |  |  |  | 169 332 | 176 214 |
|  |  |  |  | 41 286 | 14 585 |  |  | 41 286 | 14 585 |
| 3 976 | 1 900 | 16 | 39 | 14 559 | 17 755 | 615 000 | – | 645 950 | 40 052 |
| 625 | 789 |  |  | 14 160 121 | 13 095 576 | 3 796 078 | 6 506 375 | 36 592 172 | 38 122 810 |
| 11 436 | 10 705 | 16 | 39 | 14 340 833 | 13 272 574 | 8 609 105 | 10 282 121 | 43 278 207 | 43 920 275 |
|  |  |  |  |  |  |  |  |  |  |
| (785) | 1 762 | (3) | 23 | 234 405 | 297 315 | 956 828 | 2 709 303 | 288 821 | 762 785 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  | 1 299 | 1 067 |
|  |  |  |  | (31 059) | (45 688) | 405 845 | 7 760 | 374 786 | (37 928) |
| (1) | (1) |  |  |  |  | (11 299) |  | (11 300) | (1) |
| **(1)** | **(1)** | **–** | **–** | **(31 059)** | **(45 688)** | **394 546** | **7 760** | **364 785** | **(36 862)** |
|  |  |  |  |  |  |  |  |  |  |
| (786) | 1 761 | (3) | 23 | 203 346 | 251 627 | 1 351 374 | 2 717 063 | 653 606 | 725 923 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | 551 305 | (290 404) | 551 305 | (290 404) |
|  |  |  |  |  |  |  |  |  |  |
| (786) | 1 761 | (3) | 23 | 203 346 | 251 627 | 1 902 679 | 2 426 659 | 1 204 911 | 435 519 |

Note 22. Administered items (continued)

### Administered assets and liabilities as at 30 June 2015

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Strategic Policy  Advice | | Financial Management Services | | Risk Management Services | |
|  | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
|  | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| **Administered assets** |  |  |  |  |  |  |
| *Financial assets* |  |  |  |  |  |  |
| Cash and deposits |  |  | 1 074 386 | 1 432 118 |  |  |
| Receivables | 37 574 | 81 681 | 509 617 | 461 078 | 5 281 | 8 649 |
| Investments in controlled entities (a) |  |  |  |  |  |  |
| Other financial assets |  |  | 875 833 | 480 807 |  |  |
|  | 37 574 | 81 681 | 2 459 836 | 2 374 003 | 5 281 | 8 649 |
| *Non‑financial assets* |  |  |  |  |  |  |
| Prepayments |  |  |  |  |  |  |
| Property, plant and equipment |  |  |  |  |  |  |
|  | – | – | – | – | – | – |
| **Total administered assets** | 37 574 | 81 681 | 2 459 836 | 2 374 003 | 5 281 | 8 649 |
|  |  |  |  |  |  |  |
| **Administered liabilities** |  |  |  |  |  |  |
| Payables | 23 542 | 35 920 | 77 914 | 77 642 | 28 976 | 42 175 |
| Public Account SAU liability (b) |  |  |  |  |  |  |
| Provisions |  |  |  |  | 2 407 | 3 167 |
| Unearned income |  |  |  |  | 74 545 | 82 374 |
| Borrowings |  |  | 25 540 477 | 24 438 333 |  |  |
| Superannuation liability (c) |  |  |  |  |  |  |
| **Total administered liabilities** | 23 542 | 35 920 | 25 618 391 | 24 515 975 | 105 928 | 127 716 |
|  |  |  |  |  |  |  |
| **Net administered assets** | 14 032 | 45 761 | (23 158 555) | (22 141 972) | (100 647) | (119 067) |

Notes:

(a) On behalf of the State this Department records the State’s investment in all its controlled entities as an administered asset. This amount equates to the contributed capital balances of the underlying entities at year end.

(b) Net payable to other government departments relating to (a) Parliamentary appropriations applied from which funds have not been issued from the Consolidated Fund net of Public Account advances; and (b) Trust Fund amounts held on their behalf.

(c) On behalf of the State the Department records the State’s superannuation liability with respect to superannuation funds operated principally for general government sector employees and the liability for accrued benefits arising from constitutionally protected pension entitlements principally in respect of judges and other judicial office holders.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Resource Management Services | | Regulatory  Services | | Revenue Management Services | | Other – not attributable | | Departmental total | |
| 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | 171 431 | 408 170 | 1 245 817 | 1 840 288 |
| 232 797 | 213 167 | – | 10 | 1 545 875 | 1 308 685 | 418 127 | 270 202 | 2 749 271 | 2 343 472 |
|  |  |  |  |  |  | 93 681 171 | 73 457 253 | 93 681 171 | 73 457 253 |
|  |  |  |  |  |  |  |  | 875 833 | 480 807 |
| 232 797 | 213 167 | – | 10 | 1 545 875 | 1 308 685 | 94 270 729 | 74 135 625 | 98 552 092 | 78 121 820 |
|  |  |  |  |  |  |  |  |  |  |
| 1 123 | 1 146 |  |  |  |  |  |  | 1 123 | 1 146 |
| – | 17 |  |  |  |  |  |  | – | 17 |
| 1 123 | 1 163 | – | – | – | – | – | – | 1 123 | 1 163 |
| 233 920 | 214 330 | – | 10 | 1 545 875 | 1 308 685 | 94 270 729 | 74 135 625 | 98 553 215 | 78 122 983 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 19 642 | 9 852 |  |  | 3 221 | 14 647 | 348 127 | 252 206 | 501 422 | 432 442 |
|  |  |  |  |  |  | 8 040 652 | 6 561 198 | 8 040 652 | 6 561 198 |
| 202 | 154 |  |  | 65 370 | 8 600 |  |  | 67 979 | 11 921 |
|  |  |  |  |  |  |  |  | 74 545 | 82 374 |
| 218 793 | 218 809 |  |  |  |  |  |  | 25 759 270 | 24 657 142 |
|  |  |  |  |  |  | 25 946 685 | 26 253 722 | 25 946 685 | 26 253 722 |
| 238 637 | 228 815 | – | – | 68 591 | 23 247 | 34 335 464 | 33 067 126 | 60 390 553 | 57 998 799 |
|  |  |  |  |  |  |  |  |  |  |
| (4 717) | (14 485) | – | 10 | 1 477 284 | 1 285 438 | 59 935 265 | 41 068 499 | 38 162 662 | 20 124 184 |

Note 22. Administered items (continued)

The Department manages the State’s superannuation liability by:

* conducting regular actuarial valuations of the State’s public sector superannuation schemes;
* monitoring the performance of the associated superannuation assets, the majority of which are required to be invested through the Victorian Funds Management Corporation;
* prudentially supervising the Victorian Funds Management Corporation; and
* providing advice to government on a wide range of superannuation issues.

The State’s superannuation liability with respect to superannuation funds operated principally for general government sector employees was $25 947 million as at 30 June 2015 (2014 – $26 254 million). This liability primarily represents the State’s share of the shortfall between the total net assets of the State’s general government sector superannuation funds and the present value of total benefits that members have accrued up to that date as determined by an actuarial assessment. The balance of the superannuation liability with respect to these funds is to be met by Commonwealth funded agencies (for example universities). In accordance with the *State Superannuation Act* *1988* the Government through the Consolidated Fund is primarily responsible for meeting the employer’s share of the superannuation liability of the State Superannuation Fund section of the Emergency Services Superannuation Scheme. However under the terms of that Act the responsible Minister can effectively pass this liability to individual authorities. The State has changed its accounting policy such that the calculation of the tax liability no longer allows for the fact that taxes payable will ultimately be offset by franking credits. Please refer to Note 1(t) for full details.

The liability also includes $895 million (2014 – $766 million) for accrued benefits arising from constitutionally protected pension entitlements principally in respect of judges and other judicial office holders. No assets are held in respect of these liabilities and the associated pensions are paid from the Consolidated Fund.

|  |  |  |
| --- | --- | --- |
|  | 2015  $m | 2014  $m |
| **Reconciliation of the present value of the defined benefit obligation** |  |  |
| Balance at the start of the period | 44 931 | 42 873 |
| Current service cost | 719 | 680 |
| Interest cost | 1 778 | 1 796 |
| Contributions by plan participants | 211 | 213 |
| Actuarial (gains)/losses | 572 | 1 571 |
| Benefits paid | (2 221) | (2 202) |
| Balance at the end of the period | 45 990 | 44 931 |
|  |  |  |
| **Reconciliation of fair value of superannuation plan assets** |  |  |
| Balance at the start of the period | 18 677 | 17 156 |
| Interest income | 740 | 721 |
| Expected return on plan assets excluding interest income | 630 | 541 |
| Actuarial gains/(losses) | 493 | 740 |
| Employer contributions | 1 513 | 1 508 |
| Contributions by plan participants | 211 | 213 |
| Benefits paid (including tax paid) | (2 221) | (2 202) |
| Balance at the end of the period | 20 043 | 18 677 |
|  |  |  |
| **Reconciliation of assets and liabilities disclosed in the statement of administered assets and liabilities** |  |  |
| State Superannuation Fund/Emergency Services Superannuation Scheme | 24 968 | 25 370 |
| Other funds | 979 | 884 |
| Total superannuation liability | 25 947 | 26 254 |

|  |  |  |
| --- | --- | --- |
|  | 2015  % | 2014  % |
| **Actuarial assumptions** |  |  |
| *State Superannuation Fund/Emergency Services Superannuation Scheme* |  |  |
| Expected return on assets | 8.0 | 8.0 |
| Discount rate | 3.5 | 4.1 |
| Wages growth | 3.7 | 4.0 |
| Inflation rate | 2.2 | 2.5 |
| *Constitutionally Protected Pensions* |  |  |
| Discount rate | 3.5 | 4.1 |
| Wages growth | 3.7 | 4.0 |
| Inflation rate | n/a | n/a |
| *Health Superannuation Fund* |  |  |
| Expected return on assets | 5.8 | 5.8 |
| Discount rate | 3.5 | 4.1 |
| Wages growth | 3.7 | 4.0 |
| Inflation rate | 2.2 | 2.5 |

The expected return on assets assumption is determined by weighting the expected long‑term return for each asset class by the target allocation of assets to each class.

|  |  |  |
| --- | --- | --- |
|  | 2015  % | 2014  % |
| **Categories of plan assets** |  |  |
| The major categories of plan assets are as follows: |  |  |
| Domestic equity | 26.8 | 26.8 |
| International equity | 26.8 | 26.8 |
| Domestic debt assets | 17.4 | 17.4 |
| Property | 7.6 | 7.6 |
| Cash | 4.2 | 4.2 |
| Other | 17.2 | 17.2 |
|  | 100.0 | 100.0 |

Note 23. Trust account balances

### (a) Cash and cash equivalents of trust accounts included in the financial statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2015 | | | |
|  | Opening balance | Inflows | Outflows | Closing  balance |
|  | $’000 | $’000 | $’000 | $’000 |
| **Controlled trusts** |  |  |  |  |
| Finance Agency Trust | 41 250 | 45 357 | (36 879) | 49 728 |
| Government Accommodation Trust | 7 547 | 40 962 | (42 333) | 6 176 |
| Shared Corporate Services Trust Account | 3 247 | 60 350 | (62 701) | 896 |
| Treasury Trust | 9 599 | 764 | (742) | 9 621 |
| Vehicle Lease Trust | – | 31 | (38) | (7) |
| **Total controlled trusts** | 61 643 | 147 464 | (142 693) | 66 414 |
|  |  |  |  |  |
| **Administered trusts** |  |  |  |  |
| Asset Sales Deposit Trust Account | 711 | – | (711) | – |
| Cattle Compensation Fund | – | 4 348 | (4 348) | – |
| Community Support Fund Trust | 53 444 | 96 514 | (112 105) | 37 853 |
| Debt Portfolio Trust | 1 363 | 450 000 | – | 451 363 |
| Land Acquisition and Compensation Trust | 146 | – | – | 146 |
| Public Service Commuter Club Trust | (209) | 565 | (501) | (145) |
| Security Trust | 39 596 | 68 810 | (81 159) | 27 247 |
| Sheep And Goat Compensation Fund | – | 1 404 | (1 404) | – |
| Swine Compensation Trust | – | 180 | (180) | – |
| Treasury Trust | (268) | 2 881 791 | (2 881 668) | (145) |
| Vehicle Lease Trust | 27 416 | 168 708 | (179 907) | 16 217 |
| Victorian Natural Disasters Relief Account | 179 551 | 14 343 | (49 328) | 144 566 |
| **Total administered trusts** | 301 750 | 3 686 662 | (3 311 310) | 677 102 |

|  |  |  |  |
| --- | --- | --- | --- |
| 2014 | | | |
| Opening  balance | Inflows | Outflows | Closing  balance |
| $’000 | $’000 | $’000 | $’000 |
|  |  |  |  |
| 40 599 | 37 279 | (36 628) | 41 250 |
| 7 967 | 34 664 | (35 084) | 7 547 |
| 1 335 | 62 430 | (60 518) | 3 247 |
| 9 281 | 1 119 | (801) | 9 599 |
| 7 | – | (7) | – |
| 59 189 | 135 492 | (133 038) | 61 643 |
|  |  |  |  |
|  |  |  |  |
| 7 | 711 | (7) | 711 |
| – | 3 415 | (3 415) | – |
| 61 034 | 93 218 | (100 808) | 53 444 |
| 451 363 | – | (450 000) | 1 363 |
| 146 | – | – | 146 |
| (218) | 20 | (11) | (209) |
| 24 068 | 46 353 | (30 825) | 39 596 |
| – | 1 308 | (1 308) | – |
| – | 163 | (163) | – |
| (40) | 2 447 881 | (2 448 109) | (268) |
| 34 292 | 167 605 | (174 481) | 27 416 |
| 304 276 | 15 671 | (140 396) | 179 551 |
| 874 928 | 2 776 345 | (3 349 523) | 301 750 |

Note 23. Trust account balances (continued)

### (b) Victorian Natural Disaster Relief Account

The Victorian Natural Disaster Relief Account was established to provide natural disaster relief in accordance with the Commonwealth‑State Natural Disaster Arrangements.

