



Department of **Treasury and Finance**

Annual Report 2017 | 18



Treasury
and Finance

The Secretary
Department of Treasury and Finance
1 Treasury Place
Melbourne Victoria 3002
Australia

Telephone: +61 3 9651 5111
Facsimile: +61 3 9651 2062
Website: dtf.vic.gov.au

Authorised by the Victorian Government
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Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Treasury and Finance Annual Report for the year ending 30 June 2018.



David Martine
Secretary

17 September 2018

About DTF

Our vision

Excellence in financial and economic management – for a better Victoria.

Our purpose

We strive for excellence in financial and economic management to improve the lives of all Victorians. We value our people and motivate them to lead, influence, collaborate and innovate.

DTF's role and objectives

The Department of Treasury and Finance (DTF) provides leadership in economic, financial and resource management to help the Victorian Government deliver its policies, and supports the ministerial portfolios of the Treasurer and the Minister for Finance.

This includes:

- supporting the Government in responsible budget and financial management;
- giving 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 to:

- optimise Victoria's fiscal resources;
- strengthen Victoria's economic performance;
- improve how Government manages its balance sheet, commercial activities and public sector 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 our services, and the way in which they are delivered to ensure 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 with oversight of government revenue and expenditure, including:

- 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;
- overseeing the economic policy and economic strategy of the Government;
- driving 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;
- administering the Market-led Proposals Guideline, which provides the State with the means to access new and innovative ideas from the private sector;
- 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.

The Treasurer is also Minister for Resources.

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 and Medical Panels;
- overseeing the Victorian Asbestos Eradication Agency;
- 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 State schemes, including oversight of the Emergency Services Superannuation Scheme;
- the Victorian Government's motor vehicle fleet;
- whole of Victorian government landholding policy and coordination of government land sales;
- whole of Victorian Government accommodation planning and policies through the Shared Service Provider;
- the Essential Services Commission, the independent economic regulator of the State's essential services; and
- the Registrar of Housing Agencies, who regulates 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, DTF

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, particularly in the Commonwealth Treasury and the Department of Finance and Deregulation.

David has extensive budget, finance, policy and organisational leadership experience, and has briefed governments on wide ranging and complex policy issues.

Amy Auster

Deputy Secretary, Economic Division

Amy commenced as Deputy Secretary, Economic in September 2016. Amy is responsible for the provision of high level economic and policy advice to Government on productivity, taxation and regulation, along with social, environmental and development issues.

Prior to joining DTF, Amy served as Executive Director of Monash University's Australian Centre for Financial Studies and was a member of the Monash Business School faculty executive. Previously, she spent nearly 20 years working in the financial services industry including at ANZ Banking Group as Head of International Economics, Head of FX Strategy and Global Head of Client Engagement and at global investment banks including JPMorgan and Merrill Lynch in New York.

Simon Hollingsworth

Deputy Secretary, Budget and Finance Division

Simon was appointed Deputy Secretary, Budget and Finance in October 2016. He is responsible for providing advice on the State's fiscal resources, financial management and consolidated reporting, and providing financial advice on public sector workplace agreements. Prior to joining DTF, he was CEO of the Australian Sports Commission.

Previously, Simon worked with the Victorian Department of Premier and Cabinet in various leadership roles within the Policy and Cabinet Group. This included a secondment to work for the United Kingdom Government's Department for Education and Skills in London. Prior to joining government, Simon worked at The Boston Consulting Group and MinterEllison.

Gayle Porthouse

Deputy Secretary, Corporate and Government Services Division

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 has more than 30 years' experience in the public service across several government departments, including the Department of Premier and Cabinet.

David Webster

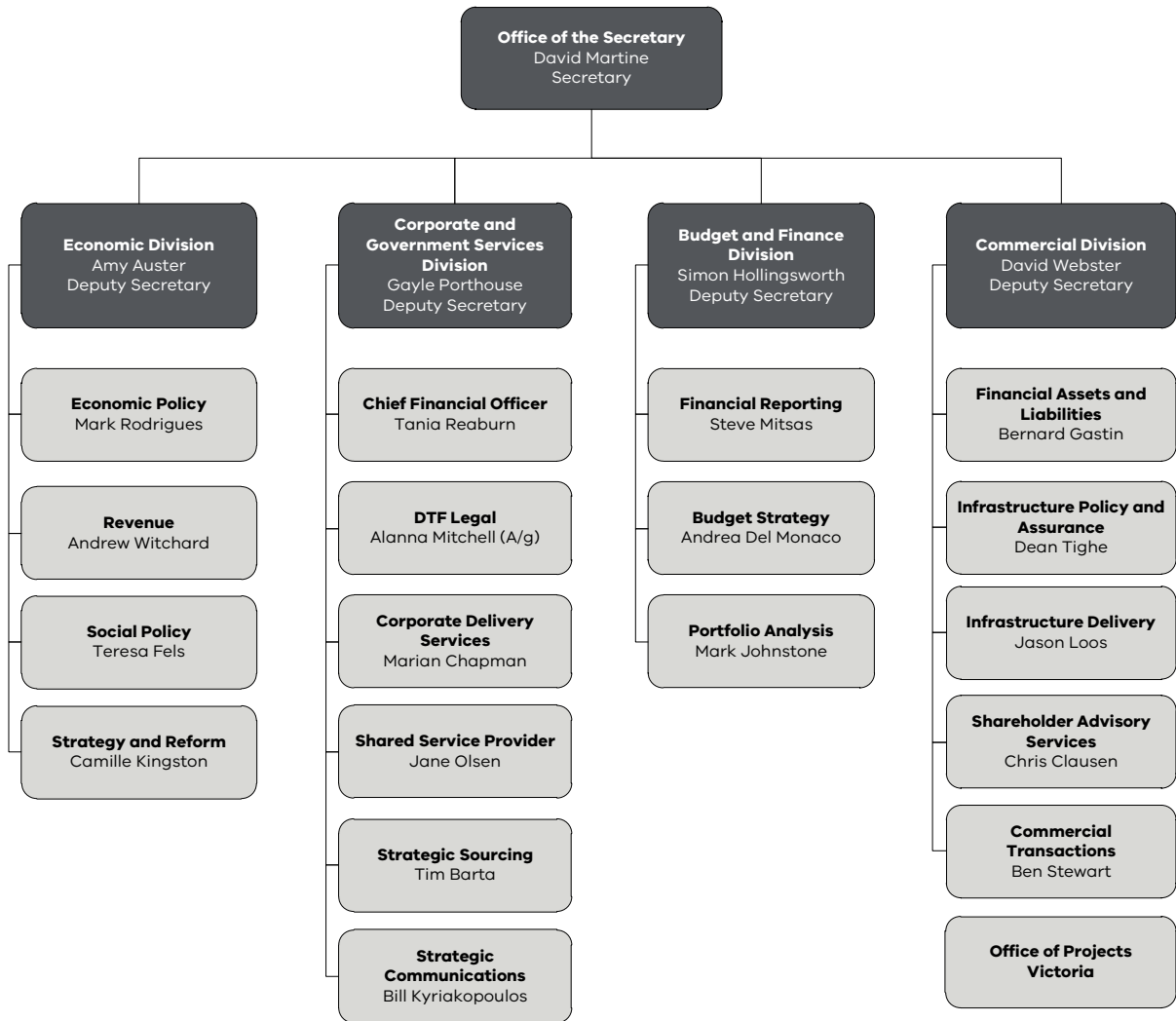
Deputy Secretary, Commercial Division

David is responsible for providing high level commercial, financial and risk management advice to the Government, including a focus on major commercial transactions, 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 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.

Organisational chart, 30 June 2018



Included within the DTF portfolio are:

- Accident Compensation Conciliation Service
- Cenitex
- Commissioner for Better Regulation and Red Tape
- Emergency Services and State Super
- Essential Services Commission
- Old Treasury Building Committee of Management
- Registrar of Housing Agencies
- State Electricity Commission of Victoria
- State Revenue Office
- State Trustees Limited
- Transport Accident Commission
- Treasury Corporation of Victoria
- Victorian Funds Management Corporation
- Victorian Government Purchasing Board
- Victorian Managed Insurance Authority
- Victorian WorkCover Authority (WorkSafe Victoria)

Functions and services

The Office of the Secretary and four divisions, as outlined below, carried out the functions and services of DTF during 2017-18.

Office of the Secretary

The Office of the Secretary supports the Secretary.

Economic Division

Economic Policy

Advises on macroeconomic conditions and policy; energy, resources and environmental policy; and regulation, planning and local government reform.

Revenue

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

Social Policy

Provides analysis and policy advice on outcome-based funding, health and human services, housing, demand forecasting, insurance (including WorkSafe and TAC), and whole of government occupational health and safety.

Strategy and Reform

Provides rigorous analysis and policy advice on Victoria's economic strategy relating to whole of Victorian government risk, education and justice, and transport and industry transition. The group also focuses on the regulation and delivery of the National Disability Insurance Scheme.

Corporate and Government Services Division

Corporate Finance

Provides corporate financial services to DTF and DPC and their agencies, including statutory and external reporting, management reporting, budgeting, asset management and management of various trusts.

Legal Services

Provides advice on legal issues affecting the Department, and assists with preparing legislation across the Department.

Corporate Delivery Services

Provides corporate services to the Department, including planning and executive services, human resources, and information and technology services.

Shared Service Provider

Delivers strategic, efficient, relevant and effective accommodation management, car pool and library services to Victorian Government departments and agencies.

Strategic Sourcing

Provides whole of government procurement, policy and strategic sourcing solutions; procurement policy leadership through the Secretariat of the Victorian Government Purchasing Board; and management of the Standard Motor Vehicle policy, VicFleet operations and the finance lease facility for government departments and agencies.

Strategic Communications

Provides issues management and strategic communications advice and services to effectively plan and implement projects and programs.

Budget and Finance Division

Financial Reporting

Responsible for delivering financial advice and transparent whole of government financial publications to positively influence the management of the State's financial resources.

Budget Strategy

Provides advice on the State's budget outlook and fiscal strategy, its financial and resource management frameworks and public sector wages policy.

Portfolio Analysis

Provides advice on resource allocation across portfolios, financial risk and government service performance; and promotes sound financial management of the State's fiscal resources throughout the Victorian public sector.

Commercial Division

Financial Assets and Liabilities

Advises and reports on the State's financial assets and liabilities and associated financial risks, including the State's investments, debts, superannuation and insurance claims liabilities. The group also includes the Housing Registrar unit, which regulates the not for profit, non-government housing sector.