Monies from the Trust are paid to individuals, small businesses, primary producers and local councils by appropriate service delivery departments following the approval of the Treasurer or his delegate. The following assistance measures are provided from the trust:

* grants for the relief of personal hardship and distress;
* loan assistance and grants provided by the Rural Finance Corporation;
* grants for emergency protection and asset restoration works; and
* restoration of municipal and other public assets.

The cash and cash equivalents of the Trust for the reporting period were:

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
|  |  |  |
| Opening balance | 179 551 | 304 276 |
| Inflows |  |  |
| Grants from the Commonwealth | – | 626 |
| Appropriation revenue | 14 343 | 15 045 |
|  | 14 343 | 15 671 |
|  |  |  |
| **Outflows** |  |  |
| Grants to other government departments, agencies and authorities | 23 386 | 59 503 |
| Grants to local government | 24 013 | 76 602 |
| Grants to not‑for‑profit organisations and rural communities | 1 890 | 4 291 |
| Audit fees | 39 | – |
|  | 49 328 | 140 396 |
|  |  |  |
| **Closing balance** | 144 566 | 179 551 |

Note 24. Machinery of government changes

On 24 December 2014, the Government issued an administrative order restructuring some of its activities with effect from 1 January 2015. The restructure resulted in the Department relinquishing responsibility for the Victorian Competition and Efficiency Commission to the Department of Premier and Cabinet. Further pursuant to a declaration under Section 30 of the *Public Administration Act 2004* the Department relinquished the Workplace Relations function to the Department of Economic Development Jobs Transport and Resources effective 1 January 2015.

The net assets transferred as a result of the administrative restructure were recognised at the carrying amount of those assets and liabilities in the transferor’s balance sheet immediately before the transfer. Where applicable the net asset transfers were treated as contributions of capital by the Crown. No income or expense has been recognised by the Department in respect of the net assets transferred. The Department relinquished the following assets and liabilities at the date of transfer:

|  |  |
| --- | --- |
|  | $’000 |
|  |  |
| Victorian Competition and Efficiency Commission to the Department of Premier and Cabinet | |
| Output group – Regulatory Services |  |
| Assets |  |
| Receivables | 927 |
| Property plant and equipment | 192 |
| Liabilities |  |
| Payables | (210) |
| Provision for employee benefits | (717) |
| Net assets relinquished by the Department | 192 |
|  |  |
| Workplace Relations to the Department of Economic Development Jobs Transport and Resources | |
| Output group – Risk Management Services |  |
| Assets |  |
| Receivables | 411 |
| Property plant and equipment | 14 |
| Liabilities |  |
| Payables | (411) |
| Provision for employee benefits | (14) |
| Net assets relinquished by the Department | – |

Note 25. Glossary of terms

#### Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

#### Annualised employee equivalent

Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

#### Borrowings

Borrowings include interest‑bearing liabilities mainly from public borrowings raised through the Treasury Corporation of Victoria finance leases and other interest‑bearing arrangements. Borrowings also include non‑interest‑bearing advances from government that are incurred for policy purposes.

#### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

#### Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non‑financial physical assets used in the provision of outputs.

#### Commitments

Commitments include those operating capital and other outsourcing commitments arising from non‑cancellable contractual or statutory sources.

#### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a transaction and so reduces the net result from transactions.

#### Employee expenses

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and superannuation contributions.

#### Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

* + to receive cash or another financial asset from another entity; or
  + to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity’s own equity instruments and is:

* + a non‑derivative for which the entity is or may be obliged to receive a variable number of the entity’s own equity instruments; or
  + a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

#### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### Financial liability

A financial liability is any liability that is:

(a) a contractual obligation:

* + to deliver cash or another financial asset to another entity; or
  + to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity’s own equity instruments and is:

* + a non‑derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or
  + a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments. For this purpose the entity’s own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity’s own equity instruments.

#### Financial statements

A complete set of financial statements comprises:

(a) a comprehensive operating statement for the period;

(b) a balance sheet as at the end of the period;

(c) a statement of changes in equity for the period;

(d) a cash flow statement for the period;

(e) notes comprising a summary of significant accounting policies and other explanatory information;

(f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and

(g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

#### Grants expense

Transactions in which one unit provides goods services assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur but only by coincidence. For example, governments are not obliged to provide commensurate benefits in the form of goods or services to particular taxpayers in return for their taxes. For this reason grants are referred to by the AASB as involuntary transfers and are termed non‑reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

#### Grants for on‑passing

All grants paid to one institutional sector (e.g. a state general government) to be passed on to another institutional sector (e.g. local government or a private non‑profit institution).

#### Intangible assets

Intangible assets represent identifiable non‑monetary assets without physical substance.

#### Interest expense

Costs incurred in connection with the borrowing of funds. Interest expense includes interest on bank overdrafts and short‑term and long‑term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases, repayments and the increase in financial liabilities and non‑employee provisions due to the unwinding of discounts to reflect the passage of time.

#### Interest revenue

Interest revenue includes interest received on bank term deposits, interest from investments and other interest received.

#### Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

#### Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income gains and expenses (including losses) recognised for the period excluding those that are classified as ‘other economic flows – other comprehensive income’.

#### Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

#### Non‑financial assets

Non‑financial assets are all assets that are not ‘financial assets’.

#### Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposal or derecognition or reclassification, revaluation and impairment of non‑financial physical and intangible assets, and fair value changes of financial instruments. It also includes revaluation of the present value of leave liabilities due to changes in bond interest rates and from revaluation of restoration costs provisions.

#### Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result. The components of other economic flows – other comprehensive income include changes in physical asset revaluation surplus and changes arising from the remeasurement of defined benefit superannuation liabilities.

#### Payables

Includes short and long‑term trade debt and accounts payable grants and interest payable.

#### Receivables

Includes short and long‑term trade credit and accounts receivable grants taxes and interest receivable.

#### Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods, fees from regulatory services, and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non‑produced assets such as land.

#### Supplies and services

Supplies and services generally represent cost of goods sold and the day‑to‑day running costs including maintenance costs incurred in the normal operations of the Department.

#### Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms transactions arise from the policy decisions of the government.

Accountable Officer’s and Chief Financial Officer’s declaration

The attached financial statements for the Department of Treasury and Finance have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994* applicable Financial Reporting Directions Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements.

We further state that in our opinion the information set out in the comprehensive operating statement balance sheet statement of changes in equity cash flow statement and notes to the financial statements presents fairly the financial transactions during the year ended 30 June 2015 and financial position of the Department as at 30 June 2015.

At the time of signing we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 28 October 2015.

**Joe Bonnici   
Chief Financial Officer  
Department of Treasury and Finance**

Melbourne  
28 October 2015

**David Martine  
Secretary   
Department of Treasury and Finance**

Melbourne  
28 October 2015

## Independent auditor’s report





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Appendix 1 Workforce data

## People and culture strategy

In 2014‑15, the Department focused its people and culture efforts in four key areas in order to help the organisation meet business objectives and be in a position to respond to emerging challenges.

Some notable achievements against these key areas are detailed below:

Leadership development:

* expansion and enhancement of the VPS6 ‘Leading for the Future’ program;
* roll‑out of a Manager Essentials program for DTF’s leaders; and
* development and implementation of a ‘manager once removed process’ for EO feedback in line with the end of 2014‑15 performance cycle.

Streamlined resourcing:

* implementation of a job transfer program to encourage flexible resourcing between groups.

How we work:

* launch of a revised culture framework;
* review and launch of an updated reward and recognition program;
* launch of DTF’s Aboriginal Inclusion Plan and commencement of activities; and
* review of outsourced human resources functions so that service levels are appropriately captured and to ensure value for money.

## People development

A focus in the Department has been leadership development and developing writing skills. In 2015‑16, a number of brief writing and speaking notes workshops were run throughout the Department.

The leadership approach is designed to ensure offerings are aligned with development needs at varying levels of management including emerging leaders, middle managers and executives.

The Leading for the Future program, which aims to develop the leadership skills of VPS6 emerging leaders, commenced with its second cohort in February 2015. Participants will be working towards their development plans throughout 2015‑16 by attending conversations with senior executives from across the VPS, and will be supported in achieving their individual development goals.

The Manager Essentials program was launched in early 2015 for middle management across the Department. It supports a blended approach to learning that complements the Department’s 70:20:10 learning philosophy and comprises three parts that together build the essential skills required as an effective manager. The three components are an ongoing program of formal manager skills workshops, an online toolkit of management resources to place key information and knowledge at managers’ fingertips and an online forum that allows managers to share knowledge and expertise, and to learn from others.

The focus of executive development was to provide a resource containing development offerings available to them. This will be further rolled out in 2015‑16.

In addition, DTF approved six new studies assistance applications and supported one staff member in the Executive Masters of Public Administration during 2014‑15.

## Employee relations

There were two industrial disputes that affected the Department. Both were lodged with Fair Work Australia and both have been resolved.

The Department has a comprehensive grievance process to ensure employees’ concerns are dealt with fairly and promptly. One grievance was lodged by a DTF employee during the period and two from external parties. All complied with policy requirements and two went through to formal investigation.

The Department has a full suite of policies covering recruitment, issue resolution and grievance review, redeployment, unsatisfactory work, misconduct, probation and fair treatment (among others). All of these polices have been reviewed in 2014‑15 as part of an annual policy review process.

## Recruitment

The Department is committed to ensuring the best available people are recruited and selected for advancement by applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination.

During 2014‑15, the Department advertised externally for 72 roles. A number of additional vacancies were filled by internal appointment without advertisement. Further, during 2014‑15, the Department had 149 cases of ‘specialised duties’ consisting of internal opportunities for acting roles or higher duties.

## Graduate recruitment scheme

The Department continued to support the recruitment and development of university graduates by participating in the VPS graduate scheme and managing the accounting and finance and the professional graduate economist programs on behalf of the whole Victorian public service.

During the 2014‑15 period, 10 graduates joined the Department (six economists, one generalist and three accounting and finance graduates). The Department also offers summer economist and accounting and finance internships to a small number of penultimate year university students. There were nine internships offered last summer (four economist and five accounting and finance).

## Diversity

The Department and its agencies provide a number of traineeships to young people (some from disadvantaged groups) through the Youth Employment Scheme. In 2014‑15, two traineeships commenced. This is in addition to two which had started in 2013‑14.

The Department’s 2013‑15 Diversity Plan is focused on raising awareness and understanding as well as increasing inclusion of people with a disability and also people from Culturally and Linguistically Diverse (CALD) backgrounds. This plan encompasses a wider whole of government initiative which aims to improve opportunities for people with a disability, and people from CALD backgrounds, assisting everyone to actively play a role in government and wider community.

Since its implementation in March 2013, the majority of the actions have either been completed or require continual monitoring; the extent to which key objectives have been achieved will be evaluated at the end of 2015.

The Department’s 2015‑18 Aboriginal Employment and Inclusion Action Plan is based on three areas of focus:

* building pathways between education and DTF employment;
* increased awareness of Aboriginal culture; and
* using procurement as a means of reducing barriers to building Aboriginal jobs and business growth.

DTF is committed to implementing the actions identified and has commenced working with VPSC Aboriginal Pathways program to support Graduate recruitment, and with the Victorian Government Purchasing Board to identify ways of supporting Aboriginal businesses to access available public service supply opportunities.

Forming part of the Aboriginal Employment and Inclusion Action Plan, DTF continues to work towards increasing Aboriginal participation in the Victorian Public Service workforce.

In 2014‑15, all of the Department’s 10 graduates were required to attend Aboriginal Cultural Awareness training.

## Human Rights Charter

Throughout 2014‑15, DTF’s employees continued to consider human rights in the course of their work on submissions to Cabinet on matters that would affect members of the public.

Given the nature of its portfolio, DTF interactions with the public tend to focus on individuals who are either currently engaged, or are seeking to be engaged, by DTF for a specific purpose. These include individuals who are job applicants, employees, tenderers, contractors, Board appointees, and purchasers, landlords and tenants of government land.