Infrastructure Policy and Assurance

Infrastructure Policy and Assurance provides advice to Government on complex and high value infrastructure projects, including advising on business cases and policy alignment. The branch also develops infrastructure policy and assurance frameworks, including the Gateway Review Process, whole of government asset management and construction procurement policy.

Infrastructure Delivery

Provides commercial, financial and risk management advice to government and guidance to departments regarding Partnerships Victoria projects and other complex procurements. Implements the Market-led Proposals Guideline to facilitate new and innovative private sector initiatives.

Shareholder Advisory Services

Provides governance oversight of Government business enterprises (GBEs) and advice to government, departments and agencies relating to GBEs' strategic direction and performance, significant capital expenditure proposals, dividends and capital repatriations. Also advises Government on whole of government land management reform, coordination of government land sales and office accommodation for the public service, and management of the Greener Government Buildings program.

Commercial Transactions

Provides commercial and strategic advice on complex non-infrastructure transactions on behalf of the Government.

Office of Projects Victoria

The Office of Projects Victoria (OPV) is an administrative office of DTF that improves government project development and implementation. The OPV is responsible for monitoring the delivery of all major infrastructure projects; providing technical, scope and cost advice; and building capability and skills in project development and delivery across government.

DTF also supports the following portfolio agencies:

- Accident Compensation Conciliation Service
- Cenitex
- Commissioner for Better Regulation and Red Tape
- Emergency Services and State Super
- Essential Services Commission
- Medical Panels Victoria
- Old Treasury Building Committee of Management
- Registrar of Housing Agencies
- State Electricity Commission of Victoria
- State Revenue Office
- State Trustees Limited
- Transport Accident Commission
- Treasury Corporation of Victoria
- Victorian Funds Management Corporation
- Victorian Government Purchasing Board
- Victorian Managed Insurance Authority
- Victorian WorkCover Authority (WorkSafe Victoria)

Governance of DTF

The overarching governance body for the Department is the Treasury and Finance Board.

The Board's membership includes the Departmental Secretary and Deputy Secretaries.

The Board's primary function is 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 also provides high level monitoring and oversight of the Department's people management and organisational strategies.

The Board met 10 times in 2017-18.

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

- **Knowledge Management:** supports organisational objectives by making optimal use of knowledge. It involves the design, implementation and review of capability, processes and systems to improve the creating, sharing and application of knowledge.
- **People Committee:** provides leadership to the Department and advises the Board on organisational culture, people, capability and communication issues and progresses initiatives defined within the People and Culture Strategy.
- **Remuneration Committee:** reviews and approves all recruitment as well as related remuneration activities.

DTF Audit and Risk Committee membership and roles

The Audit and Risk Committee comprised the following members as at 30 June 2018.

- Kathy Grigg – Chair (external)
- Jan West (external)
- Stefano Giorgini (external)
- Gayle Porthouse
- Steve Mitsas

The main responsibilities of the audit committee are to:

- assist the Secretary in reviewing the effectiveness of the Department's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors;
- maintain effective communication with external auditors;
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised; and
- oversee the effective operation of the risk management framework.

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

Report of operations

Secretary's foreword

I am pleased to present the 2017-18 Annual Report for the Department of Treasury and Finance (DTF), which outlines the Department's key achievements over the past year and its progress in supporting delivery of both the Government's policy commitments and the Department's core functions.

I am particularly proud of the Department's leadership and collaboration across government to develop and implement innovative and effective policy reforms in the key areas of social policy, state taxation and financial management. The Department also continued its central role in providing high-quality advice on the Government's major transport infrastructure program.

The Department's major achievements for 2017-18 included:

- producing key financial and economic publications for the State, including the *2018-19 Budget*, the *2016-17 Financial Report* and *2017-18 Budget Update*;
- leading the sale of the State's shareholding in Snowy Hydro Limited;
- continuing to progress development of a point of consumption tax to apply to all wagering and betting in the State;
- introducing Victoria's first Social Impact Bonds Pilot program;
- preparing the *State Taxation Acts Further Amendment Act 2017* and the *State Taxation Acts Amendment Act 2018*;
- contributing to the development of initiatives to support the Government's energy policy commitments, including supporting the implementation of the first Victorian Renewable Energy Target auction;
- providing advice to the Government on continuing negotiations with the Commonwealth on new National Partnership Agreements, including Gonski 2.0, the National Housing and Homelessness Agreement, National Health Reform Agreement, and the Skilling Australian Fund;
- producing the first edition of *Victoria's Economic Bulletin*, a bi-annual publication;
- implementing reforms to streamline and improve the procurement of public construction in Victoria;
- developing initiatives to support the Government's *Homes for Victorians* housing strategy;

- implementing the *HomesVic* pilot scheme;
- leading industry consultation in the development of the Engineers Registration Bill 2018, which includes the introduction of a mandatory, statutory registration scheme for engineers;
- preparing the Financial Management and Constitution Act Amendment Bill 2017 to strengthen public sector accountability and update Victoria's key public sector finance legislation;
- continuing to support the Government to maintain disciplined financial management and the State's triple-A credit rating;
- implementing a monitoring and reporting scheme to support the Government's 25 per cent red tape reduction target;
- introducing a Social Procurement Framework for government buyers and suppliers, in partnership with the Department of Economic Development, Jobs, Transport and Resources;
- producing standard form project deeds to be used as the basis for all future public private partnership (PPP) infrastructure projects; and
- releasing an updated Market-led Proposals Guideline to improve the efficient progress of high-quality proposals.

Future challenges

In 2018-19, the priorities outlined in the Department's *2018-2022 Corporate Plan* will continue to drive our agenda, focusing on a comprehensive program of economic, financial and commercial reforms, and the delivery of quality, value-for-money services for the Government. The Department will continue to be effective in meeting its commitments, supported by the ongoing implementation of an ICT strategy that will support an agile and adaptable workforce.

Significant projects for 2018-19 include:

- delivering the 2019-20 Budget and the Pre-Election Budget Update;
- finalising the commercialisation of land titles and registry functions of Land Use Victoria;
- providing advice to the Government on the Commonwealth Grants Commission 2020 methodology review, and the Commonwealth's response to the Productivity Commission's Review of Horizontal Fiscal Equalisation;
- continuing to provide economic, financial and resource management advice to help the Victorian Government deliver its commitments;

- collaborating across government on expiring and new National Partnership agreements, including the renegotiation of the National Health Reform Agreement;
- supporting the implementation of new accounting standards;
- going to market for partners to develop two Partnerships Addressing Disadvantage;
- supporting implementation of the National Disability Insurance Scheme;
- continuing to expand and improve on the application of new and innovative PPP models, including through the next phase of the arterial roads maintenance PPP Suburban Roads Upgrade program;
- overseeing the commercial structuring of PPP projects, including North East Link, and implementing stages 1 and 2 of the Market-led Proposals Guideline;
- continuing to work towards meeting government land sales targets;
- overseeing the implementation of the Victorian Social Housing Growth Fund and the Building the Financial Capacity of Housing Associations initiatives;
- leading a review of whole of government accommodation standards; and
- continuing to progress whole of government procurement reform, including the development and implementation of the Government's Buying for Victoria initiative.

Our people

In 2017-18, the Department commenced a significant technology upgrade to support a smarter, more flexible working environment. The Department's ICT strategy provides for the roll out of a suite of tools that will also ensure the security of our data and information, and enhance our records management systems.

The Department continued to deliver on key aspects of its 2017 People Matter Survey Action Plan, which outlines key objectives focused on flexible working, diversity and inclusion, gender equality, wellbeing in the workplace and developing leadership capability at all levels of the organisation. The Department's innovative Senior Executive Group champion model has been recognised across government as an effective way to inspire whole of department engagement and support delivery of the Department's people and culture priorities.

The Department supports all its staff to realise their potential throughout their career cycle, with a broad range of career planning workshops, cadetships, internships, job transfer and graduate programs offered at all levels of the organisation. These programs further enhance the Department's commitment to develop an agile and adaptive workforce.

The Department also continued to offer a comprehensive suite of training programs and workshops to all staff that support and celebrate a diverse and inclusive workforce. Regular workshops held throughout the year continue to be well subscribed and include Aboriginal cultural awareness training, disability awareness, LGBTI awareness, effective management of bullying and harassment, and respectful relationships.

The Department complemented its mental health and wellbeing charter with the implementation of an innovative Safe Space program, and a range of services including mental health first aid training, compulsory mental health and wellbeing training for people managers, and an extended suite of employee assistance services.

In 2018-19, the Department will implement its 2018-22 People Strategy, which will build on our development of leadership capability with the introduction of a tailored learning and development program for all people leaders across the Department. A new capability framework will also be developed, providing a strategic overview of the Department's current and future resourcing needs. The strategy will position the Department to attract a highly capable and diverse workforce, and support staff in their career development.

I extend my thanks to all staff for their contribution to the Department's achievements over the past year. Their efforts reflect a commitment to upholding the Victorian public sector's values and their dedication to fulfilling the Department's purpose to improve the lives of all Victorians.



David Martine
Secretary

2017-18 performance

DTF continues to perform strongly in the delivery of its core business objectives, as a provider of advice and services to Government. DTF also performed well in meeting its outputs as specified in the State's 2017-18 Budget Paper No. 3. *Service Delivery*. Of the Department's 53 quantity, quality and timeliness output performance targets, that are available, 88 per cent were met or exceeded.

Departmental objectives, indicators and outputs

The Department's objectives, associated indicators, and linked outputs as set out in the 2017-18 Budget Paper No. 3 *Service Delivery* are shown below.

Departmental objective	Indicators	Outputs
<p>Optimise Victoria's fiscal resources</p> <p>This objective provides analysis and advice to Government on the management of Victoria's fiscal resources to support decision-making and reporting for the benefit of all Victorians.</p> <p>The Department leads the development of financial policy advice to Government and the Victorian public sector through detailed analysis of key policy priorities including resource allocation, financial risk and government service performance, financial reporting frameworks, and the State's budget position to inform and support the publication of key whole-of-state financial reports.</p>	<p>A net operating surplus consistent with maintaining general government net debt at a sustainable level</p> <p>General government net debt as a percentage of gross state product (GSP) to be maintained at a sustainable level</p> <p>Agency compliance with the Standing Directions under the <i>Financial Management Act 1994</i></p> <p>Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources</p>	<p>Budget and Financial Advice</p> <p>Revenue Management and Administrative Services to Government</p>
<p>Strengthen Victoria's economic performance</p> <p>This objective delivers advice on economic policy, forecasts, legislation and frameworks. It also supports Government by administering economic regulation of utilities and other specified markets in Victoria to protect the long-term interests of Victorian consumers with regard to price, quality, efficiency and reliability of essential services.</p> <p>The Department leads the development of advice to Government on key economic and financial strategies including regulatory reform, Government tax policy and intergovernmental financial relations to drive improvements in Victoria's productive and efficient resource allocation, competitiveness and equity across the Victorian economy.</p>	<p>Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change)</p> <p>Total Victorian employment to grow each year (annual percentage change)</p> <p>Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes</p>	<p>Economic and Policy Advice</p> <p>Economic Regulatory Services</p>

Departmental objective

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure

This objective delivers Government policies focused on overseeing the State's balance sheet, major infrastructure and government business enterprises by the delivery and application of prudent financial and commercial principles and practices.