To guide the interactions with these individuals, the Department has various policies and processes in place to protect the rights of those individuals. These include privacy, equal opportunity, occupational health and safety, protected disclosure and employment policies.

## Notes for all tables in Appendix 2

1. All figures reflect employment levels during the last pay period of June of each year unless otherwise stated.

2. Ongoing employees means people engaged on an open‑ended contract of employment and executives engaged on a standard executive contract who were active in the last pay period of June.

3. FTE means full‑time equivalent.

4. Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.

5. STS means senior technical specialist.

#### Profile of Department of Treasury and Finance’s workforce: June 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Full time equivalents (FTE) staffing trends from 2011 to 2015 | | | | |
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 490.84 | 548.35 | 608.83 | 675.91 | 714.13 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Ongoing employees | | | | Fixed term and casual |  |
|  | Number (headcount) | Full time (headcount) | Part time (headcount) | FTE | FTE |  |
| Jun‑15 | 513 | 441 | 72 | 490.84 | 16.31 |  |
| Jun‑14 | 575 | 484 | 91 | 548.35 | 16.05 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | Jun‑15 | | | Jun‑14 | | |
|  | Ongoing | | Fixed term and casual | Ongoing | | Fixed term and casual |
|  | Number (headcount) | FTE | FTE | Number (headcount) | FTE | FTE |
| **Gender** |  |  |  |  |  |  |
| Female | 251 | 231.24 | 9.00 | 280 | 256.75 | 9.98 |
| Male | 262 | 259.60 | 7.31 | 295 | 291.60 | 6.07 |
| **Total** | **513** | **490.84** | **16.31** | **575** | **548.35** | **16.05** |
|  |  |  |  |  |  |  |
| **Age** |  |  |  |  |  |  |
| Under 25 | 17 | 17.00 | 1.00 | 21 | 21.00 | 3.18 |
| 25‑34 | 134 | 129.94 | 7.53 | 145 | 139.84 | 4.53 |
| 35‑44 | 149 | 136.07 | 3.00 | 177 | 162.22 | 6.61 |
| 45‑54 | 117 | 114.42 | 1.80 | 125 | 121.62 | 0.80 |
| 55‑64 | 87 | 84.61 | 2.00 | 91 | 88.87 | 0.93 |
| Over 64 | 9 | 8.80 | 0.98 | 16 | 14.80 | .. |
| **Total** | **513** | **490.84** | **16.31** | **575** | **548.35** | **16.05** |
|  |  |  |  |  |  |  |
| **Classification** |  |  |  |  |  |  |
| Secretary | 1 | 1.00 | .. | 1 | 1.00 | .. |
| Executive | 63 | 62.05 | .. | 67 | 65.73 | .. |
| STS | 11 | 10.80 | 1.00 | 12 | 11.80 | 1.00 |
| Grade 6 | 121 | 114.14 | 0.60 | 142 | 133.07 | 1.80 |
| Grade 5 | 132 | 124.51 | 4.80 | 134 | 126.78 | 2.80 |
| Grade 4 | 92 | 88.85 | 5.00 | 107 | 102.39 | 1.00 |
| Grade 3 | 73 | 70.19 | 4.00 | 83 | 80.08 | 6.00 |
| Grade 2 | 16 | 15.30 | 0.53 | 24 | 22.90 | 1.03 |
| Grade 1 | .. | .. | .. | .. | .. | .. |
| Legal officer | 4 | 4.00 | 0.38 | 5 | 4.60 | .. |
| Casual | .. | .. | .. | .. | .. | 2.42 |
| **Total** | **513** | **490.84** | **16.31** | **575** | **548.35** | **16.05** |

#### Profile of State Revenue Office’s workforce: June 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Full time equivalents (FTE) staffing trends from 2011 to 2015 | | | | |
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 447.23 | 453.38 | 459.46 | 471.14 | 438.49 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Ongoing employees | | | | Fixed term and casual |  |
|  | Number (headcount) | Full time (headcount) | Part time (headcount) | FTE | FTE |  |
| Jun‑15 | 468 | 403 | 65 | 447.23 | 21.86 |  |
| Jun‑14 | 476 | 411 | 65 | 453.38 | 7.60 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | **Jun–15** | | | **Jun–14** | | |
|  | Ongoing | | Fixed term and casual | Ongoing | | Fixed term and casual |
|  | Number (headcount) | FTE | FTE | Number (headcount) | FTE | FTE |
| **Gender** |  |  |  |  |  |  |
| Female | 236 | 217.14 | 7.86 | 240 | 220.19 | 4.00 |
| Male | 232 | 230.09 | 14.00 | 236 | 233.19 | 3.60 |
| **Total** | **468** | **447.23** | **21.86** | **476** | **453.38** | **7.60** |
|  |  |  |  |  |  |  |
| **Age** |  |  |  |  |  |  |
| Under 25 | 3 | 3.00 | 15.00 | 7 | 6.80 | 2.00 |
| 25‑34 | 115 | 111.02 | 6.86 | 132 | 126.35 | 5.00 |
| 35‑44 | 133 | 123.27 | .. | 131 | 120.98 | .. |
| 45‑54 | 117 | 112.45 | .. | 117 | 112.55 | .. |
| 55‑64 | 91 | 88.86 | .. | 80 | 78.07 | 0.60 |
| Over 64 | 9 | 8.63 | **21.86** | 9 | 8.63 | .. |
| **Total** | **468** | **447.23** | 15.00 | **476** | **453.38** | **7.60** |
|  |  |  |  |  |  |  |
| **Classification** |  |  |  |  |  |  |
| Executive | 5 | 5.00 | .. | 5 | 5.00 | .. |
| STS | 2 | 2.00 | .. | 3 | 2.60 | .. |
| Grade 6 | 46 | 44.80 | .. | 42 | 41.20 | .. |
| Grade 5 | 99 | 96.60 | 3.60 | 96 | 93.40 | 0.60 |
| Grade 4 | 108 | 104.17 | 2.00 | 109 | 104.24 | 2.00 |
| Grade 3 | 150 | 143.18 | 13.66 | 167 | 159.14 | 4.00 |
| Grade 2 | 39 | 33.08 | 2.60 | 35 | 29.40 | 1.00 |
| Grade 1 | .. | .. | .. | .. | .. | .. |
| Legal officer | 19 | 18.40 | .. | 19 | 18.40 | .. |
| Casual | .. | .. | .. | .. | .. | .. |
| **Total** | **468** | **447.23** | **21.86** | **476** | **453.38** | **7.60** |

#### Profile of DTF Executive Officers: June 2015

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Ongoing | | | | | | Special projects | | | | | | Total | | |
|  | Male | | | Female | | | Male | | | Female | | |  | | |
| **Class** | 2015 | 2014 | Var | 2015 | 2014 | Var | 2015 | 2014 | Var | 2015 | 2014 | Var | 2015 | 2014 | Var |
| EO‑1 | 2 | 2 | 0 | 2 | 1 | 1 | .. | .. | .. | .. | .. | .. | 4 | 3 | 1 |
| EO‑2 | 12 | 14 | –2 | 5 | 6 | –1 | .. | .. | .. | .. | .. | .. | 17 | 20 | –3 |
| EO‑3 | 26 | 27 | –1 | 16 | 17 | –1 | .. | .. | .. | .. | .. | .. | 42 | 44 | –2 |
| **Total** | **40** | **43** | **–3** | **23** | **24** | **–1** | **..** | **..** | **..** | **..** | **..** | **..** | **63** | **67** | **–4** |

Notes:

Table excludes the Essential Services Commission and the State Revenue Office.

Table excludes the Secretary (Accountable Officer).

Ten vacancies existed at the time of reporting (June 2015).

Var column indicates the variation between the current and previous reporting periods.

#### Reconciliation of DTF and SRO Executive Officer numbers: June 2015

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | DTF | | SRO | | Total | |
|  |  | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
|  | Executives whose total remuneration exceeded $100 000 during the reporting period | 66 | 71 | 5 | 5 | 71 | 76 |
| Add | Vacancies | 10 | 14 | 2 | 2 | 12 | 16 |
|  | Executives whose total remuneration was below $100 000 during the reporting period | 9 | 8 | .. | .. | 9 | 8 |
|  | Accountable Officer (Secretary) | 1 | 2 | .. | .. | 1 | 2 |
| Less | Separations | 12 | 12 | .. | .. | 12 | 12 |
| **Total executive numbers** | | **74** | **83** | **7** | **7** | **81** | **90** |

Notes:

This table reconciles with Note 18.

The total EO envelope has reduced by nine for this financial year due to machinery of government changes.

#### Profile of CenITex workforce: June 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Full time equivalents (FTE) staffing trends from 2011 to 2015 | | | | |
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 442.12 | 444.89 | 460.67 | 412.76 | 318.56 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Ongoing employees | | | | Fixed term and casual |  |
|  | Number (headcount) | Full time (headcount) | Part time (headcount) | FTE | FTE |  |
| Jun‑15 | 447 | 431 | 16 | 442.12 | 24.00 |  |
| Jun‑14 | 449 | 435 | 14 | 444.89 | 87.03 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | **Jun–15** | | | **Jun–14** | | |
|  | Ongoing | | Fixed term and casual | Ongoing | | Fixed term and casual |
|  | Number (headcount) | FTE | FTE | Number (headcount) | FTE | FTE |
| **Gender** |  |  |  |  |  |  |
| Female | 98 | 93.32 | 5.00 | 104 | 99.89 | 16.03 |
| Male | 349 | 348.80 | 19.00 | 345 | 345.00 | 71.00 |
| **Total** | **447** | **442.12** | **24.00** | **449** | **444.89** | **87.03** |
|  |  |  |  |  |  |  |
| **Age** |  |  |  |  |  |  |
| Under 25 | 15 | 15.00 | 1.00 | 4 | 4.00 | 9.80 |
| 25‑34 | 98 | 97.00 | 7.00 | 89 | 88.60 | 34.00 |
| 35‑44 | 179 | 176.37 | 4.00 | 172 | 169.74 | 23.63 |
| 45‑54 | 101 | 100.80 | 7.00 | 116 | 114.85 | 13.00 |
| 55‑64 | 51 | 49.95 | 5.00 | 65 | 64.70 | 5.60 |
| Over 64 | 3 | 3.00 | .. | 3 | 3.00 | 1.00 |
| **Total** | **447** | **442.12** | **24.00** | **449** | **444.89** | **87.03** |
|  |  |  |  |  |  |  |
| **Classification** |  |  |  |  |  |  |
| Executive | 4 | 4.00 | .. | 4 | 4.00 | .. |
| STS | 20 | 19.40 | .. | 23 | 22.80 | 2.00 |
| Grade 6 | 128 | 127.60 | 8.00 | 136 | 136.00 | 16.00 |
| Grade 5 | 133 | 132.80 | 1.00 | 144 | 143.60 | 12.00 |
| Grade 4 | 67 | 66.70 | 2.00 | 80 | 79.50 | 5.00 |
| Grade 3 | 93 | 89.62 | 12.00 | 60 | 57.39 | 48.63 |
| Grade 2 | 2 | 2.00 | 1.00 | 1 | 1.00 | 2.80 |
| Grade 1 | .. | .. | .. | .. | .. | .. |
| Legal Officer | .. | .. | .. | 1 | 0.60 | 0.60 |
| Casual | .. | .. | .. | .. | .. | .. |
| **Total** | 447 | 442.12 | 24.00 | 449 | 444.89 | 87.03 |

#### Profile of Emergency Services and State Super’s workforce: June 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Full time equivalents (FTE) staffing trends from 2011 to 2015 | | | | |
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 148.12 | 146.21 | 134.85 | 137.07 | 135.99 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Ongoing employees | | | | Fixed term and casual |  |
|  | Number (headcount) | Full time (headcount) | Part time (headcount) | FTE | FTE |  |
| Jun‑15 | 158 | 130 | 28 | 148.12 | 4.80 |  |
| Jun‑14 | 156 | 128 | 28 | 146.21 | 6.33 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | **Jun–15** | | | **Jun–14** | | |
|  | Ongoing | | Fixed term and casual | Ongoing | | Fixed term and casual |
|  | Number (headcount) | FTE | FTE | Number (headcount) | FTE | FTE |
| **Gender** |  |  |  |  |  |  |
| Female | 79 | 70.53 | 3.00 | 75 | 66.57 | 2.53 |
| Male | 79 | 77.59 | 1.80 | 81 | 79.64 | 3.80 |
| **Total** | **158** | **148.12** | **4.80** | **156** | **146.21** | **6.33** |
|  |  |  |  |  |  |  |
| **Age** |  |  |  |  |  |  |
| Under 25 | 3 | 2.55 | .. | 3 | 2.51 | 1.53 |
| 25‑34 | 39 | 38.23 | 2.00 | 41 | 38.95 | 1.00 |
| 35‑44 | 55 | 48.57 | 2.00 | 50 | 45.09 | 1.00 |
| 45‑54 | 36 | 34.64 | .. | 36 | 34.53 | 1.00 |
| 55‑64 | 24 | 23.13 | 0.80 | 25 | 24.13 | 1.80 |
| Over 64 | 1 | 1.00 | .. | 1 | 1.00 | .. |
| **Total** | **158** | **148.12** | **4.80** | **156** | **146.21** | **6.33** |
|  |  |  |  |  |  |  |
| **Classification** |  |  |  |  |  |  |
| Executive | 7 | 7.00 | .. | 8 | 8.00 | .. |
| ESSB 1 | 34 | 29.81 | 3.00 | 37 | 31.90 | 1.53 |
| ESSB 2 | 49 | 45.07 | .. | 47 | 43.97 | 1.00 |
| ESSB 3 | 45 | 44.20 | .. | 44 | 43.00 | 1.00 |
| ESSB 4 | 23 | 22.04 | 1.00 | 20 | 19.34 | 1.00 |
| Other | .. | .. | 0.80 | .. | .. | 1.80 |
| **Total** | **158.00** | **148.12** | **4.80** | **156** | **146.21** | **6.33** |

Note:

‘Other’ refers to employees on longer term (non‑executive) contracts.

#### Profile of Essential Services Commission’s workforce: June 2015

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Full time equivalents (FTE) staffing trends from 2011 to 2015 | | | | |
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 58.77 | 56.64 | 55.96 | 66.84 | 64.64 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Ongoing employees | | | | Fixed term and casual |  |
|  | Number (headcount) | Full time (headcount) | Part time (headcount) | FTE | FTE |  |
| Jun‑15 | 62 | 53 | 9 | 58.77 | 9.80 |  |
| Jun‑14 | 59 | 50 | 9 | 56.64 | 6.73 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | **Jun–15** | | | **Jun–14** | | |
|  | Ongoing | | Fixed term and casual | Ongoing | | Fixed term and casual |
|  | Number (headcount) | FTE | FTE | Number (headcount) | FTE | FTE |
| **Gender** |  |  |  |  |  |  |
| Female | 31 | 28.17 | 5.00 | 30 | 28.04 | 3.83 |
| Male | 31 | 30.60 | 4.80 | 29 | 28.60 | 2.90 |
| **Total** | **62** | **58.77** | **9.80** | **59** | **56.64** | **6.73** |
|  |  |  |  |  |  |  |
| **Age** |  |  |  |  |  |  |
| Under 25 | 2 | 2.00 | .. | 3 | 3.00 | 0.19 |
| 25‑34 | 18 | 18.00 | 5.00 | 15 | 14.80 | 4.64 |
| 35‑44 | 25 | 22.17 | 4.80 | 26 | 24.24 | 1.60 |
| 45‑54 | 12 | 11.60 | 9.80 | 11 | 10.60 | 0.30 |
| 55‑64 | 3 | 3.00 | 5.00 | 2 | 2.00 | .. |
| Over 64 | 2 | 2.00 | 4.80 | 2 | 2.00 | .. |
| **Total** | **62** | **58.77** | **9.80** | **59** | **56.64** | **6.73** |
|  |  |  |  |  |  |  |
| **Classification** |  |  |  |  |  |  |
| Executive | 4 | 4.00 | 0.80 | 3 | 3.00 | .. |
| SRM | 3 | 3.00 | .. | 4 | 4.00 | .. |
| STS | 1 | 1.00 | 1.00 | 1 | 1.00 | .. |
| Grade 6 | 14 | 13.60 | .. | 13 | 13.00 | 1.00 |
| Grade 5 | 13 | 11.60 | 3.00 | 12 | 10.84 | 1.60 |
| Grade 4 | 15 | 14.00 | 1.00 | 13 | 12.20 | 1.00 |
| Grade 3 | 12 | 11.57 | 1.00 | 10 | 9.60 | 2.00 |
| Grade 2 | .. | .. | .. | 3 | 3.00 | .. |
| Grade 1 | .. | .. | .. | .. | .. | .. |
| Legal Officer | .. | .. | .. | .. | .. | .. |
| Casual | .. | .. | 3.00 | .. | .. | 1.13 |
| **Total** | **62** | **58.77** | **9.80** | **59** | **56.64** | **6.73** |
| Statutory appointees | .. | .. | 1.80 | .. | .. | 1.80 |

Notes:

SRM is a senior regulatory manager.

Headcount and FTE from the 2013‑14 figures has increased due to a new work function created by the *Local Government Rates Capping and Variation Framework Review*.

#### DTF Portfolio Executives: June 2015

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | June 2015 | | June 2014 | | Change | |
| Organisation | Female | Male | Female | Male | Female | Male |
| Rural Finance Corporation of Victoria |  |  | 1 | 5 | –1 | –5 |
| State Electricity Commission of Victoria (Vicpower Trading) | .. | 2 | .. | 2 | .. | .. |
| State Trustees Limited | 5 | 3 | 3 | 3 | 2 | .. |
| Transport Accident Commission | 19 | 27 | 22 | 30 | –3 | –3 |
| Treasury Corporation of Victoria | 1 | 5 | 1 | 5 | .. | .. |
| Victorian Funds Management Corporation | 2 | 5 | 2 | 6 | .. | –1 |
| Victorian Managed Insurance Authority | 4 | 5 | 8 | 8 | –4 | –3 |
| Victorian WorkCover Authority | 32 | 38 | 30 | 39 | 2 | –1 |
| Total | **63** | **85** | **67** | **98** | **–4** | **–13** |
| Total (male and female) | **148** | | **165** | | **‑17** | |

Notes:

For the purpose of this table, Executive Officers are defined as employees who have significant management responsibility and receive a total remuneration package of $148 839 or more.

Rural Finance Corporation of Victoria ceased to be a public sector entity on 1 July 2014.

Appendix 2 DTF occupational health and safety report 30 June 2015

The Department has continued its commitment to occupational health and safety (OHS) during the financial year with a number of key initiatives:

* review of DTF’s OHS Advisory Service contract, with a new service provider engaged;
* implemented a web‑based compliance software to support visibility and completion of key OHS activities;
* redesign of Designated Work Group (DWG) structure to ensure Health and Safety Representative (HSR) coverage across all workplaces;
* rationalisation of First Aid Officer (FAO) positions and first aid kits ensuring more extensive coverage across all workplaces;
* development of simplified incident and hazard reporting and investigation process to facilitate greater reporting of workplace incidents;
* implementation of online ergonomic training module ‘safe workstation setup’ to ensure fast and efficient access to ergonomic support for employees, with 53 assessments conducted for the financial year;
* annual onsite flu vaccination program held with 109 employees receiving flu vaccinations; and
* review of DTF’s Employee Assistance Program contract.

## DTF’s performance against OHS management measures

| Measure | KPI | 2012‑13 | 2013‑14 | 2014‑15 |
| --- | --- | --- | --- | --- |
| Incidents | Number of incidents | 25 | 7 | 22 |
| Rate per 100 FTE | 4.03 | 1.24 | 4.34 |
| Claims | Number of standardised claims (a) | 1 | 2 | 4 |
| Rate per 100 FTE | 0.16 | 0.35 | 0.79 |
| Number of lost time claims (b) | 0 | 1 | 2 |
| Rate per 100 FTE | 0 | 0.17 | 0.39 |
| Number of claims exceeding 13 weeks | 0 | 0 | 2 |
| Rate per 100 FTE | 0 | 0 | 0.39 |
| Fatalities | Fatality claims | 0 | 0 | 0 |
| Claim costs | Average cost per standard claim (c) | $4 651 | $3 012 | $57 669  The increase in claims cost is associated with one claim being incorrectly coded by Workers Compensation Agent. This has not affected the 2015‑16 premium. |
| Return to work | Percentage of claims with return to work plan <30 days | n/a | n/a | n/a |
| Management commitment | Evidence of OHS policy statement, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent) | Statement of commitment signed by Secretary.  Monthly reporting to senior executives, including OHS Committee minutes.  OHS plan included in human resources business plan. | Statement of commitment signed by Secretary.  Monthly reporting to senior executives, including OHS Committee minutes.  OHS plan included in human resources business plan | Statement of Commitment reviewed and revised and signed by Secretary.  Routine tabling of minutes from Health and Safety Committee (HSC) to People and Culture Committee (PCC).  Senior manager (Director, Corporate Services) assumed role of Chair of HSC from February 2015.  OHS plan included in human resources business plan. |
| Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel) | Purchasing guidelines contain OHS criteria. | Purchasing guidelines contain OHS criteria. | Purchasing guidelines contain OHS criteria. |
| Consultation and participation | Evidence of agreed structure of designated work groups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs) | There are seven designated work groups in total with 14 HSRs and deputy HSRs appointed and trained.  Issue resolution procedures, established with clearer guidance for worker, safety committee and management.  OHS Committee Constitution and Terms of Reference in place. Both OHS Committee Constitution and Terms of Reference and issue resolution procedures presented and endorsed by management and OHS Committee.  100 per cent of OHS Consultation Committee meetings conducted as a percentage of those planned. | There are seven designated work groups in total with 10 HSRs and deputy HSRs appointed and trained.  Issue resolution procedures, established with clearer guidance for worker, safety committee and management.  OHS Committee Constitution and Terms of Reference in place. Both OHS Committee Constitution and Terms of Reference and issue resolution procedures presented and endorsed by management and OHS Committee.  100 per cent of OHS Consultation Committee meetings conducted as a percentage of those planned. | Rationalisation of DWGs to better reflect workplaces.  Rebranding of OHS Committee to Health and Safety Committee (HSC) with charter reviewed and updated in consultation with HSC members.  HSR and manager engagement strategy developed and endorsed by HSC for implementation 2015‑16.  All scheduled HSC meetings conducted within one week of scheduled date. |
| Compliance with agreed structure on DWGs, HSRs, and IRPs. | All DWG have HSR representation and an issue resolution procedure in place. | All DWG have HSR representation and an issue resolution procedure in place. | All HSR positions filled in new DWG structure to ensure enhanced worker representation and consultation. |
| Risk management | Percentage of internal audits/ inspections conducted as planned | 85 per cent of inspections for first aid kits completed and 70 per cent of workplace inspections were completed. | 80 per cent of inspections for first aid kits completed and 85 per cent of workplace inspections were completed. | >90 per cent of first aid kits inspected on a quarterly basis across the business and parts replaced within three weeks of ordering.  Workplace inspection form reviewed, and endorsed by HSC, due to detected low usage by HSRs. |
| Percentage of issues identified actioned arising from: |  |  |  |
| * internal audits * HSR provisional improvement notices (PIN) * WorkSafe notices | * 100 per cent * nil issued * nil issued | * 100 per cent * nil issued * nil issued | * none undertaken * nil issued * nil issued |
| Training | Percentage of managers and staff that have received OHS training:   * induction * management training * contractors, temps and visitors | 46 new DTF employees and contractors have successfully completed online OHS learning modules in 2012‑13 through ComplianceNet.  In 2012‑13, OHS compliance training sessions were conducted for all Shared Service Provider contract managers. | 37 new DTF employees and contractors have successfully completed online OHS learning modules in 2013‑14 through ComplianceNet. | DTF’s online OHS learning modules were reviewed and revised and all DTF staff were required to successfully complete these. |
| Percentage of HSRs trained: | 100 per cent | 100 per cent |  |
| * acceptance of role | * one vacancy exists | * five vacancies exist | * no vacancies currently exist |
| * re‑training (refresher) | * annual refresher training offered to all HSRs in 2012‑13 and 100 per cent completed as a percentage of those due | * annual refresher training offered to all HSRs in 2013‑14 and 100 per cent completed as a percentage of those due | * 100 per cent HSRs provided with access to the five day Initial HSR training on acceptance of the role * WorkSafe approved HSR refresher training scheduled for 14 July 2015. OHS Advisory provides HSRs with access to webinars (e.g. 16 June 2015 –WorkCover Webinar – Talking to your workers about health and safety) |
| * reporting of incidents and injuries | * HSRs trained in reporting of incidents through OHS Committee and HSR refresher training | * HSRs trained in reporting of incidents through OHS Committee and HSR refresher training | * HSRs trained in reporting of incidents through OHS Committee * HSRs alerted to encourage worker take‑up of online workstation setup |

Notes:

(a) VWA supplied data. Data for standardised claims, time lost claims and death claims is at 30 June 2015. Standardised claims are those that have exceeded the employer excess or are registered as a standard claim and are open with no payments at the time of extraction.

(b) VWA supplied data. A time lost claim is one with one or more days compensated by the VWA (after employer excess) at the time of extraction. They are a subset of standardised claims.

(c) VWA supplied data based on claims reported between 1 July 2014 and 30 June 2015. Claims include payments to date plus an estimate of outstanding claims costs (further costs as calculated by the VWA’s statistical case estimate model).

Appendix 3 Environmental reporting

### Office‑based environmental impacts

DTF monitored the environmental impacts of its operations during 2014‑15. This was undertaken via DTF’s office‑based environmental management system (EMS), which is based on international standard AS/NZS ISO14001 *Environmental Management Systems Requirements*.