The Department leads the development of strategic commercial and financial advice to Government to support key decisions regarding the State's financial assets and liabilities and infrastructure investment to drive improvement in public sector commercial and asset management and the delivery of infrastructure for the State of Victoria.

Deliver efficient whole of government common services

This objective delivers whole of government common services through working with business partners.

The Department leads the delivery of integrated and client-centred whole of government services, policies and initiatives to achieve value for the Victorian public sector. Areas include procurement, fleet and accommodation.

Indicators

Percentage of Government projects completed within agreed budgets, timeframes and scope or evidenced by timely and appropriate remedial actions where necessary

Government business enterprises performing against agreed financial and non-financial indicators

Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure

Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs

Low vacancy rates for government office accommodation maintained

High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients

Outputs

Commercial and Infrastructure Advice

Services to Government

Changes to the Department during 2017-18

Objectives

Changes to outputs are reflected in the table below.

2017-18 departmental objective	2016-17 departmental objective	Reason for change
Optimise Victoria's fiscal resources	Sound financial management of Victoria's fiscal resources	This objective has been updated to be more clearly outcomes focused and aligned with Government service delivery priorities for the Department.
Strengthen Victoria's economic performance	Guide government actions to increase Victoria's productivity and competitiveness	This objective has been updated to be more clearly outcomes focused and aligned with Government service delivery priorities for the Department.
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Drive improvement in public sector commercial and asset management and the delivery of infrastructure	This objective has been updated to be more clearly outcomes focused and aligned with Government service delivery priorities for the Department.
Deliver efficient whole of government common services	Deliver efficient whole of government common services to the Victorian public sector	This objective has been updated for increased clarity and conciseness.

Output structure

Changes to the Department's output structure for 2017-18 are reflected in the table below:

2017-18 outputs	2016-17 outputs	Reason for change
Economic and Policy Advice	Business Environment Policy Advice	Business Environment Policy Advice output has merged with Economic Policy and Advice output. The merger of these two outputs recognises that the Office for Better Regulation is not a separate legal entity.

Reporting progress towards achieving Departmental objectives and indicators

DTF's objectives, indicators, and progress on those indicators are outlined below.

Objective 1: Optimise Victoria's fiscal resources

Objective indicators

1. A net operating surplus consistent with maintaining general government net debt at a sustainable level.
2. General government net debt as a percentage of GSP to be maintained at a sustainable level.
3. Agency compliance with the Standing Directions under the *Financial Management Act 1994*.
4. Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.

Throughout 2017-18, DTF led the development of financial policy advice to Government and the Victorian public sector through detailed analysis of key policy priorities including resource allocation, financial risk and government service performance, financial reporting frameworks, and the State's budget position, to inform and support the publication of key whole of State financial reports and the annual State Budget.

DTF also continued to support the Government in maintaining the State's triple-A credit rating.

Objective Indicator 1: A net operating surplus consistent with maintaining general government net debt at a sustainable level.

The general government sector net operating result for 2017-18 is \$2.3 billion.

The general government operating surplus (net result from transactions) is estimated to be \$1.4 billion in 2018-19. Surpluses averaging \$2.5 billion a year are expected across the forward estimates. This net operating result is consistent with maintaining net debt at a sustainable level over the medium term.

Objective Indicator 2: General government net debt as a percentage of GSP to be maintained at a sustainable level.

The ratio of net debt to GSP as at 30 June 2018 is 4.7 per cent. General government net debt as a percentage of GSP is expected to be maintained at a sustainable level over the medium term.

Objective Indicator 3: Agency compliance with the Standing Directions under the *Financial Management Act 1994*

DTF continues to work with portfolio departments and agencies to drive robust management of Victorian public resources consistent with the Standing Directions of the Minister for Finance. The first government report of compliance with the 2016 Standing Directions (for the 2016-17 financial year) was released in December 2017, and reported high department and agency engagement in ensuring robust systems and processes operating effectively.

Objective Indicator 4: Advice contributes to the achievement of Government policies and priorities related to optimising Victoria's fiscal resources

The State's 2018-19 Budget was released in May 2018. During the 2018-19 budget process, DTF supported Government decision making by providing detailed analysis of budget proposals across all departmental portfolios, and provided advice on fiscal strategy, expenditure and savings options to the Government.

DTF worked with departments to improve the quality of their Departmental Performance Statements reported in Budget Paper No. 3, so that these statements better reflect expected deliverables and performance standards for newly funded initiatives as well as better reflect departments' ongoing service delivery.

The Government introduced the Financial Management and Constitution Act Amendment Bill 2017 in November 2017, to strengthen public sector accountability and update Victoria's key public sector finance legislation.

High quality and timely advice has been provided on accounting for various major transactions to ensure sound financial reporting standards.

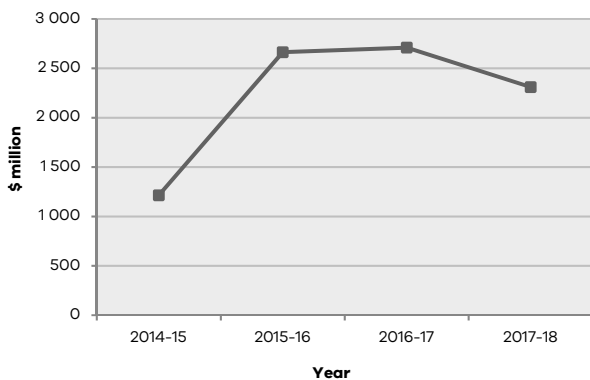
Advice has been provided on the potential impacts of the upcoming suite of accounting standard changes. Ongoing training and consultation with portfolio departments and agencies has been maintained to support planning for the transition. A detailed implementation plan has been developed that outlines the key activities, such as development of tools and policy papers and associated timelines.

DTF has also contributed to funding reviews across multiple portfolios, contributing to work supporting the effective and efficient delivery of government services.

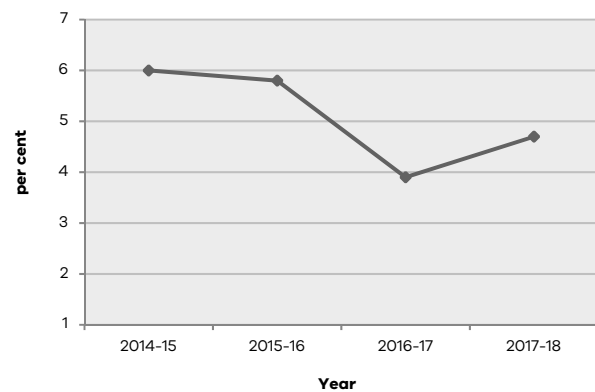
Table 1 – Progress towards objective – Sound financial management of Victoria’s fiscal resources

Indicator	Unit of measure	2014-15 actual	2015-16 actual	2016-17 actual	2017-18 actual
A net operating surplus consistent with maintaining general government net debt at a sustainable level.	\$ billion	1.21	2.66	2.71	2.31
General government net debt as a percentage of GSP to be maintained at a sustainable level.	per cent	6.0	5.8	3.9	4.7

A net operating surplus consistent with maintaining general government net debt at a sustainable level



General government net debt as a percentage of GSP to be maintained at a sustainable level



Objective 2: Strengthen Victoria’s economic performance

Objective indicators

1. Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change).
2. Total Victorian employment to grow each year (annual percentage change).
3. Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes.

DTF led the development of advice to Government on key economic and other priorities aimed at improving the productive and efficient resource allocation, competitiveness and equity across the Victorian economy.

Objective Indicator 1: Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change).

In 2017-18, DTF continued to produce timely and evidence-based forecasts of the Victorian economy for the *2018-19 Budget* and provided key briefings to the Government on economic conditions.

Victoria’s real GSP per capita rose by 0.9 per cent in 2016-17, higher than the growth of national real gross domestic product (GDP) per capita of 0.5 per cent. Real GSP increased by 3.3 per cent in 2016-17, the strongest of all the states and above growth in national real GDP of 2.1 per cent. The 2017-18 result for GSP will be released by the Australian Bureau of Statistics in November 2018.

Objective Indicator 2: Total Victorian employment to grow each year (annual percentage change).

Victoria's economy continued to perform strongly in 2017-18, leading to jobs growth of 86 500. Full-time employment increased by 3.0 per cent in Victoria in 2017-18.

Objective Indicator 3: Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes.

DTF supported the Treasurer by prioritising reforms in 2017-18 that are consistent with the Government's objectives and by considering medium and longer-term issues aimed at improving Victoria's economic conditions.

DTF provided advice to Government on revenue reform and on implementing policy changes across tax and non-tax sources of revenue. In 2017-18, the State Taxation Acts Further Amendment Bill 2017 was passed, allowing annual centralised property valuations. DTF also worked on a point of consumption tax to apply to wagering and betting in the State, which will align Victoria's wagering tax system with the digital betting environment, and provided support on tax cuts for regional Victorians.

DTF also briefed the Treasurer on the Commonwealth Grants Commission's 2020 Methodology Review, as well as the Productivity Commission's review of the Economic Impact of Horizontal Fiscal Equalisation. DTF was involved in the ongoing negotiation of new National Partnership Agreements, including Gonski 2.0, the National Housing and Homelessness Agreement, National Health Reform Agreement and the Skilling Australians Fund.

In 2017-18, DTF led the Victorian Government's Social Impact Bond (SIB) pilot program. Contracts have been signed for two evidence-based programs to be implemented by three social service providers. *Journey to Social Inclusion* focuses on ending the cycle of chronic homelessness, and *COMPASS* focuses on assisting young people leaving out-of-home care to transition to adulthood.

DTF supported the Treasurer in developing the Victorian Government's *Homes for Victorians* housing strategy, released in March 2017. The strategy is designed to improve affordability, access and choice of housing and help vulnerable people access safe and stable housing. *Homes for Victorians* represents the largest single housing package investment in Victoria's history.

In support of the Government's 25 per cent red tape reduction target, a monitoring and reporting scheme across government was put in place in 2017-18. In addition, DTF developed a new Statement of Expectations Framework, which became effective on 1 July 2017, and completed a regulatory review which identified savings opportunities.