The office‑based EMS controls all operational activities within DTF’s offices and aims to minimise the generation of waste and the use of energy, water, paper, travel, vehicle fleet and greenhouse emissions in the course of operations.

The suite of environmental indicators presented below is based on the Financial Reporting Direction 24C.

#### Energy

The Department’s energy consumption comprises its CBD office facilities. Core DTF staff were located at 1 Treasury Place, 1 Macarthur Street and 121 Exhibition Street during 2014‑15. Core DTF staff were also located at 2 Lonsdale Street from July 2014 until January 2015.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Indicator | 2014‑15 | | | | 2013‑14 | | | |
|  | Electricity | Natural gas | Green power | Total | Electricity | Natural gas | Green power | Total |
| Total energy usage segmented by primary source (MJ) | 3 064 141 |  |  | 3 064 141 | 3 096 448 |  |  | 3 096 448 |
| Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO2‑e) | 1 157 |  |  | 1 157 | 1 170 |  |  | 1 170 |
| Percentage of electricity purchased as green power |  |  |  |  |  |  |  |  |
| Units of energy used per FTE (MJ/FTE) | 6 041 |  |  |  | 4 986 |  |  |  |
| Units of energy used per unit of office area (MJ/m2) | 201 |  |  |  | 203 |  |  |  |
| **Actions undertaken** |  |  |  |  |  |  |  |  |
| Earth Hour | DTF participated in the 2015 Earth Hour event. | | | | | | | |

##### Result

Energy consumption was consistent with 2013‑14.

##### Explanatory notes

* Billing data was used for 1 Treasury Place, 1 Macarthur Street, 121 Exhibition Street and 2 Lonsdale Street. Where billing data is unavailable, average consumption from the previous billing period is used.
* The increase in units of energy used per FTE (MJ/FTE) was attributed to a reduction in overall DTF FTE. This will be addressed as DTF relocate staff from 121 Exhibition Street to vacant space on the Treasury reserve.

#### Paper

Paper use covered staff located in 1 Treasury Place, 1 Macarthur Street and 121 Exhibition Street, and also at 2 Lonsdale Street for the period from July 2014 to January 2015.

|  |  |  |
| --- | --- | --- |
| Indicator | 2014‑15 | 2013‑14 |
| Total units of copy paper used (reams) | 5 258 | 6 609 |
| Units of copy paper used per FTE (reams/FTE) | 10.4 | 10.6 |
| Percentage of 75–100 recycled content copy paper purchased | 9 | 16 |
| Percentage of 50–75 recycled content copy paper purchased | 0 | 0 |
| Percentage of 0–50 recycled content copy paper purchased | 91 | 84 |
| Greenhouse gas emissions related to paper use (t CO2‑e) | 19.7 | 25 |
| Optional indicators |  |  |
| Total units of A4 equivalent paper used in publications (reams) | 2 969 | 2 982 |
| Actions undertaken |  |  |
| Electronic reviewing | DTF expanded the number of publications managed by electronic reviewing (eDrafts), reducing the requirement to print hard copy drafts. | |
| Follow‑me printing | DTF continues to limit the use of stand‑alone printers and reduce the number of multi‑function devices. | |

##### Targets

The following target was set for 2014‑15:

* reduce paper by 0.5 reams per FTE from 2013‑14 result.

##### Result

* Paper use decreased by 0.2 reams per FTE from 2012‑13 result.

##### Explanatory notes

* Paper use is calculated using the information provided under the whole of government office stationery contract.
* Where data is unavailable, average use from the previous billing period is used.
* Paper use covered staff located in 1 Treasury Place, 1 Macarthur Street and 121 Exhibition Street, and also at 2 Lonsdale Street for the period from July 2014 to January 2015.

#### Water

Water data covered staff located in 1 Treasury Place, 1 Macarthur Street and 121 Exhibition Street, and also at 2 Lonsdale Street for the period from July 2014 to January 2015.

|  |  |  |
| --- | --- | --- |
| Indicator | 2014‑15 | 2013‑14 |
| Total units of metered water consumed by usage types (kilolitres) | 8 966 | 8 521 |
| Units of metered water consumed in offices per FTE (litres/FTE) | 17 678 | 15 098 |
| Units of metered water consumed in offices per unit of office area (litres/m2) | 587 | 558 |

##### Explanatory notes

* The data for 2014‑15 was calculated using billing data. Where billing data is unavailable, average consumption from the previous billing period is used.
* Water data covers staff located in 1 Treasury Place, 1 Macarthur Street and 121 Exhibition Street, and also at 2 Lonsdale Street for the period from July 2014 to January 2015.
* The increase in units of metered water consumed in offices per FTE (litres/FTE) was due to improved reporting and a decrease in DTF FTE in various locations.

#### Transport

The Department utilises vehicles from the Shared Service Provider Vehicle Pool for its operational car travel.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Operational vehicles** | 2014‑15 | | | | | 2013‑14 | | | | |
|  | ULP | LPG | Diesel | | Total | ULP | LPG | | Diesel | Total |
| Total energy consumption by vehicles (MJ) | 69 115 |  |  | | 69 115 | 103 285 | 12 238 | |  | 115 523 |
| Total vehicle travel associated with entity operations (km) | 28 277 |  |  | | 28 277 | 44 818 | 3 806 | |  | 48 624 |
| Total greenhouse gas emissions from vehicle fleet (t CO2‑e) | 4.6 |  |  | | 4.6 | 6.9 | 0.7 | |  | 7.6 |
| Greenhouse gas emissions from vehicle fleet per 1 000km travelled (t CO2‑e) | 0.17 |  |  | | 0.17 | 0.17 | 0.2 | |  | 0.17 |
|  |  |  |  | |  |  |  | |  |  |
|  | | | | 2014‑15 | | | | 2013‑14 | | |
| Total distance travelled by aeroplane (km) | | | | 253 958 | | | | 383 409 | | |
| Total greenhouse gas emissions from air travel  (t CO2‑e) | | | | 63.4 | | | | 93.9 | | |
|  | | | |  | | | |  | | |
| Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or car pooling to and from work or working from home, by locality type. | | | | 89 | | | | 90 | | |
| **Actions undertaken** | | | |  | | | |  | | |
| DTF encourages staff to use video‑conferencing in preference to air travel where appropriate. | | | |  | | | |  | | |

##### Explanatory notes

* The vehicle travel data includes DTF hire car usage from the Shared Service Provider vehicle pool and was provided by the Shared Service Provider.
* Air travel was provided by the State Government booking agency.
* 100 per cent of staff located at 1 Treasury Place, 1 Macarthur Street, 2 Lonsdale Street (July 2014 to January 2015) and 121 Exhibition Street were included in the above indicators.

#### Waste

The waste data in the indicators below, includes data from the three kitchen waste streams (landfill, recycling and compost) as well as data from paper and cardboard bins.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Waste generation | 2014‑15 | | | | 2013‑14 | | | |
|  | Landfill | Co‑mingled recycling | Compost | Total | Landfill | Co‑mingled recycling | Compost | Total |
| Total units of waste by destination (kg/year) | 7 483 | 42 134 | 6070 | 55 687 | 7 137 | 39 947 | 7 829 | 54 914 |
| Units of waste per FTE by destination (kg/year) | 14.8 | 83.1 | 12.0 | 109.9 | 12.4 | 69.5 | 13.6 | 95.5 |
| Greenhouse gas emissions from waste to landfill (t CO2‑e) | 8.9 | | | |  | | | |
| Recycling rate (per cent of total waste) | 87 | | | |  | | | |
| Actions undertaken |  | | | |  | | | |
| Green Collect | The Green Collect service was used at 1 Macarthur Street and 1 Treasury Place during 2014‑15 to divert waste from landfill. | | | | | | | |
| Signage | New signage was deployed in 1 Treasury Place and 1 Macarthur Street. | | | | | | | |

##### Targets

The following target was set for 2014‑15:

* proportion of waste recycled 90 per cent.

##### Result

* Proportion of waste recycled was 87 per cent.

##### Explanatory notes

* Waste data was collected from waste audits conducted at 1 Treasury Place and 1 Macarthur Street, which covers 89 per cent of staff.

#### Greenhouse gas emissions

The emissions disclosed in the section below are taken from the previous sections and brought together here to show the Department’s greenhouse footprint.

|  |  |  |
| --- | --- | --- |
| Indicator | 2014‑15 | 2013‑14 |
| Total greenhouse gas emissions associated with energy use (t CO2‑e) | 1 157 | 1 170 |
| Total greenhouse gas emissions associated with vehicle fleet (t CO2‑e) | 4.6 | 7.6 |
| Total greenhouse gas emissions associated with air travel (t CO2‑e) | 63.4 | 93.9 |
| Total greenhouse gas emissions associated with waste production (t CO2‑e) | 8.9 | 8.6 |
| Total greenhouse gas emissions associated with paper use (t CO2‑e) | 19.7 | 25 |
| Total greenhouse gas emissions (t CO2‑e) | 1 254 | 1 305 |

#### Procurement

DTF has undertaken procurement activities that are environmentally responsible and that support the objectives of DTF and the whole of government.

These include:

* inclusion of environmental requirements in tender specifications and tender evaluation criteria;
* supplier compliance to sustainability requirements monitored on an ongoing basis through the contract management process;
* continued membership of the national ECO‑Buy Sustainability program; and
* participation in the Australasian Procurement and Construction Council Sustainability Working Group, which has been established to promulgate the principles of sustainable procurement among Australian, New Zealand and Papua New Guinea government jurisdictions. The aim of this working group is to build on existing practices to develop a national framework for sustainable procurement.

#### Targets for 2015‑16

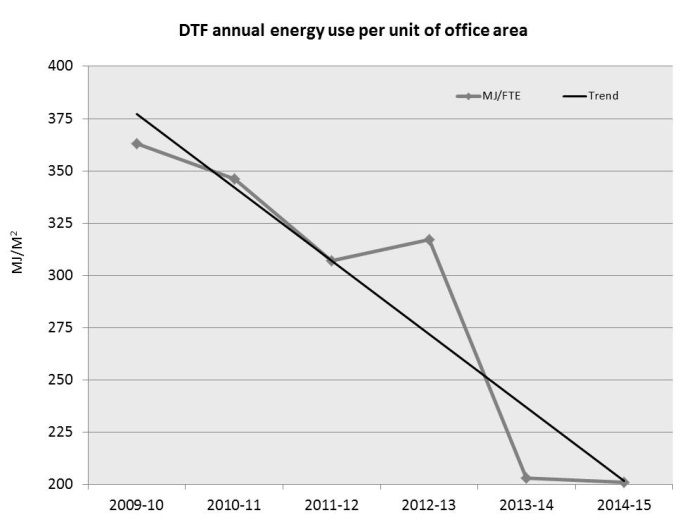
The following targets have been set for 2015‑16:

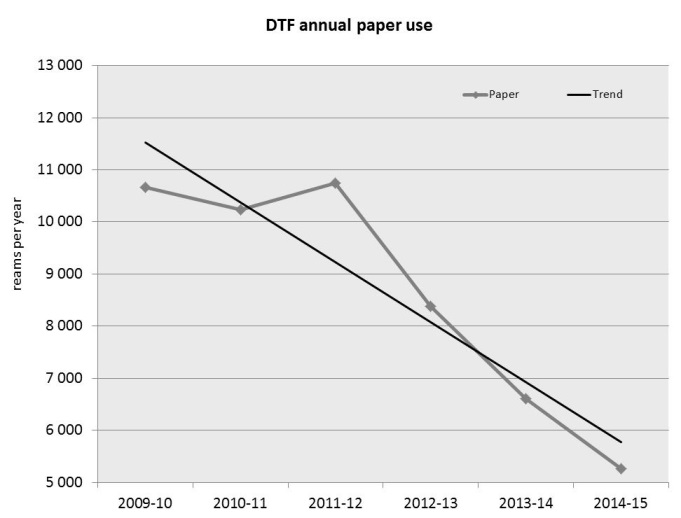
* energy – reduce energy consumption through better use of IT.;
* waste – improve communication and signage to decrease contamination levels in kitchen waste bins; and
* transport – involvement in Ride to Work and Walk to Work days.

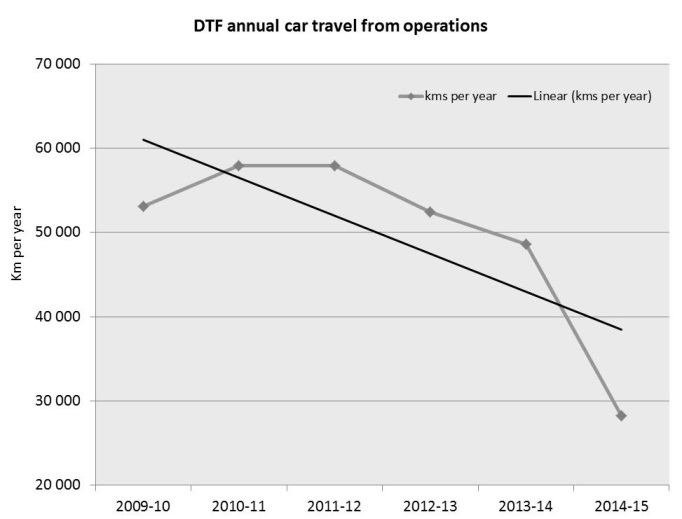
#### Glossary

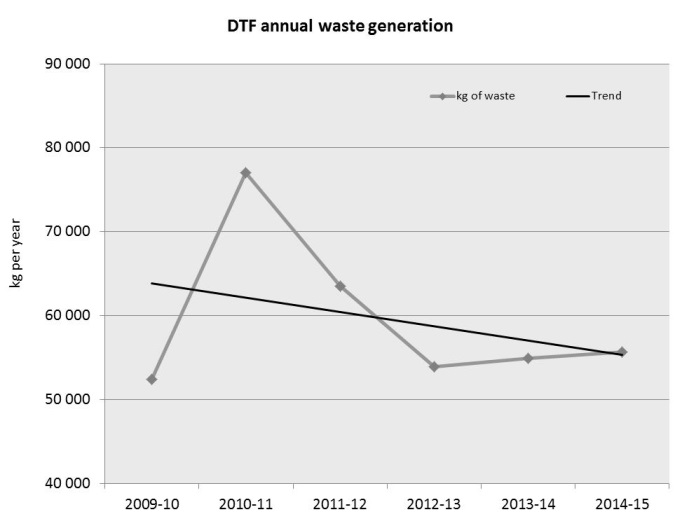
|  |  |
| --- | --- |
| FTE | Full time equivalent employee |
| kg | Kilograms |
| kL | Kilolitres |
| km | Kilometres |
| L | Litres |
| LPG | Liquefied petroleum gas |
| m2 | Metres squared |
| MJ | Megajoules |
| Ream | 500 sheets of A4 paper |
| t CO2–e | Tonnes of CO2 equivalent |
| ULP | Unleaded petrol |

#### Trend charts









Appendix 4 Community Support Fund

The Community Support Fund (CSF) is a trust fund which directs a portion of gaming revenue back into the community. It was established in 1991 and is governed by the *Gambling Regulation Act 2003*.

As prescribed by the legislation, the CSF receives revenue generated from electronic gaming machines in hotels less $45 million which is retained in the Consolidated Fund each year to support government priorities. Any interest earned on the balance of the trust fund is retained by the CSF. In 2014‑15, the CSF received $97.5 million revenue.

The Government can allocate funding from the CSF to a range of initiatives, which are administered by departments. Funded initiatives must be consistent with the purposes of the legislation.

Programs that tackle problem gambling are the first call on funds from the CSF. The *Victorian Responsible Gambling Foundation Act 2011* gives effect to the Government’s problem gambling policy. This legislation provides the basis on which funds will be transferred from the CSF to the Responsible Gambling Fund to reduce the prevalence and severity of gambling related harm and foster responsible gambling behaviour.

The CSF can also fund:

* drug education, treatment and rehabilitation;
* financial counselling and support for families in crisis;
* youth programs;
* sport and recreation;
* arts and tourism;
* community support or advancement; and
* costs associated with administering the CSF.

The funds provided to departments are generally used to provide grants to a wide range of community‑based organisations and councils, supporting them to build strong and sustainable communities.

The legislation also provides for the payment of one day’s revenue from the CSF to the Victorian Veterans Fund.

A total of $110.2 million was paid out of the CSF in 2014‑15.

The administration of the CSF forms part of the audited accounts of the Department.

For more information in relation to the CSF please refer to [www.dtf.vic.gov.au/communitysupportfund](http://www.dtf.vic.gov.au/communitysupportfund).

## Programs approved from 1 July 2014 to 30 June 2015

|  |  |  |
| --- | --- | --- |
| Program name | Portfolio | $ |
| Victorian Responsible Gambling Foundation | Gaming | 148 000 000 |
| Pre‑commitment Information program | Gaming | 2 000 000 |
| Foodbank | Human Services | 480 000 |
| Children and youth area partnerships | Human Services | 1 300 000 |
| Local facilities for local clubs | Sport and Recreation | 1 000 000 |
| Strategic sporting infrastructure program | Sport and Recreation | 825 000 |
| **Total program approvals** |  | **153 605 000** |

Note:

The list above shows total funding approved for each program in the 2014‑15 financial year. Expenditure will occur in future years.

Appendix 5 Consultancies and major contracts

## Details of consultancies (valued at $10 000 or greater)

In 2014‑15, there were 40 consultancies where the total fees payable to the consultants were $10 000 or greater. The total expenditure incurred during 2014‑15 in relation to these consultancies is $21 402 346 (excluding GST). Details of individual consultancies can be viewed at [www.dtf.vic.gov.au](http://www.dtf.vic.gov.au).

## Details of consultancies under $10 000

In 2014‑15, there were two consultancies engaged during the year, where the total fees payable to the individual consultancies was less than $10 000. The total expenditure incurred during 2014‑15 in relation to these consultancies was $7 375 (excl. GST).

## Disclosure of major contracts

The Department has disclosed, in accordance with the requirements of Victorian Government policy and accompanying guidelines, all contracts greater than $10 million in value which it entered into during the year ended 30 June 2015. Details of contracts that have been disclosed can be viewed at [contracts.vic.gov.au](www.contracts.vic.gov.au).

Appendix 6 Disclosure of government advertising expenditure

## Details of government advertising expenditure (campaigns with a media spend of $150 000 or greater)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Name of campaign | Campaign summary | Start/end date | Advertising (media) expenditure 2014‑15 | Creative and campaign development expenditure 2014‑15  (ex. GST) | Research and evaluation expenditure 2014‑15  (ex. GST) | Print and collateral expenditure 2014‑15  (ex. GST) | Other campaign expenditure 2014‑15  (ex. GST) |
|  |  |  | $ | $ | $ | $ | $ |
| Back to Work Scheme | The Back to Work Scheme public information campaign and website to communicate details of the Scheme to employers and eligible employees. | June 2015 | 490 538.76 | 108 888.18 | 68 375.80 | 9 180.21 | 34 569.98 |

Appendix 7 Freedom of information

The Department of Treasury and Finance is an ‘agency’ for the purposes of the *Freedom of Information Act 1982* (the Act) and is therefore subject to the Act.

The Department’s website (below) provides additional information that might assist in making a request. The Department’s Part II Statement is also published on this website as required by the Act.

[dtf.vic.gov.au/About/Legal/Freedom‑of‑Information](http://www.dtf.vic.gov.au/About/Legal/Freedom-of-Information)

The Department’s Freedom of Information (FoI) Officers are authorised to deal with requests for access to documents in the possession of the Department.

This authorisation does not extend to documents in the possession of the State Revenue Office (SRO) and any such requests should be sent directly to the SRO.

During 2014‑15, the Department received 64 FoI requests. Of those, 16 were from Members of Parliament, 22 were from media organisations and 26 were from members of the public.

## Timeliness

The Department made 36 FoI decisions during the 12 months ended 30 June 2015.

34 decisions (95 per cent) were made within the statutory 45 day time period, two decisions (5 per cent) were made within 46 to 90 days.

The average time taken to finalise requests in 2014‑15 was 35 days.

Information about other aspects of the Department’s FOI performance is available in the 2014‑15 FOI Annual Report, prepared by the Office of the Freedom of Information Commissioner.

Section 17 of the Act sets out the formal requirements for making a request. In summary, the requirements for making a request are that:

* it should be in writing;
* it should identify as clearly as possible what document is being requested; and
* it should be accompanied by an application fee.

Requests for documents in the possession of DTF should be addressed as follows:

Freedom of Information Officer

Department of Treasury and Finance

GPO Box 4379

Melbourne Vic 3001

## Access charges

In addition to the application fee, certain other charges such as search fees and photocopying charges might apply in relation to the provision of documents as stipulated in the Freedom of Information (Access Charges) Regulations 2014.

## Further information

Further information regarding the operation and scope of FOI can be obtained from:

* the Act;
* regulations made under the Act; and
* [foi.vic.gov.au](file:///C:\Documents%20and%20Settings\vic\Local%20Settings\Temp\notes7096E0\www.foi.vic.gov.au).

## Freedom of Information contact

Vivian Chung, Tel: (03) 9651 2115

Mark Hamilton‑Smith, Tel: (03) 9651 1413

Appendix 8 Application of the *Protected Disclosure Act 2012*

The following information is required in the Annual Report pursuant to section 70 of the *Protected Disclosure Act 2012* (the Act). The Act replaced the *Whistleblowers Protection Act 2001* on 10 February 2013.

## Message from the Secretary

The Department of Treasury and Finance is committed to the aims and objectives of the *Protected Disclosure Act 2012*. It does not tolerate improper conduct by its employees, officers or members. Nor does the department tolerate reprisals against those who come forward to disclose such conduct, and it is dedicated to protecting the welfare of such persons.

During 2014‑15, there were no disclosures made under the *Protected Disclosure Act 2012*.

The Department reports that in 2014‑15 it did not notify any disclosures to the Independent Broad‑based Anti‑corruption Commission under the *Protected Disclosure Act 2012*.

**David Martine  
Secretary**

## Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The Department does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Department will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

During 2014‑15, there were no disclosures made under the *Protected Disclosure Act 2012*.

## Reporting procedures

The Department’s procedures under Part 9 of the Act are available at [www.dtf.vic.gov.au](http://www.dtf.vic.gov.au). These procedures:

* set out the department’s procedures for handling such disclosures, including reporting them to the Independent Broadbased Anti‑corruption Commission under section 21(2) of the Act; and
* set out the Department’s procedures for protecting people who have made such disclosures from detrimental action in reprisal.

Alternatively, disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers may also be made directly to the Independent Broad‑based Anti‑corruption Commission:

Level 1, North Tower, 459 Collins Street   
Melbourne VIC 3000

Phone: 1300 735 135   
Internet: [ibac.vic.gov.au](file:///C:\Documents%20and%20Settings\vict3v8\Local%20Settings\Temp\notesD72EE2\www.ibac.vic.gov.au)  
Email: (see the website above for the secure email disclosure process, which also provides for anonymous disclosures)

Appendix 9 Compliance with the *Building Act 1993*

## Standards for publicly‑owned buildings

The Department employs an external service provider to manage the government‑owned office accommodation portfolio and provide facilities management to ensure compliance with standards for publicly‑owned buildings and provide essential safety measures reporting. Since April 2014, UGL Services Pty Ltd (DTZ) has provided these services.

The Shared Service Provider within DTF coordinates building projects through the engagement of registered building consultants and contractors and the conditions of engagement require compliance with the standards for publicly‑owned buildings.

At 30 June 2015, DTF was responsible for 18 Department‑owned office buildings.

## Mechanisms to ensure that buildings conform with the building standards

DTF complies with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments. An occupancy permit or a certificate of final inspection endorsed by a Registered Building Surveyor is obtained for all upgrades to existing facilities requiring a building permit.

DTF ensures that design consultants and building contractors engaged for building works are registered building practitioners and that registrations are maintained during the course of the work. Design consultants and building contractors are sourced from the government Construction Supplier Register maintained by DTF.

## Works projects (greater than $50 000)

|  |  |
| --- | --- |
| Treasury Reserve, East Melbourne | Treasury Reserve landscape upgrade |
| 1 Treasury Place, East Melbourne | Electrical distribution board upgrade |
| 1 Macarthur Street, East Melbourne | Electrical distribution board upgrade  Treasury Theatre refurbishment |
| 2 Treasury Place, East Melbourne | Repairs to damaged timber floors on ground floor and investigation of floors in other parts of the building |
| 41 St Andrews Place, East Melbourne | Lift replacement |
| 30–38 Little Malop Street, Geelong | Heating ventilation and air‑conditioning upgrade  Replacement of ceiling on level 4 and part of level 5 |

#### Major works (greater than $50 000) not subject to certification of plans, mandatory inspections of the works and issue of occupancy permits or certification of final inspection

All works are undertaken by registered building practitioners with certification that the work either complies with the existing occupancy permit, a revised permit, or a certificate of final inspection.

#### Mechanisms for inspection, reporting, scheduling and carrying out of rectification works on existing buildings

There are four main mechanisms established for inspecting, reporting, scheduling and performing rectification and maintenance works on the existing buildings.

1. Provision and management of maintenance service contracts for all owned buildings.
2. Six monthly property inspection reports, liaison with tenants and responses to identified issues.
3. Ensuring that there is an annual essential safety measures report for each building.
4. Commissioning independent formal condition, maintenance and compliance audits on buildings every five years (last conducted 2011‑12). SSP undertakes the five‑year independent condition audits of the owned portfolio.

DTZ manages the service maintenance contracts for the DTF‑owned government office buildings. They are responsible for:

* undertaking breakdown, preventative and cyclical maintenance (point 1 above);
* identifying and prioritising works required in consultation with DTF (point 1 above);
* managing rectification works (point 1 above);
* conducting regular inspections to ensure that works are performed to standard (point 2 above); and
* managing maintenance to support the issue of the annual essential safety measures reports (point 1 above).