DTF continued to support the Victorian Secretaries Board to understand and mitigate whole of government and emerging strategic risks in 2017-18. The membership of the State Significant Risk Interdepartmental Committee (IDC) was refreshed in 2017 with an increased strategic focus and DTF presented on the IDC's work to VSB meetings in November 2017 and April 2018 as well as contributing risk materials to the VSB Retreat in February 2018.

In 2017-18, DTF continued to develop technical capability in economic modelling and forecasting. A series of econometric workshops were run in 2017 on time series and panel data techniques and a property market analysis team has been formed. DTF also published the first edition of the bi-annual publication, the *Victorian Economic Bulletin*, in December 2017.

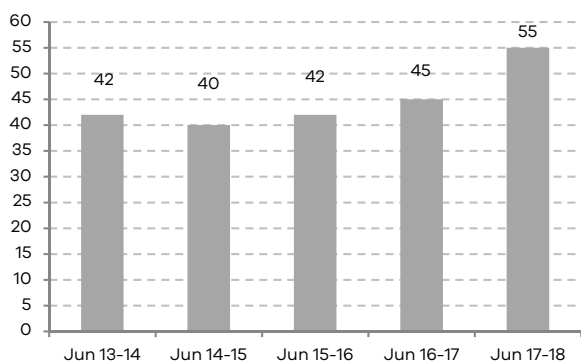
Objective 3: Improve how Government manages its balance sheet, commercial activities and public sector infrastructure

Objective indicators

1. Percentage of Government projects completed within agreed budgets, timeframes and scope or evidenced by timely and appropriate remedial actions where necessary.
2. Government business enterprises performing against agreed financial and non-financial indicators.
3. Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure.

DTF led the development of strategic commercial and financial advice to Government to support key decisions regarding the State's financial assets and liabilities and infrastructure investment opportunities to drive improvement in public sector commercial and asset management, and the delivery of infrastructure for the State of Victoria.

Number of major capital projects monitored by DTF



Objective Indicator 1: Percentage of Government projects completed within agreed budgets, timeframes and scope or evidenced by timely and appropriate remedial actions where necessary.

Throughout 2017-18, DTF continued to support Government decision making through high-quality and timely advice on commercial negotiations, assessment of high-value high-risk projects, and ensuring timely delivery of the State’s infrastructure program.

DTF actively monitored and advised on projects through representation on project boards and steering committees and follow-up on Government decisions. On a quarterly basis, the Department reported to Government on progress, issues and risks to major projects, advising on appropriate risk mitigation actions for projects facing budget, scope or timing risks.

Throughout 2017-18, five high-value high-risk projects were completed. Of these, all were completed within 10 per cent of their approved budget and no later than six months from their planned completion date.

DTF has continued to improve the high-value high-risk assurance processes through the establishment of tailored and project specific assurance plans that better focus assurance effort, and the establishment of project assurance reviews that are designed to augment the standard Gateway reviews with a more flexible review when needed.

DTF continues to provide government with high quality and timely deliverability advice for funding proposals and briefings/updates on major projects.

Objective Indicator 2: Government business enterprises performing against agreed financial and non-financial indicators

DTF provided governance oversight of Government business enterprises (GBEs) and advice to Government, departments and agencies relating to GBEs’ strategic direction and performance, significant capital expenditure proposals, dividends and capital repatriations.

As part of the annual corporate planning cycle, financial and non-financial key performance indicators (KPIs) are agreed to and targets set in consultation with the GBE and the portfolio department. GBE performance against these targets is monitored on a quarterly basis and a GBE’s non-compliance is addressed on an exceptions basis.

Objective Indicator 3: Advice contributes to the achievement of Government policies and priorities relating to Victoria’s balance sheet, commercial activities and public sector infrastructure

DTF has published comprehensive guidance on its website to support implementation of the Asset Management Accountability Framework (AMAF), which will improve the way Victoria’s public assets are planned, used and maintained. The AMAF strengthens accountability for asset management by requiring departmental secretaries and agency boards to attest each year to compliance with a set of mandatory requirements.

DTF supported departments to prepare for attestation and compliance reporting for the AMAF for 2016-17 through its whole of government implementation working group. Feedback suggests that the AMAF has encouraged departments and agencies to improve their asset management practices.

In 2017-18 DTF finalised reforms to streamline and improve the procurement of public construction in Victoria. The reforms commenced on 1 July 2018, and are implemented through an improved framework for public construction issued by the Minister for Finance: They:

- provide greater standardisation of procurement processes across government;
- reduce unnecessary time and costs to industry in tender processes; and
- improve government capability and planning in construction procurement.

The improved framework is more efficient, relevant and responsive, and means Victoria can capitalise on the infrastructure investment to remain nationally and globally competitive.

DTF, in conjunction with the Western Distributor Authority, completed the commercial negotiation and assessment of Transurban's market-led proposal for the West Gate Tunnel Project. In December 2017, a PPP contract was executed to build, operate and maintain the West Gate Tunnel Project. The project will provide an alternative to the West Gate Bridge.

DTF developed and initiated a new innovative PPP model for an area-based arterial roads maintenance program. The Western Roads Upgrade is an Australian-first project using an availability-based PPP. Contracted in December 2017, it combines eight high-priority road upgrades for duplication and widening with maintenance on more than 700 kilometres of road in the surrounding area. This procurement approach encouraged the private sector to develop innovative design, construction and asset maintenance solutions, which are value for money over the long term. It is the first PPP that seeks to transfer latent asset condition risk on brownfield assets on such a large scale and the project also achieved an element of full-term bond financing.

Updates to the Market-led Proposals Guideline were released in November 2017 to improve the efficiency and transparency of assessing proposals and better guide the private sector on the requirements for quality proposals.

DTF also provides commercial and strategic advice on complex non-infrastructure transactions on behalf of Government. This includes advice on asset reform and commercialisation opportunities.

In 2017-18, DTF led the sale of the State's 29 per cent shareholding in Snowy Hydro Limited to the Commonwealth. DTF also progressed the commercialisation of Land Use Victoria. This included completion of a scoping study and the launch of a competitive commercialisation process. This process is expected to conclude in late 2018.

DTF manages the Greener Government Buildings Program, which has upgraded more than 400 government buildings since its establishment in 2010, resulting in annual cost savings of more than \$20 million and the abatement of over 100 000 tonnes of greenhouse gas emissions a year.

DTF oversees the Government's land sales program, including the sale of Crown and freehold land, land acquisitions, remediation, planning, native title negotiations and the coordination of land sales targets and reporting on behalf of all departments.

DTF manages 176 properties owned by the Department of Treasury and Finance, including office buildings occupied by the public service, and land held in anticipation of future government requirements.

In 2017-18, DTF operationalised the *HomesVic* shared equity scheme, which targets up to 400 eligible first home buyers by reducing the amount of money they need to purchase their own home. The pilot scheme is backed by a \$50 million fund and is targeted at first home buyers on low to moderate incomes. As at 30 June 2018, more than 250 provisional approvals, 70 contracts of sale and 16 settlements had occurred.

DTF is working with the Department of Health and Human Services to prepare the two components of the Victorian Social Housing Growth Fund – the Build and Operate and New Rentals Development programs for launch in 2018-19.

The New Rentals Development Program provides subsidies to community housing agencies to lease newly built dwellings, or dwellings already under construction to low income and disadvantaged Victorians for a term of 10 years. The Build and Operate Program provides assistance to community housing agencies to construct and operate social housing dwellings to low income and disadvantaged Victorians for up to 30 years. Over the next five years these two programs will create up to 2 200 new social housing places through the construction of new dwellings and leases.

In 2017-18, DTF has also worked with the Department of Health and Human Services and the Treasury Corporation of Victoria to prepare the Building the Financial Capacity of Housing Associations initiative for launch in early 2018-19. Community housing organisations will have access to up to \$1.1 billion in low interest loans and Government guarantees encouraging the growth of this sector by giving housing associations and select housing providers the capacity to invest in new social and affordable housing.

Objective 4: Deliver efficient whole of government common services

Objective indicators

1. Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs.
2. Low vacancy rates for government office accommodation maintained.
3. High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients.

DTF led the delivery of integrated and service-orientated whole of government services, policies and initiatives to achieve value for the Victorian public sector.

Objective Indicator 1: Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs.

DTF manages 17 common-use whole of Victorian government goods and services categories (non-ICT) totalling about \$1 billion of expenditure and generating 5.5 per cent in savings for 2017-18.

Categories reviewed and new contracts implemented were: Master Agency Media Services, Security Services, and Fleet Management. The Professional Advisory Services category was refreshed during 2017-18.

The focus for category reviews for 2018-19 will be for the Energy portfolio of categories, Cash and Banking, Staffing Services, Language Services and Professional Advisory Services.

Objective Indicator 2: Low vacancy rates for government office accommodation maintained

Vacancy rates within the State's leased portfolio remained low due to effective management of space, ensuring requests for space in response to growing client staff numbers are met from within the portfolio before leasing externally.

Over the past year, vacancy rates for government office accommodation have decreased from the previous year's quarter 4 result of 0.44 per cent to 0.24 per cent in June 2018. SSP has maintained a low office accommodation space rate despite an expanding client base and associated portfolio under management. The vacancy rate for government office accommodation compares favourably with the vacancy rate for the commercial real estate market in the Melbourne CBD. At July 2018, the overall vacancy rate for the Melbourne CBD was 6.4 per cent. Over the coming year SSP, in partnership with its property outsourced provider, will be implementing space management tools to ensure optimal use of office space and support ongoing strategic accommodation planning.

Objective Indicator 3: High-quality whole of government common services provided to Government agencies, as assessed by feedback from key clients.

In addition to delivering business as usual services throughout 2017-18 in accommodation management, library and car pools for Victorian Government departments and agencies, SSP continued implementing a significant change and business transformation program, which will progress over the coming year.

This change was spearheaded by the need to return to market for a new outsourced service provider for Victorian Government real estate and facilities management services. An expression of interest followed by a select request for proposal was completed in September 2017, with Jones Lang Lasalle (JLL) successfully transitioning as the major provider of outsourced property services in December 2017, replacing Cushman and Wakefield (C&W).

The SSP client satisfaction survey was completed in June 2018 and indicated an overall satisfaction score of 70.6 per cent. This is a positive result for SSP particularly considering the significant change and potential impacts of the transition to JLL. Furthermore, 87.5 per cent of respondents found that SSP service delivery standards had been maintained or improved in the six months prior to the survey.