Quality assurance, performance measures and governance are built into the contract with DTZ.

#### Number of buildings conforming with the building standards

18

#### Number of buildings that have been brought into conformity during the reporting period

Nil

#### Number of cases and circumstances where registered building practitioners became deregistered

Nil

Appendix 10 National Competition Policy – Reporting against competitive neutrality principles

Following a review of National Competition Policy in 2005, the Council of Australian Governments agreed to annual reporting against enhanced competitive neutrality principles for incorporated government business entities engaged in significant business activities in competition with the private sector. Reports against these principles are made annually through the Heads of Treasuries.

The Department continues to comply with the requirements of the National Competition Policy. Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost reflective. Competitive neutrality policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

In 2014‑15, the Victorian Competition and Efficiency Commission considered competitive neutrality complaints by individuals and businesses against government entities and reported to the Government on compliance with the policy. The Commission reports on competitive neutrality in its annual report. No competitive neutrality complaints were lodged with the Commission against business activities operated by the Department of Treasury and Finance.

Appendix 11 Implementation of the Victorian Industry Participation Policy

The Victorian Industry Participation Policy (VIPP) requires government departments and agencies to consider competitive local suppliers, including SMEs, when awarding contracts valued at:

* $1 million or more in regional Victoria; or
* $3 million or more in metropolitan Melbourne or for statewide activities.

Shortlisted bidders for eligible procurement activities must complete a VIPP Plan that has been certified by the Industry Capability Network (ICN) Victoria. The VIPP plan needs to include:

* the level of local content expected within the procurement activity;
* expected employment levels (new and retained jobs);
* expected training, skills development and technology transfer; and
* how the plan will be implemented.

Since 1 January 2013, VIPP includes the following requirements:

* focusing VIPP on government procurement activities that contain ‘contestable’ goods and services, where local suppliers are competing against international companies;
* ICN Victoria providing a list of the ‘contestable’ goods and services that are relevant to specific procurement activities;
* introducing an electronic VIPP plan with an enhanced assistance feature will be available to help businesses complete the VIPP process more accurately and efficiently; and
* implementing more robust monitoring and reporting requirements to demonstrate the local content outcomes achieved.

During 2014‑15, the Department and its agencies entered into 11 new arrangements to which the VIPP applied, with a total estimated value of $74.7 million. Three contracts provide statewide reach, with eight providing metropolitan coverage.

The estimated commitments by providers under VIPP include:

* retention of jobs, development of new job opportunities and increased apprenticeship offerings; and
* training and skills development of apprentices.

Three arrangements to which the VIPP applied were completed in 2014‑15 with a total value of about $14.8 million. These contracts provided both statewide and metropolitan coverage.

Appendix 12 Disclosure index

## Ministerial Directions

### Report of operations and appendices

|  |  |  |
| --- | --- | --- |
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| FRD 22F | Statement on National Competition Policy | 133 |
| FRD 22F | Application and operation of the *Protected Disclosure Act 2012* | 131 |
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| *Freedom of Information Act 1982* | | 130 |
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| *Carers Recognition Act 2012* | | n/a |
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Appendix 13 Legislation administered by DTF portfolios

There have been two changes to the General Order dated 17 March 2014 since the *2013‑14 Annual Report*, being the General Order dated 4 December 2014 and the General Order dated 1 January 2015. Substantive changes were made to the legislation administered by DTF’s portfolios by the General Order dated 4 December 2014, reflecting the change in government. However, the General Order dated 1 January 2015 made only one substantive change to legislation administered by DTF portfolios, being changes to administration of the *Transport Accident Act 1986* (Transport Accident Act) between the Minister for Finance and the Minister for Roads and Road Safety.

Prior to the General Order dated 1 January 2015 (and post General Order dated 4 December 2014) the Transport Accident Act was jointly and severally administered by the Minister for Finance and the Minister for Roads and Road Safety. Following the General Order dated 1 January 2015, the Minister for Finance administered the Transport Accident Act, except:

* Sections 11–14 in so far as they relate to road safety (in so far as they relate to those matters, these sections are jointly and severally administered with the Minister for Finance); and
* Sections 15–18, 25 and 29 (these sections are jointly administered with the Minister for Roads and Road Safety).

For reporting purposes, the legislation administered by DTF portfolios prior and post the General Order dated 4 December 2014 have been included in the 2014/2015 Annual Report (including the changes made to the administration of the Transport Accident Act by virtue of the General Order dated 1 January 2015).

Prior to 1 December 2014

#### Treasurer

*Accident Compensation Act 1985* –

* Division 7 of Part IV

(The Act is otherwise administered by the Assistant Treasurer and the Attorney‑General)

*Alcoa (Portland Aluminium Smelter) Act 1980*

Appropriation Acts (passed annually)

*Bank Integration Act 1992*

*Borrowing and Investment Powers Act 1987*

*Business Franchise (Petroleum Products) Act 1979*

*Commonwealth Places (Mirror Taxes Administration) Act 1999*

*Competition Policy Reform (Victoria) Act 1995*

*Congestion Levy Act 2005*

*Co‑operative Housing Societies Act 1958*

*Duties Act 2000*

*Educational Institutions (Guarantees) Act 1976*

*Electricity Industry (Residual Provisions) Act 1993*

*Financial Agreement Act 1994*

*Financial Management Act 1994* – except:

* Sections 1‑3 and 7 (these provisions are jointly administered with the Minister for Finance)
* Sections 5, 6, 8, 13‑16, 18‑23(1), 27A‑27C, 42‑54, 55‑59 and 62‑63

(these provisions are administered by the Minister for Finance)

* Sections 54A‑54P

(these provisions are administered by the Assistant Treasurer)

*Financial Sector Reform (Victoria) Act 1999*

*Fire Services Property Levy Act 2012*

*First Home Owner Grant Act 2000*

*Gambling Regulation Act 2003* –

* Section 3.4.33
* Section 4.3.12
* Division 1 of Part 3 of Chapter 10

(The Act is otherwise administered by the Minister for Liquor and Gaming Regulation and the Minister for Racing)

*Gas and Fuel Corporation (Heatane Gas) Act 1993*

*Gas Industry (Residual Provisions) Act 1994*

*Grain Handling and Storage Act 1995* – except:

* Part 3 (this Part is administered by the Minister for Agriculture and Food Security)

*Land Tax Act 2005*

*Loy Yang B Act 1992*

*Melbourne Cricket Club Act 1974*

*Monetary Units Act 2004*

*Mutual Recognition (Victoria) Act 1998*

*National Taxation Reform (Consequential Provisions) Act 2000*

*New Tax System Price Exploitation Code (Victoria) Act 1999*

*Occupational Licensing National Law Act 2010*

*Payroll Tax Act 2007*

*Planning and Environment Act 1987* –

* Part 9B, except in so far as it relates to the land along the Ninety Mile Beach that is shown either as ‘Areas within the Settlement Boundaries’ or ‘Areas outside the Settlement Boundaries’ on the plans forming part of the document entitled ‘Ninety Mile Beach Development and Subdivision Controls: The Honeysuckles to Paradise Beach’ and dated August 2007 (revised June 2009) that was incorporated into the Wellington Planning Scheme by Amendment C48 to the Wellington Planning Scheme, and revised by Amendment C61 to the Wellington Planning Scheme, whether or not that document remains incorporated into the Wellington Planning Scheme (except in so far as it relates to that land, this Part is jointly and severally administered with the Minister for Planning)
* Part 9B in so far as it relates to the land along the Ninety Mile Beach that is shown either as ‘Areas within the Settlement Boundaries’ or ‘Areas outside the Settlement Boundaries’ on the plans forming part of the document entitled ‘Ninety Mile Beach Development and Subdivision Controls: The Honeysuckles to Paradise Beach’ and dated August 2007 (revised June 2009) that was incorporated into the Wellington Planning Scheme by Amendment C48 to the Wellington Planning Scheme, and revised by Amendment C61 to the Wellington Planning Scheme, whether or not that document remains incorporated into the Wellington Planning Scheme (in so far as it relates to that land, this Part is jointly and severally administered with the Attorney‑General)

(The Act is otherwise administered by the   
Attorney‑General, the Minister responsible for the Aviation Industry and the Minister for Planning)

*Port Management Act 1995* –

* Sections 160, 171 and 173

(The Act is otherwise administered by the Minister for Finance and the Minister for Ports)

*Public Authorities (Dividends) Act 1983*

*Rural Finance Act 1988*

*Snowy Hydro Corporatisation Act 1997*

*State Bank (Succession of Commonwealth Bank) Act 1990*

*State Electricity Commission Act 1958* – except:

* Section 107 (this provision is administered by the Minister for Energy and Resources)

*State Owned Enterprises Act 1992* – except:

* Division 2 of Part 2 in so far as it relates to the Victorian Plantations Corporation (in so far as they relate to that matter, these provisions are administered by the Minister for Environment and Climate Change)
* Division 2 of Part 2 in so far as it relates to the Water Training Centre (in so far as they relate to that matter, these provisions are administered by the Minister for Water)
* Part 3 and Division 2 of Part 2 in so far as they relate to the Victorian Interpreting and Translating Service (in so far as they relate to that matter, these provisions are administered by the Minister for Multicultural Affairs and Citizenship)

*State Trustees (State Owned Company) Act 1994* – except:

* Part 4 (this Part is administered by the Minister for Community Services)

Supply Acts (passed annually)

*Taxation Administration Act 1997*

*Taxation (Interest on Overpayments) Act 1986*

*Trans‑Tasman Mutual Recognition (Victoria) Act 1998*

*Treasury Corporation of Victoria Act 1992*

*Trustee Companies Act 1984* –

* The Act is jointly administered with the   
  Attorney‑General

*Victorian Funds Management Corporation Act 1994*

*Workers Compensation Act 1958* –

* Division 8 of Part 1

(The Act is otherwise administered by the Assistant Treasurer)

*Young Farmers’ Finance Council Act 1979*

**Assistant Treasurer**

*Accident Compensation Act 1985* – except:

* Division 1 of Part III (this Division is administered by the Attorney‑General)
* Division 7 of Part IV (this Division is administered by the Treasurer)

*Accident Compensation (Occupational Health and Safety) Act 1996*

*Accident Compensation (WorkCover Insurance) Act 1993*

*Asbestos Diseases Compensation Act 2008*

*Casino Control Act 1991* –

* Section 128K(2)

(The Act is otherwise administered by the Minister for Liquor and Gaming Regulation and the Minister for Planning)

*Coal Mines (Pensions) Act 1958*

*Crown Land (Reserves) Act 1978* –

* In so far as it relates to the land shown as:
  + Crown Allotments 2A, 3 and 4 of Section 5, City of Melbourne, Parish of Melbourne North (Parish Plan No. 5514C) and known as the Treasury Reserve
  + Crown Allotments 4A and 4B on Certified Plan 111284 lodged with the Central Plan Office and to be known as the Old Treasury Building Reserve

(The Act is otherwise administered by the Minister for Corrections, the Minister for Environment and Climate Change, the Minister for Health, the Minister for Major Projects, the Minister for Ports and the Minister for Sport and Recreation)

*Dangerous Goods Act 1985*

*Equipment (Public Safety) Act 1994*

*Emergency Services Superannuation Act 1986*

*Financial Management Act 1994* –

* Sections 54A‑54P

(The Act is otherwise administered by the Minister for Finance and the Treasurer)

*Government Superannuation Act 1999*

*Housing Act 1983* –

* Part 8
* Schedules 7 and 8
* Sections 143(1), 143(2)(d), 143(2)(e), 143(2)(f), 143(2)(i) and 143(3) (these provisions are jointly and severally administered with the Minister for Housing)

(The Act is otherwise administered by the Minister for Housing)

*Land Act 1958* –

* In so far as it relates to the exercise of powers relating to leases and licences under Subdivisions 1 and 2 of Division 9 of Part I   
  in respect of:
  + land in the Melbourne Casino area within the meaning of Part 9A of the *Casino Control Act 1991*
  + Crown land coloured brown on Plans numbered LEGL./93‑211, LEGL./93‑212, LEGL./93‑213, LEGL./93‑214 and LEGL./93‑215 lodged in the Central Plan Office
  + land shown as Crown Allotment 32E, section 7 on Certified Plan No. 108871 lodged in the Central Plan Office
  + land shown as Crown Allotment 4A, section 1A on Certified Plan No. 75050 lodged in the Central Plan Office
  + land shown as Crown Allotment 4D, section 1A on Certified Plan No. 112128 lodged in the Central Plan Office
  + the area of 3643 square metres of land in the city of Port Melbourne shown on Plan LEGL./96‑216 lodged in the Central Plan Office
  + land shown as Crown Allotment 4, section 1A on Certified Plan No. 109991 lodged in the Central Plan Office
* Division 6 of Part I, Subdivision 3 of Division 9 of Part I, section 209, and the remainder of the Act where it relates to the sale and alienation of Crown Lands as set out in Administrative Arrangements Order No. 58
* Sections 201, 201A and 399 except in so far as they relate to the land described as Crown Allotment 16 of Section 5, At Elwood, Parish of Prahran being the site of the former Elwood Police Station (except in so far as they relate to that land, these provisions are jointly administered with the Minister for Environment and Climate Change)
* Sections 201, 201A and 399 in so far as they relate to the land described as Crown Allotment 16 of Section 5, At Elwood, Parish of Prahran being the site of the former Elwood Police Station (in so far as they relate to that land, these provisions are jointly administered with the Attorney‑General)