Within individual SSP services areas, the Victorian Government Library Service (VGLS) received the highest level of overall satisfaction with a score of 84.9 per cent, followed by SSP Car Pool Services with a score of 80.7 per cent. It is the third consecutive year in which VGLS and SSP Car Pool Services have received overall satisfaction levels above 80 per cent.

SSP has continued to influence the whole of Victorian government (WoVG) accommodation strategy and is progressing work on a review of WoVG Accommodation Standards and forums on Security and Innovation to drive standardised approaches and improvement services delivered across the WoVG.

A key focus area for Strategic Sourcing has been to support the delivery of procurement reform across five key work streams:

1. Social procurement framework
2. Governance
3. Policies and practice
4. Procurement technology
5. Capability development

The Victorian Government Purchasing Board (VGPB) has been appointed the program steering committee which is supported through the VGPB Secretariat within Strategic Sourcing.

The early stages of the procurement reform are focused on the social procurement framework; policies and practice; and technology streams.

The Social Procurement Framework is to apply from 1 September 2018. It aims to ensure value for money considerations balance price with delivering social, economic and environmental outcomes.

Ongoing work continues to develop further guidance material and support the delivery to purchase locally manufactured uniforms and personal protective equipment.

The procurement technology stream includes working with the Department of Premier and Cabinet to develop a Buying for Victoria website. The website will facilitate more efficient interaction between buyers and suppliers as it will encompass a centralised depository for procurement policies, guides and information.

In addition, a supplier portal is being developed whereby suppliers can register their interest in government tenders. Government buyers will have enhanced search functionality to ensure that all registered suppliers are discoverable.

As part of the Government's more efficient car fleet arrangements, the Standard Motor Vehicle Policy was amended to mandate the policy to all general government sector departments and agencies. The policy will generate savings by:

1. centralising core functions to achieve economies of scale;
2. reducing the cost of funding of the general government fleet; and
3. better managing fleet growth, vehicle utilisation and lease terms.

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

Indicator	Unit of measure	2014-15 actual	2015-16 actual	2016-17 actual	2017-18 actual
Low vacancy rates for government office accommodation maintained	per cent	1.48	0.35	0.44	0.24
Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs	per cent	6.6	8.1	6.0	5.5

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 2018.

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

Optimise Victoria's fiscal resources

This objective provides analysis and advice to Government on the management of Victoria's fiscal resources to support decision-making and reporting for the benefit of all Victorians.

The Department leads the development of financial policy advice to Government and the Victorian public sector through detailed analysis of key policy priorities including resource allocation, financial risk and government service performance, financial reporting frameworks, and the State's budget position to inform and support the publication of key whole-of-state financial reports.

The departmental objective indicators are:

- a net operating surplus consistent with maintaining general government net debt at a sustainable level;
- general government net debt as a percentage of GSP to be maintained at a sustainable level;
- agency compliance with the Standing Directions under the *Financial Management Act 1994*; and
- advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.

Budget and Financial Advice

This output contributes to the provision of strategic, timely and comprehensive analysis and advice to Ministers, Cabinet and Cabinet Sub-Committees on:

- Victorian public sector resource allocation;
- departmental financial, output and asset delivery performance to support government in making decisions on the allocation of the State's fiscal resources; and
- cost mapping and other funding reviews.

This output maintains the integrity of systems and information for financial planning, management, monitoring and reporting of the State of Victoria via:

- a best practice financial reporting framework, and whole of state management information systems, supporting financial reporting across the Victorian public sector (VPS);
- publication of the State budget and financial reports, including quarterly, mid-year, annual and estimated financial reports;
- publication of non-financial performance in the VPS; and
- management of the Public Account operations.

This output develops and maintains cohesive financial and resource management frameworks that drive sound financial and resource management practices in the Victorian public sector by:

- enhancing key frameworks to drive performance;
- monitoring VPS agencies' compliance;
- advising government and key stakeholders on financial and resource management and compliance issues;
- ensuring that financial and resource management frameworks are established and complied with;
- promoting continuous improvement in VPS 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.

This output contributes to the Department's objective to optimise Victoria's fiscal resources.

The performance measures on the following pages compare targets and expected or actual results from the delivery of programs and services as part of this output.

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Quantity					
Number of cost mapping and other funding reviews contributed to by DTF The 2017-18 outcome is higher than the 2017-18 target due to the increased number of funding reviews commenced.	number	4	3	33.3	✓
Quality					
Accuracy of the revised estimate of State budget expenditure	per cent	≤5.0	≤5.0	–	✓
Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements	number	2	2	–	✓
Recommendations on financial management framework matters made by PAEC and VAGO and supported by Government are actioned	per cent	100	100	–	✓
VPS stakeholder feedback indicates delivery of advice and information sessions supported the financial reporting framework across the VPS and supported the VPS to understand the financial management framework	per cent	81.5	80	1.9	✓
Maintain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Timeliness					
Delivery of advice to Government on portfolio performance within agreed timeframes	per cent	100	100	–	✓
Annual Budget published by date agreed by Treasurer	date	May 2018	May 2018	–	✓
Budget Update, Financial Report for the State of Victoria, Mid-Year Financial Report, and Quarterly Financial Reports are transmitted by legislated timelines	per cent	100	100	–	✓
Annual financial management compliance report for the previous financial year is submitted to the Minister for Finance	date	Report delivered 15 Dec 2017	By end Feb 2018	–	✓
Cost					
Total output cost The 2017-18 outcome is higher than the 2017-18 target due to internal reprioritisation for additional policy functions and funding additional approved for DTF ICT uplift.	\$ million	29.7	27.6	(7.6)	■

Revenue Management and Administrative Services to Government

This output provides revenue management and administrative 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 to optimise Victoria's fiscal resources.

The performance measures below compare targets and expected or actual results from the delivery of programs and services as part of this output.

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Quantity					
Revenue assessed from compliance projects meets estimates	per cent	121	≥95	–	✓
The 2017-18 outcome is higher than the 2017-18 target due to several large investigations, buoyant landholder activity and land tax and duties investigations.					
Revenue collected as a percentage of budget target	per cent	101	≥99	–	✓
Quality					
Customer satisfaction level	per cent	96	≥85	–	✓
Maintain ISO 9001 (Quality Management Systems) and ISO/IEC 20000-1:2005 (IT service management) Certification	number	3	3	–	✓
Ratio of outstanding debt to total revenue	per cent	1.01	<2	–	✓
Objections received to assessments issued as a result of compliance projects	per cent	1.45	<4	–	✓
Timeliness					
Revenue banked on day of receipt	per cent	100	≥99	–	✓
Timely handling of objections (within 90 days)	per cent	85	≥80	–	✓
The 2017-18 outcome is higher than the 2017-18 target due to the addition of fixed-term staff to assist with the objections and the continued focus on internal process improvements in the way that objections are completed.					
Timely handling of private rulings (within 90 days)	per cent	95	≥80	–	✓
The 2017-18 outcome is higher than the 2017-18 target due to the addition of fixed-term staff to assist with the objections and the continued focus on internal process improvements to reduce the number of files on hand, and resolve aged matters.					
Cost					
Total output cost	\$ million	106.1	105.5	(0.6)	○

Strengthen Victoria's economic performance

This objective delivers advice on economic policy, forecasts, legislation and frameworks. It also supports Government by administering economic regulation of utilities and other specified markets in Victoria to protect the long-term interests of Victorian consumers with regard to price, quality, efficiency and reliability of essential services.

The Department leads the development of advice to Government on key economic and financial strategies including regulatory reform, Government tax policy and intergovernmental financial relations to drive improvements in Victoria's productive and efficient resource allocation, competitiveness and equity across the Victorian economy.

The departmental objective indicators are:

- economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change);
- total Victorian employment to grow each year (annual percentage change); and
- advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes.

Economic and Policy Advice

This output contributes to the Department's objective to strengthen Victoria's economic performance through increased productive and efficient resource allocation, competitiveness and equity by providing evidence, advice and engagement on:

- medium and longer-term strategies to strengthen productivity, participation and the State's overall competitiveness;
- State tax 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
- approaches for innovative, effective and efficient delivery of government services, including social services.

This output also provides advice on ways the Government can improve the business environment by the Commissioner for Better Regulation:

- reviewing Regulatory Impact Statements, Legislative Impact Assessments, and providing advice for Regulatory Change Measurements;
- assisting agencies to improve the quality of regulation in Victoria and undertaking research into matters referred to it by the Government; and
- operating Victoria's competitive neutrality unit.

The performance measures below compare targets and expected or actual results from the delivery of programs and services as part of this output:

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Quantity					
Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy	number	5	5	-	✓
Advice on adequacy of final Regulatory Impact Statements and Legislative Impact Assessments prepared by departments The 2017-18 outcome is higher than the 2017-18 target due to an unexpected increase in the number of Legislative Impact Assessments that needed to be reviewed.	number	39	35	11.4	✓
High level engagement with non-Victorian public service stakeholder groups that contributes to public policy debate The 2017-18 outcome is higher than the 2017-18 target as the extent of engagement with local government groups on the centralised annual valuation initiative was unanticipated.	number	55	20	175	✓
Quality					
Conduct biannual surveys to assess the impact of changes to Victorian regulations on business	number	2	2	-	✓
Accuracy of estimating State taxation revenue in the State budget	percentage variance	5	≤5.0		✓
Accuracy of estimating the employment growth rate in the State budget	percentage point variance	0.71	≤1.0	-	✓
Accuracy of estimating the gross state product rate in the State budget The gross state product growth estimate is not yet available. The estimate will be available when the ABS State Accounts are released in November 2018.	percentage point variance	n/a	≤1.0	n/a	n/a
Maintain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	-	✓
Timeliness					
Briefings on key Australian Bureau of Statistics economic data on day of release	per cent	100	100	-	✓
Respond to correspondence within agreed timeframes The 2017-18 outcome is lower than the 2017-18 target due to a system changeover and the internal process of allocation. Processes to ensure these errors are corrected have been implemented.	per cent	77	85	-9.41	■
Completion of assessment of Regulatory Impact Statements and Legislative Impact Assessments within agreed timeframes	per cent	100	100	-	✓
Cost					
Total output cost The 2017-18 outcome is higher than the 2017-18 target due to carryover funding of \$0.39 million for Social Impact Bonds initiatives, additional funding for DTF ICT uplift and internal reprioritisation for additional policy functions.	\$ million	28.7	26.2	(9.5)	■

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, reliability and efficiency of essential services. By providing these services, this output contributes to the Departmental objective to strengthen Victoria's economic performance.

The performance measures below compare targets and expected or actual results from the delivery of programs and services as part of this output:

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Quantity					
New or revised regulatory instruments issued The 2017-18 outcome is higher than the 2017-18 target due to a higher number of new regulatory instruments being issued than originally anticipated.	number	7	6	16.7	✓
Performance reports for regulated businesses or industries	number	7	7	–	✓
Performance reviews and compliance audits of regulated businesses	number	144	144	–	✓
Price approvals of regulated businesses The 2017-18 outcome is lower than the 2017-18 target due to a lesser requirement to perform price approvals of regulated businesses than originally anticipated.	number	24	39	(38.5)	■
Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme The 2017-18 outcome is lower than the 2017-18 target as the forecast assumed activities at a higher number of smaller business and residential sites, whereas activities in the year to date are increasingly being completed at fewer, larger and more complex business sites.	number	4 167	6 000	(30.6)	■
Reviews, investigations or advisory projects The 2017-18 outcome is higher than the 2017-18 target due to a higher number of advisory projects being undertaken than originally anticipated.	number	2	1	100	✓
Compliance and enforcement activities – energy	number	15	15	–	✓
Quality					
Decisions upheld where subject to review, appeal or disallowance	per cent	100	100	–	✓
Timeliness					
Delivery of major milestones within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost The 2017-18 outcome is higher than the 2017-18 target due to additional funding for enhanced regulatory activity.	\$ million	24.4	22.8	(7.0)	■

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure

This objective delivers Government policies focused on overseeing the State's balance sheet, major infrastructure and government business enterprises by the delivery and application of prudent financial and commercial principles and practices.

The Department leads the development of strategic commercial and financial advice to Government to support key decisions regarding the State's financial assets and liabilities and infrastructure investment to drive improvement in public sector commercial and asset management and the delivery of infrastructure for the State of Victoria.

The departmental objective indicators are:

- percentage of Government projects completed within agreed budgets, timeframes and scope or evidenced by timely and appropriate remedial actions where necessary;
- government business enterprises performing against agreed financial and non-financial indicators; and
- advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure.

Commercial and Infrastructure Advice

This output contributes to the Department's objective to improve how Government manages its balance sheet, commercial activities and public sector infrastructure by:

- providing advice to Government and guidance to departments on infrastructure investment and other major commercial projects;
- overseeing a range of commercial and transactional activities on behalf of Government, including providing governance oversight of government business enterprises and advice to Government, departments and agencies relating to future uses or disposal of surplus government land, property, management of contaminated land liabilities, office accommodation for the public service, and management of the Greener Government Buildings Program;
- providing advice and reports on the State's financial assets and liabilities and associated financial risks, including the State's investments, debts, unfunded superannuation, insurance claims liabilities and overseeing the registration and regulation of rental housing agencies;
- providing commercial, financial and risk management advice to Government and guidance to departments regarding infrastructure projects including Partnerships Victoria projects and managing major commercial activities on behalf of Government;
- overseeing potential asset recycling opportunities; and
- producing budget and financial reporting data for government business enterprise sectors.

The performance measures below compare targets and expected or actual results from the delivery of programs and services as part of this output:

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Quantity					
Develop and implement policies, procedures and training to govern and build capability to deliver infrastructure investment The 2017-18 outcome is lower than the 2017-18 target due to fewer changes to investment management policies, which resulted in decreased demand for infrastructure policy training sessions and fewer requests for presentations to external delegations.	number	48	60	(20)	■
Gateway reviews undertaken Larger than forecast due to unexpected increase in volume of projects and reviews experienced in quarters 2 and 4.	number	89	70	27.1	✓

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Revenue from sale of surplus Government land including Crown land The 2017-18 outcome is lower than the 2017-18 target due to reprofiling of the land sales program between financial years.	\$ million	145.8	200	(27.1)	■
Coordinate and produce presentations for the annual review meetings with credit rating agencies	number	2	2	–	✓
Provision of PNFC/PFC financial estimates and actuals, along with commentary and analysis, for the State budget papers and financial reports	number	6	6	–	✓
Quality					
Maintain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Percentage of registered housing agencies assessed annually as meeting performance standards This is a new performance measure for 2017-18. The registered agencies (39 in total) performed strongly against the Performance Standards for the reporting year 2016-17. Each agency was assessed against the seven Performance Standards with a rating of either Met, Does not Meet or Capacity to Meet. Of the 39 agencies and seven Performance Standards, only four agencies were rated as 'Capacity to Meet' in six instances (of total 273) representing a high level of compliance. None of the agencies failed to meet the Performance Standards (rating of Does not Meet).	per cent	98	90	8.9	✓
Timeliness					
Advice provided to Government on board appointments at least three months prior to upcoming board vacancies	per cent	100	100	–	✓
Analysis and review of corporate plans within two months of receipt The 2017-18 outcome is higher than the 2017-18 target due to successful review of corporate plans and resolution of issues with Government business enterprises within the two month time frame.	per cent	95	90	5.6	✓
Dividend collection in accordance with budget decisions	per cent	100	100	–	✓
Cost					
Total output cost The 2017-18 outcome is higher than the 2017-18 target due to additional funding of \$7.6 million for the commercial transactions and Western Roads Upgrade and offset by \$0.9 million lower depreciation expenses for buildings and internal reprioritisation to other outputs.	\$ million	74.5	70.9	(5.1)	■

Deliver efficient whole of government common services

This objective delivers whole of government common services through working with business partners.

The Department leads the delivery of integrated and client-centred whole of government services, policies and initiatives to achieve value for the Victorian public sector. Areas include procurement, fleet and accommodation.

The departmental objective indicators are:

- benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs;
- low vacancy rates for government office accommodation maintained; and
- high quality whole of government common services provided to Government agencies, as assessed by feedback from key clients.

Services to Government

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;
- managing a program of whole of government procurement contracts to ensure optimum benefit to government;
- supporting the operations of the Victorian Government Purchasing Board;
- providing whole of government accommodation; and
- providing of efficient fleet leasing and management services.

The performance measures below compare targets and expected or actual results from the delivery of programs and services as part of this output:

Performance measures	Unit of measure	2017-18 actual	2017-18 target	Performance variation (%)	Result
Quantity					
Total accommodation cost The 2017-18 outcome is higher than the 2017-18 target as the State has continued to lease a significant amount of additional space in the CBD to keep up with rising demand and accommodate staff working on priority initiatives. This coupled with low vacancy rates in the eastern end of the CBD has caused an increase in newly leased rents.	\$ per square metre per year	443	395	12.2	■
Workspace ratio The average area per FTE is below the target of 14.4 sqm per FTE, though if adjusted to account for shift and operation workers from VicPol, the average area per FTE is 12.8 sqm per FTE.	square metre per FTE	11.9	14.4	17.4	✓
Quality					
Client agencies' satisfaction with the service provided by the Shared Service Provider	per cent	70.6	70	0.85	✓
Maintain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	-	✓
Cost					
Total output cost	\$ million	40.3	41.3	2.4	✓

Discontinued operations

There were no discontinued operations in 2017-18.

Victorian Transport Fund^(a)

Balance of the trust as at 30 June 2018

	2017-18 actual \$m
Opening balance	8 394
Receipts into the trust	
Interest revenue	120
Commonwealth funding ^(b)	38
Total funding available	8 552
Payments from the trust	
Caulfield to Dandenong conventional signalling and power infrastructure upgrade	377
Level Crossing Removal Program	1 938
Major periodic maintenance on the regional rail network	99
Metro Tunnel	673
More regional trains – New VLocity trains	108
Movement in accounts payable and provisions	(119)
Regional Rail Revival ^(c)	118
Total payments from the trust	3 194
Closing balance	5 358

Notes:

(a) Reflects trust fund movements at a general government level.

(b) Reflects the Commonwealth's share for the Main Road (St Albans) project delivered as part of the Level Crossing Removal Program in 2017-18, and the Commonwealth's contribution to the Regional Rail Revival program.

(c) The \$1.7 billion Regional Rail Revival includes expenditure in 2016-17 for the Ballarat Line Upgrade, and \$235 million in funding for the North East Line Upgrade which is not expected to be funded through the Victorian Transport Fund.

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 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 4.2. Otherwise, albeit in a different format, the following statements are reflective of the audited financial statements.

Budget portfolio outcomes

Comprehensive operating statement for the year ended 30 June 2018

Controlled	2017-18 budget	2017-18 actual	Variation
	\$m	\$m	\$m
Income from transactions			
Output appropriations	295.4	299.8	4.4
Interest	1.2	1.5	0.3
Sale of goods and services	173.5	187.3	13.8
Grants	–	1.9	1.9
Fair value of assets and services received free of charge or for nominal consideration	–	0.2	0.2
Other income	31.5	28.1	(3.4)
Total income from transactions	501.6	518.8	17.2
Expenses from transactions			
Employee benefits	222.7	225.8	3.1
Depreciation	52.5	47.6	(4.9)
Interest expense	0.2	0.1	(0.1)
Grants and other transfers	6.0	7.7	1.7
Capital asset charge	22.0	22.0	–
Other operating expenses	195.1	212.0	16.9
Total expenses from transactions	498.5	515.2	16.7
Net result from transactions	3.1	3.6	0.5
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	(7.1)	(0.6)	6.5
Net gain/(loss) on financial instruments and statutory receivables/payables	–	0.2	0.2
Total other economic flows included in net result	(7.1)	(0.4)	6.7
Net result	(4.0)	3.2	7.2
Other economic flows – other comprehensive income^(a)	–	4.8	4.8
Comprehensive result	(4.0)	8.0	12.0

Note:

(a) Other economic flows – other comprehensive income is above budget due to the VicFleet business unit being reclassified from an administered trust to a controlled trust.

Budget portfolio outcomes

Balance sheet as at 30 June 2018

Controlled	2018 budget	2018 actual	Variation
	\$m	\$m	\$m
Financial assets			
Cash and deposits ^(a)	96.6	65.4	(31.2)
Receivables ^(b)	273.1	319.9	46.8
Other financial assets ^(c)	33.0	15.6	(17.4)
Total financial assets	402.7	400.9	(1.8)
Non-financial assets			
Inventories	9.0	11.7	2.7
Property, plant and equipment ^(d)	658.5	824.5	166.0
Intangible assets	18.5	14.8	(3.7)
Other assets	17.7	26.7	9.0
Total non-financial assets	703.7	877.7	174.0
Total assets	1106.4	1278.6	172.2
Liabilities			
Payables ^(a)	119.9	63.0	(56.9)
Borrowings	4.0	4.9	0.9
Provisions ^(b)	66.5	127.6	61.1
Total liabilities	190.4	195.5	5.1
Net assets	916.0	1083.1	167.1
Equity			
Contributed capital	366.4	365.4	(1.0)
Reserves ^(d)	421.2	559.8	138.6
Accumulated surplus	128.4	157.9	29.5
Total equity	916.0	1083.1	167.1

Notes:

(a) The decrease is driven by the reclassification of part of the Finance Agency Trust from a controlled trust to an administered trust.