(The Act is otherwise administered by the Attorney‑General, the Minister for Corrections, the Minister for Environment and Climate Change, the Minister for Health, the Minister for Ports and the Minister for Roads)

*Occupational Health and Safety Act 2004*

*Parliamentary Contributory Superannuation Act 1962*

*Parliamentary Salaries and Superannuation Act 1968* –

* Section 8A
* Section 8B
* Part 3

(The Act is otherwise administered by the Premier)

*Police Regulation Act 1958* –

* Part III

(The Act is otherwise administered by the Minister for Police and Emergency Services)

*State Employees Retirement Benefits Act 1979*

*State Superannuation Act 1988*

*Superannuation (Portability) Act 1989*

*The Constitution Act Amendment Act 1958*

*Transport Accident Act 1986*

*Transport Superannuation Act 1988*

*Workers Compensation Act 1958* – except:

* Division 8 of Part 1 (this Division is administered by the Treasurer)

Post 1 December 2014

#### Treasurer

*Alcoa (Portland Aluminium Smelter) Act 1980*

Appropriation Acts (passed annually)

*Bank Integration Act 1992*

*Borrowing and Investment Powers Act 1987*

*Business Franchise (Petroleum Products) Act 1979*

*Commonwealth Places (Mirror Taxes Administration) Act 1999*

*Competition Policy Reform (Victoria) Act 1995*

*Congestion Levy Act 2005*

*Co‑operative Housing Societies Act 1958*

*Duties Act 2000*

*Educational Institutions (Guarantees) Act 1976*

*Electricity Industry (Residual Provisions) Act 1993*

*Financial Agreement Act 1994*

*Financial Management Act 1994* – except:

* Sections 1–3 and 7 (these provisions are jointly administered with the Minister for Finance)
* Sections 5, 6, 8, 13–16, 18–23(1) and 27A–27C; Part 7; Part 7A; Part 7B; Part 8; and sections 62–63

(these provisions are administered by the Minister for Finance)

*Financial Sector Reform (Victoria) Act 1999*

*Fire Services Property Levy Act 2012*

*First Home Owner Grant Act 2000*

*Gambling Regulation Act 2003 –*

* Section 3.4.33
* Section 4.3.12
* Division 1 of Part 3 of Chapter 10

(The Act is otherwise administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation and the Minister for Racing)

*Gas and Fuel Corporation (Heatane Gas) Act 1993*

*Gas Industry (Residual Provisions) Act 1994*

*Grain Handling and Storage Act 1995* – except:

* Part 3 (this Part is administered by the Minister for Agriculture)

*Land Tax Act 2005*

*Loy Yang B Act 1992*

*Melbourne Cricket Club Act 1974*

*Monetary Units Act 2004*

*Mutual Recognition (Victoria) Act 1998*

*National Taxation Reform (Consequential Provisions) Act 2000*

*New Tax System Price Exploitation Code (Victoria) Act 1999*

*Occupational Licensing National Law Act 2010*

*Occupational Licensing National Law (Victoria)*

*Payroll Tax Act 2007*

*Planning and Environment Act 1987* –

* Part 9B (this Part is jointly and severally administered with the Minister for Planning)

(The Act is otherwise administered by the Minister for Planning)

*Port Management Act 1995* –

* Sections 160, 171 and 173

(The Act is otherwise administered by the Minister for Finance and the Minister for Ports)

*Public Authorities (Dividends) Act 1983*

*Rural Finance Act 1988*

*Snowy Hydro Corporatisation Act 1997*

*State Bank (Succession of Commonwealth Bank) Act 1990*

*State Electricity Commission Act 1958* – except:

* Section 107 (this section is administered by the Minister for Energy and Resources)

*State Owned Enterprises Act 1992* – except:

* Division 2 of Part 2 in so far as it relates to the Victorian Competition and Efficiency Commission (in so far as they relate to that matter, these provisions are administered by the Premier)
* Division 2 of Part 2 in so far as it relates to the CenITex (in so far as they relate to that matter, these provisions are administered by the Minister for Finance)
* Division 2 of Part 2 in so far as it relates to the Victorian Plantations Corporation (in so far as they relate to that matter, these provisions are administered by the Minister for Environment, Climate Change and Water)
* Division 2 of Part 2 in so far as it relates to the Water Training Centre (in so far as they relate to that matter, these provisions are administered by the Minister for Environment, Climate Change and Water)
* Division 2 of Part 2, and Part 3, in so far as they relate to the Victorian Interpreting and Translating Service (in so far as they relate to that matter, these provisions are administered by the Minister for Multicultural Affairs)

*State Trustees (State Owned Company) Act 1994* – except:

* Part 4 (this Part is administered by the Minister for Families and Children)

*Supply Acts* (passed annually)

*Taxation Administration Act 1997*

*Taxation (Interest on Overpayments) Act 1986*

*Trans‑Tasman Mutual Recognition (Victoria) Act 1998*

*Treasury Corporation of Victoria Act 1992*

*Trustee Companies Act 1984* –

* The Act is jointly administered with the Attorney‑General

*Victorian Funds Management Corporation Act 1994*

*Workers Compensation Act 1958* –

* Division 8 of Part 1

(The Act is otherwise administered by the Minister for Finance)

*Young Farmers’ Finance Council Act 1979*

#### Minister for Finance

*Accident Compensation Act 1985*

*Accident Compensation (Occupational Health and Safety) Act 1996*

*Asbestos Diseases Compensation Act 2008*

*Casino Control Act 1991* –

* Section 128K(2)

(The Act is otherwise administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation and the Minister for Planning)

*Coal Mines (Pensions) Act 1958*

*Crown Land (Reserves) Act 1978* –

* In so far as it relates to the land shown as:
  + Crown Allotments 2A, 3 and 4 of Section 5, City of Melbourne, Parish of Melbourne North (Parish Plan No. 5514C) and known as the Treasury Reserve
  + Crown Allotments 4A and 4B on Certified Plan 111284 lodged with the Central Plan Office and to be known as the Old Treasury Building Reserve

(The Act is otherwise administered by the Minister for Corrections, the Minister for Environment, Climate Change and Water, the Minister for Ports, the Minister for Health, the Minister for Tourism and Major Events and the Premier)

*Dangerous Goods Act 1985*

*Equipment (Public Safety) Act 1994*

*Emergency Services Superannuation Act 1986*

*Essential Services Commission Act 2001*

*Financial Management Act 1994* –

* Sections 5, 6, 8, 13–16, 18–23(1) and 27A–27C; Part 7; Part 7A; Part 7B; Part 8; and sections 62–63
* Sections 1‑3 and 7 (these provisions are jointly administered with the Treasurer)

(The Act is otherwise administered by the Treasurer)

*Government Superannuation Act 1999*

*House Contracts Guarantee Act 1987*

*Housing Act 1983* –

* Part 8
* Schedules 7 and 8
* Sections 143(1), 143(2)(d), 143(2)(e), 143(2)(f), 143(2)(i) and 143(3) (these provisions are jointly and severally administered with the Minister for Housing, Disability and Ageing)

(The Act is otherwise administered by the Minister for Housing, Disability and Ageing)

*Land Act 1958* –

* In so far as it relates to the exercise of powers relating to leases and licences under Subdivisions 1 and 2 of Division 9 of Part I in respect of:
  + land in the Melbourne Casino area within the meaning of Part 9A of the *Casino Control Act 1991*
  + Crown land coloured brown on Plans numbered LEGL./93‑211, LEGL./93‑ 212, LEGL./93‑213, LEGL./93‑214 and LEGL./93‑215 lodged in the Central Plan Office
  + land shown as Crown Allotment 32E, section 7 on Certified Plan No. 108871 lodged in the Central Plan Office
  + land shown as Crown Allotment 4A, section 1A on Certified Plan No. 75050 lodged in the Central Plan Office
  + land shown as Crown Allotment 4D, section 1A on Certified Plan No. 112128 lodged in the Central Plan Office
  + The area of 3643 square metres of land in the city of Port Melbourne as shown on Plan LEGL./96‑216 lodged in the Central Plan Office
  + land shown as Crown Allotment 4, section 1A on Certified Plan No. 109991 lodged in the Central Plan Office
* Division 6 of Part I, Subdivision 3 of Division 9 of Part I, section 209, and the remainder of the Act where it relates to the sale and alienation of Crown Lands as set out in Administrative Arrangements Order No. 58
* Sections 201, 201A and 399 except in so far as they relate to the land described as Crown Allotment 16 of Section 5, at Elwood, Parish of Prahran being the site of the former Elwood Police Station (except in so far as they relate to that land, these provisions are jointly administered with the Minister for Environment, Climate Change and Water)
* Sections 201, 201A and 399 in so far as they relate to the land described as Crown Allotment 16 of Section 5, at Elwood, Parish of Prahran being the site of the former Elwood Police Station (in so far as they relate to that land, these provisions are jointly administered with the Attorney‑General)

(The Act is otherwise administered by the Attorney‑General, the Minister for Corrections, the Minister for Environment, Climate Change and Water, the Minister for Health, the Minister for Ports and the Minister for Roads and Road Safety)

*Occupational Health and Safety Act 2004*

Parliamentary Salaries and Superannuation Act 1968 –

* Part 3

(The Act is otherwise administered by the Special Minister of State)

*Petroleum Products Subsidy Act 1965*

*Police Regulation (Pensions) Act 1958* –

* Part III

(The Act is otherwise administered by the Minister for Police)

*Port Management Act 1995* –

* Sections 63A‑63J

(The Act is otherwise administered by the Minister for Ports and the Treasurer)

*Project Development and Construction Management Act 1994* –

* Part 4

(The Act is otherwise administered by the Minister for Planning, the Minister for Employment and the Premier)

*State Employees Retirement Benefits Act 1979*

*State Owned Enterprises Act 1992* –

* Division 2 of Part 2 in so far as it relates to the CenITex

(The Act is otherwise administered by the Premier, the Treasurer, the Minister for Environment, Climate Change and Water and the Minister for Multicultural Affairs)

*State Superannuation Act 1988*

*Superannuation (Portability) Act 1989*

*Transport Accident Act 1986* – except

* Sections 11‑14 in so far as they relate to road safety (in so far as they relate to those matters, these sections are jointly and severally administered with the Minister for Finance)
* Sections 15‑18, 25 and 29 (these sections are jointly administered with the Minister for Roads and Road Safety)

Note – the changes to administration of the *Transport Accident Act 1986* (Transport Accident Act) came into effect on 1 January 2015 by General Order as set out above. From the General Order dated 17 March 2014 to the General Order dated 1 January 2015, the Transport Accident Act was jointly and severally administered by the Minister for Finance and the Minister for Roads and Road Safety.

*Transport Superannuation Act 1988*

*Unclaimed Money Act 2008*

*Victorian Managed Insurance Authority Act 1996*

*Workers Compensation Act 1958* – except:

* Division 8 of Part 1 (this Division is administered by the Treasurer)

*Workplace Injury Rehabilitation and Compensation Act 2013* – except:

* Division 1 of Part 6 (this Division is administered by the Attorney‑General)

Appendix 14 Information available on request

Financial Reporting Direction 22F provides for the information listed below to be retained by the Accountable Officer and to be made available on request subject to the provisions of the *Freedom of Information Act 1982*.

Information available on request:

* a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
* details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
* details of publications produced by the entity about the entity, and how these can be obtained;
* details of changes in prices, fees, charges, rates and levies charged by the entity;
* details of any major external reviews carried out on the entity;
* details of major research and development activities undertaken by the entity;
* details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
* details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
* details of assessments and measures undertaken to improve the occupational health and safety of employees;
* a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
* a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
* details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed to for each engagement.

To ensure the Department is meeting its accountability and compliance requirements some of the additional information has been included in this annual report where relevant.

This additional information is available on the Department’s website [dtf.vic.gov.au](http://www.dtf.vic.gov.au/) under Publications, Annual Reports.

Alternatively, you may request the information in hardcopy by telephoning (03) 9651 0909 or by writing to:

Director  
Corporate Delivery Services  
Department of Treasury and Finance  
GPO Box 4379  
Melbourne, Victoria, 3001

Or by email to:

[information@dtf.vic.gov.au](mailto:information@dtf.vic.gov.au) for the attention of the Director, Corporate Delivery Services.

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1. The Workplace Relations function and its performance measures transferred to the Department of Economic Development, Jobs, Transport and Resources due to machinery of government changes effective 1 January 2015. [↑](#footnote-ref-1)
2. On 18 January 2015, the Victorian Government announced the abolition of the Construction Code Compliance Unit. [↑](#footnote-ref-2)