(b) The increase is primarily due to a provision to remediate a land site and the associated funding receivable.

(c) The decrease is driven by Cenitex lowering investments.

(d) The increase reflects asset revaluations carried out in 2016-17.

Budget portfolio outcomes

Cash flow statement for the year ended 30 June 2018

Controlled	2017-18 budget	2017-18 actual	Variation
	\$m	\$m	%
Cash flows from operating activities			
Receipts from government	263.7	282.2	18.5
Receipts from other entities	0.2	1.3	1.1
Goods and services tax recovered from the ATO	–	7.8	7.8
Interest received	1.2	1.5	0.3
Other receipts	209.9	159.8	(50.1)
	475.0	452.6	(22.4)
Payments of grants and other transfers	(10.3)	(16.2)	(5.9)
Payments to suppliers and employees	(415.9)	(437.1)	(21.2)
Goods and services tax paid to the ATO	(0.2)	–	0.2
Capital asset charge	(22.0)	(22.0)	0.0
Interest and other finance costs	(0.2)	(0.1)	0.1
	(448.6)	(475.4)	(26.8)
Net cash flows from/(used in) operating activities	26.4	(22.8)	(49.2)
Cash flows from investing activities			
Net investment ^(a)	–	19.7	19.7
Net payments for non-financial assets	(23.8)	(28.3)	(4.5)
Proceeds from sale of non-financial assets	–	0.8	0.8
Net loans to other parties	(3.0)	–	3.0
Net cash flows used in investing activities	(26.8)	(7.8)	19.0
Cash flows from financing activities			
Owner contributions by State Government	2.6	5.9	3.3
Net borrowings	5.1	(2.7)	(7.8)
Net cash flows from financing activities	7.7	3.2	(4.5)
Net increase/(decrease) in cash held	7.3	(27.4)	(34.7)
Cash at the beginning of the financial year	89.3	92.8	3.5
Cash at the end of the financial year	96.6	65.4	(31.2)

Note:

(a) The inflow is driven by Cenitex redeeming investments.

Budget portfolio outcomes

Statement of changes in equity for the year ended 30 June 2018

Controlled	Reserves	Accumulated surplus	Contributed capital	Total
	\$m	\$m	\$m	\$m
2017-18 original budget				
Balance at 1 July 2017	421.2	132.4	366.4	920.0
Net result for the year	–	(4.0)	–	(4.0)
Transfer to accumulated surplus	–	–	–	–
Capital appropriations	–	–	–	–
Balance at 30 June 2018	421.2	128.4	366.4	916.0
2017-18 actuals				
Balance at 1 July 2017	561.0	148.8	366.0	1 075.8
Net result for the year	(1.2)	3.2	–	2.0
Transfer to accumulated surplus	–	5.9	–	5.9
Capital appropriations	–	–	(0.6)	(0.6)
Balance at 30 June 2018	559.8	157.9	365.4	1 083.1
Variation to original budget				
Balance at 1 July 2017	139.8	16.4	(0.4)	155.8
Net result for the year	(1.2)	7.2	–	6.0
Transfer to accumulated surplus ^(a)	–	5.9	–	5.9
Capital appropriations	–	–	(0.6)	(0.6)
Balance at 30 June 2018	138.6	29.5	(1.0)	167.1

Note:

(a) Transfer to accumulated surplus is higher than budget due to the VicFleet business unit being reclassified from an administered trust to a controlled trust.

Budget portfolio outcomes

Administered items statement for the year ended 30 June 2018

	2017-18 budget	2017-18 actual	Variation
	\$m	\$m	\$m
Administered income from transactions			
Appropriations – payments made on behalf of the State ^(a)	7 401.3	5 395.7	(2 005.6)
Special appropriations ^(b)	2 276.3	1 300.8	(975.5)
Interest	210.2	127.1	(83.1)
Sales of goods and services	33.7	22.3	(11.4)
Grants	22 790.3	22 659.1	(131.2)
Other income	24 167.8	24 961.8	794.0
Total administered income from transactions	56 879.6	54 466.8	(2 412.8)
Administered expenses from transactions			
Expenses on behalf of the State	453.7	199.8	(253.9)
Employee benefits ^(a)	1 638.6	1 164.3	(474.3)
Grants and other transfers	4 329.4	4 050.2	(279.2)
Interest expense	1 247.1	1 156.1	(91.0)
Payments into Consolidated Fund	46 869.3	47 676.3	807.0
Total administered expenses from transactions	54 538.1	54 246.7	(291.4)
Net result from transactions	2 341.5	220.1	(2 121.4)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	23.3	1.5	(21.8)
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	–	(5.5)	(5.5)
Net gain on financial instruments and statutory receivables/payables ^(c)	–	1 493.8	1 493.8
Total other economic flows included in net result	23.3	1 489.8	1 466.5
Net result	2 364.8	1 709.9	(654.9)
Other economic flows – other non-owner changes in equity			
Remeasurement of superannuation defined benefit plans ^(d)	915.0	(258.1)	(1 173.1)
Other	–	(11.6)	(11.6)
Total other economic flows – other non-owner changes in equity	915.0	(269.7)	(1 184.7)
Comprehensive result	3 279.8	1 440.2	(1 839.6)
Administered assets			
Cash and deposits ^(c)	2 066.5	3 443.9	1 377.4
Receivables	6 720.0	6 174.3	(545.7)
Other financial assets ^(e)	–	427.8	427.8
Property, plant and equipment ^(f)	556.6	–	(556.6)
Other non-financial assets	54.9	27.2	(27.7)
Investments accounted for using the equity method	–	7.0	7.0
Total administered assets	9 398.0	10 080.2	682.2

	2017–18 budget	2017–18 actual	Variation
	\$m	\$m	\$m
Administered liabilities			
Payables	6 202.0	5 663.5	(538.5)
Borrowings	24 883.0	23 606.1	(1 276.9)
Provisions	3.9	95.5	91.6
Superannuation ^(d)	24 506.3	25 205.4	699.1
Total administered liabilities	55 595.2	54 570.5	(1 024.7)

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 variations in net gain on financial instruments and cash and deposits mainly reflects the sale of the State's interest in Snowy Hydro.

(d) The variations in the re-measurement of superannuation defined benefit plans and the associated superannuation liability were largely due to the impact of movements in the bond yields used to measure the superannuation liability.

(e) The variations in other financial assets reflect the investment of funds relating to Victorian Social Housing Growth fund.

(f) The budget for the Department includes estimates which may be provided during the year to all departments.

Financial performance

Overview

The Department recorded a surplus of \$1.5 million in 2017-18 compared to \$5.0 million in 2016-17.

Total assets of the Department remained at \$1.2 billion. The major assets of the Department at 30 June 2018 are land and buildings (\$785 million), the Department's receivable from the State Administration Unit (\$286 million), and funds held in trust (\$30 million).

Total liabilities increased from \$159 million to \$166 million. The Department's major liabilities are accounts payable, provision for land remediation and employee provisions.

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 \$299.8 million, from \$353.2 million in 2016-17. The decrease is largely attributable to land remediation obligations incurred in 2016-17.

The following table details operational revenue by output group.

Revenue from the provision of outputs^(a)

Output group	2017-18 \$m	2016-17 \$m	Change \$m
Optimise Victoria's fiscal resources	136	118	18
Strengthen Victoria's economic performance	52	50	2
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	72	143	(71)
Deliver efficient whole of government common services	40	42	(2)
Total	300	353	(53)

Note:

(a) Includes only Parliamentary appropriations.

Five year financial summary: Departmental (controlled) activities

	2017-18 ^(a) \$m	2016-17 ^(b) \$m	2015-16 \$m	2014-15 \$m	2013-14 \$m
Government output appropriations income	300	353	255	251	255
Other income	58	57	52	51	52
Total income from transactions	358	410	307	302	307
Total expenses from transactions	(356)	(406)	(305)	(295)	(290)
Net result from transactions	2	4	2	7	17
Total other economic flows included in net result	-	1	(1)	(1)	1
Net result	2	5	1	6	18
Net cash flow from operations	21	29	23	25	11
Total assets	1 154	1 145	863	771	770
Total liabilities	166	159	138	112	116

Notes:

(a) During 2017-18 the Department reclassified certain functions between its controlled and administered activities. The comparatives for 2016-17 have been adjusted accordingly.

(b) 2016-17 asset balances were impacted by asset valuations during the year.

Capital projects/asset investment programs

The Department and its related portfolio entities manage a range of capital projects to deliver services for government.

Information on the new and existing capital projects for Departments and the broader Victorian public sector is contained in Budget Paper No. 4 *State Capital Program*, which is available on DTF's website.

No major projects with a total estimated investment of \$10 million or greater were completed 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:

–	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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Declaration in the financial statements

The attached financial statements for the Department of Treasury and Finance have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister of Finance under 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 2018 and financial position of the Department as at 30 June 2018.

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 14 September 2018.



Tania Reaburn
Chief Financial Officer
Department of Treasury and Finance

Melbourne
14 September 2018



David Martine
Secretary
Department of Treasury and Finance

Melbourne
14 September 2018

Independent Auditor's Report

To the Secretary of the Department of Treasury and Finance

Opinion	<p>I have audited the financial report of the Department of Treasury and Finance (the Department) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2018• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• Accountable Officer's and Chief Financial Officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Department as at 30 June 2018 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's responsibilities for the audit of the financial report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Secretary's responsibilities for the financial report	<p>The Secretary is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report

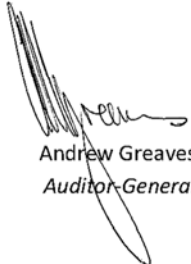
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary.
- conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
17 September 2018



Andrew Greaves
Auditor-General

Comprehensive operating statement

for the year ended 30 June 2018

		2018	2017
	Notes	\$'000	\$'000
Income from transactions			
Output appropriations	2.3	299 794	353 213
Other income	2.5	57 621	57 417
Total income from transactions		357 415	410 630
Expenses from transactions			
Employee expenses	3.1.1	140 960	131 199
Depreciation and amortisation	5.1.1	34 759	23 629
Interest expense	8.1.1	86	50
Grants expense	3.2	31 771	34 870
Capital asset charge	3.3	21 998	21 815
Supplies and services	3.4	116 704	117 556
Land remediation costs	3.5	620	66 338
Payments to Consolidated Fund		9 090	10 999
Total expenses from transactions		355 988	406 456
Net result from transactions		1 427	4 174
Other economic flows included in net result			
Net gain on non-financial assets	9.1	78	43
Net (loss) on financial instruments	9.1	(8)	(3)
Net gain from revaluation of leave liabilities	9.1	50	826
Total other economic flows included in net result		120	866
Net result		1 547	5 040
Other economic flows – other comprehensive income			
Changes in physical asset revaluation surplus		–	250 292
Comprehensive result		1 547	255 332

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

Balance sheet

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Assets			
Financial assets			
Cash and deposits	7.2	30 200	32 294
Receivables	6.1	301 060	278 132
Total financial assets		331 260	310 426
Non-financial assets			
Prepayments		4 419	3 974
Non-financial assets classified as held for sale	6.3	11 681	4 576
Property, plant and equipment	5.1	792 026	798 817
Intangible assets	5.2	14 277	27 591
Total non-financial assets		822 403	834 958
Total assets		1 153 663	1 145 384
Liabilities			
Payables	6.2	52 847	48 100
Employee related provisions	3.1.2	40 187	37 900
Provision for land remediation	3.5	65 000	65 000
Unearned income	6.4	3 340	2 997
Borrowings	7.1	4 732	4 765
Total liabilities		166 106	158 762
Net assets		987 557	986 622
Equity			
Contributed capital		235 574	236 186
Asset revaluation surplus		559 518	559 518
Accumulated surplus		192 465	190 918
Total equity		987 557	986 622

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

Statement of changes in equity

for the year ended 30 June 2018

		Contributed capital	Asset revaluation surplus	Accumulated surplus	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016		236 237	309 226	185 878	731 341
Return of capital	5.1.2	(51)	–	–	(51)
Revaluation increment (net)	5.1.2	–	250 292	–	250 292
Net result for the year		–	–	5 040	5 040
Balance at 30 June 2017		236 186	559 518	190 918	986 622
Capital appropriations – additions to net asset base appropriation	7.3	50 000	–	–	50 000
Capital transfers to administered trusts	7.3	(50 000)	–	–	(50 000)
Return of capital	5.1.2	(612)	–	–	(612)
Net result for the year		–	–	1 547	1 547
Balance at 30 June 2018		235 574	559 518	192 465	987 557

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 2018

		2018	2017
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from government		318 715	325 266
Receipts from other entities		46 177	38 284
Goods and services tax recovered from the ATO		17 411	30 895
		382 303	394 445
Payments to suppliers and employees		(307 756)	(308 865)
Grants paid		(31 184)	(34 346)
Capital asset charge paid		(21 998)	(21 815)
Interest and other finance costs paid	8.1.1	(86)	(50)
		(361 024)	(365 076)
Net cash flows from operating activities	7.2.1	21 279	29 369
Cash flows from investing activities			
Payments for property, plant and equipment		(12 726)	(8 285)
Proceeds from sale of property, plant and equipment		804	1 400
Payments for intangible assets		(9 192)	(21 274)
Net cash flows used in investing activities		(21 114)	(28 159)
Cash flows from financing activities			
Owner contributions by State Government	7.3	50 000	-
Capital transfers to administered trusts	7.3	(50 000)	-
Repayment of finance lease liabilities		(1 829)	(2 446)
Net cash flows used in financing activities		(1 829)	(2 446)
Net decrease in cash and cash equivalents		(1 664)	(1 236)
Cash and cash equivalents at the start of the year		31 765	33 001
Cash and cash equivalents at the end of the year	7.2	30 101	31 765
Non-cash financing and investing activities	7.2.2		

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

1 About this report

The Department of Treasury and Finance (the Department) is a government department of the State of Victoria, established pursuant to an order made by the Premier under the *Administrative Arrangements Act 1983*. It is an administrative agency acting on behalf of the Crown.

Its principal address is: 1 Treasury Place
Melbourne VIC 3002

A description of the nature of its operations and its principal activities is included in the 'Report of operations' which does not form part of these financial statements.

Basis of preparation

The financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Department.

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

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

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 significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Judgement required'.

These financial statements cover the Department as an individual reporting entity and include all the controlled activities of the Department. The Essential Services Commission and Cenitex, which are part of the Department's portfolio, prepare separate annual financial statements and are not included in the Department's financial statements.

Pursuant to section 53(1)(b) of the *Financial Management Act 1994* (FMA), the results of the Registrar of Housing Agencies and the Victorian Government Purchasing Board are reported in aggregate as part of the Department's financial statements. These entities are not controlled by the Department.

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

Comparative information

During the year the Department reviewed its classification of controlled and administered items in the financial statements to provide more relevant information about the Department's operations and the functions administered on behalf of the State. Comparative amounts have been restated as described in note 7.3.1.

Compliance information

These general purpose financial statements have been prepared in accordance with the FMA and applicable 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 AASs paragraphs 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 are reported.

2 Funding delivery of our services

Introduction

The Department's overall objective is 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:

- optimise Victoria's fiscal resources;
- strengthen Victoria's economic performance;
- improve how Government manages its balance sheet, commercial activities and public sector infrastructure; and
- deliver efficient whole of government common services.

To enable the Department to fulfil its objectives and provide outputs as described in note 4.1.1, it receives income (predominantly funded by accrual-based Parliamentary appropriations for the provision of outputs).

Structure

2.1	Summary of income that funds the delivery of our services	47
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2.5	Other income	50

2.1 Summary of income that funds the delivery of our services

	Notes	2018 \$'000	2017 \$'000
Income from transactions			
Output appropriations	2.3	299 794	353 213
Other income	2.5	57 621	57 417
Total income from transactions		357 415	410 630

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.

2.2 Appropriations

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by the Department and are recognised as income when applied to the purposes defined under the relevant Appropriations Act.

Output appropriations

Income from the outputs the Department provides to the 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.

2.3 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 assets' 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		Financial Management Act 1994			Total Parliamentary authority \$'000	Appropriations applied \$'000	Variance \$'000
	Annual appropriations – as published \$'000	Advance from Treasurer \$'000	Section 29 \$'000	Section 30 \$'000	Section 32 \$'000			
2018								
Controlled								
Provision of outputs	286 857	13 764	8 353	(1 000)	3 822	311 796	299 794	12 002
Additions to net assets	52 590		–	1 000	–	53 590	50 000	3 590
Administered								
Payments made on behalf of the State	5 434 337	33 855	–	–	–	5 468 192	5 395 686	72 506
2018 total	5 773 784	47 619	8 353	–	3 822	5 833 578	5 745 480	88 098
2017								
Controlled								
Provision of outputs	250 649	32 720	9 996	65 000	3 914	362 279	353 213	9 066
Additions to net assets	2 590		–	–	–	2 590	–	2 590
Administered								
Payments made on behalf of the State	4 593 950	117 589	–	(65 000)	–	4 646 539	4 587 426	59 113
2017 total	4 847 189	150 309	9 996	–	3 914	5 011 408	4 940 639	70 769

Explanation of key variances between total Parliamentary authority and appropriations applied – year ended 30 June 2018:

- **Provision of outputs**

\$5.1 million in depreciation funding was not drawn due to lower depreciation costs for government-owned buildings. \$2.3 million is proposed to be carried over to 2018-19, in respect of various projects not completed as expected in 2017-18. \$2.3 million relates to the underutilisation of Treasurer's Advances primarily due to the timing of project works contributing to Commercial and Infrastructure Advice and Economic Regulatory Services outputs. \$2.2 million reflects whole of government savings.

- **Additions to net assets**

The Department was required to firstly utilise accumulated depreciation equivalent funding for the purchase of infrastructure, plant and equipment. Capital appropriation was not applied as expected in 2017-18 due to \$0.75 million carryover to 2018-19 relating to conservation works to the Mission to Seafarers building.

2.4 Annotated income agreements

The Department is permitted under section 29 of the FMA to have certain income annotated to the annual appropriation. The income, which forms part of a section 29 agreement, is recognised by the Department and the receipts paid into the Consolidated Fund as an administered item. At the point of income recognition, section 29 provides for an equivalent amount to be added to the annual appropriation.

- **Payments made on behalf of the State**

\$203.7 million of National Disability Insurance Scheme (NDIS) funding was not required due to the number of people transitioning to the NDIS being lower than forecast. This is partially offset by \$124.8 million appropriation transfer to the Natural Disaster Relief Trust to meet payments relating to existing natural disaster events.

The following is a listing of the FMA section 29 annotated income agreements approved by the Treasurer.

	2018	2017
	\$'000	\$'000
Section 105 land tax certificates	3 917	3 495
National land register	–	1 000
Construction supplier register	602	619
Government land and property	954	1 872
Essential Services Commission ministerial advices	–	130
Public financial corporations risk management and reporting framework	193	202
Government bodies gymnasium	187	178
Victorian Energy and Efficiency Target expansion	2 500	2 500
	8 353	9 996

2. Funding delivery of our services

2.5 Other income

	2018 \$'000	2017 \$'000
Provision of services	18 555	16 407
Rental accommodation income	31 665	31 703
Other income	7 401	9 307
Total other income	57 621	57 417

Provision of services

Income from the provision of services where they can be deployed for the achievement of departmental objectives, is recognised when the services are provided.

Rental accommodation income

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

Other income

Other income includes grants income and rebates earned. Income from grants (other than contributions by owners) is recognised when the Department obtains control over the contribution. 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. Rebates earned relate to Master Agency Media Services and revenue is recognised when the right to receive is established.

3 The cost of delivering services

Introduction

This section provides an account of the expenses incurred by the Department in delivering services and outputs. In note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with the provision of services are recorded. Note 4 discloses aggregated information in relation to the income and expenses by output.

Structure

3.1	Expenses incurred in delivery of services	51
3.2	Grants expense	53
3.3	Capital asset charge	53
3.4	Supplies and services	54
3.5	Land remediation costs	54

3.1 Expenses incurred in delivery of services

	Notes	2018 \$'000	2017 \$'000
Employee expenses	3.1.1	140 960	131 199
Grants expense	3.2	31 771	34 870
Capital asset charge	3.3	21 998	21 815
Supplies and services	3.4	116 704	117 556
Land remediation costs	3.5	620	66 338

3.1.1 Employee expenses – comprehensive operating statement

	2018 \$'000	2017 \$'000
Salaries, wages, annual and long service leave		
• Salaries and wages	108 119	99 744
• Annual and long service leave expense	14 640	14 495
Superannuation		
• Defined contribution plans	9 746	8 905
• Defined benefits expense	1 402	1 494
On-costs	7 053	6 561
Total employee expenses	140 960	131 199

3. The cost of delivering services

Employee expenses comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, termination 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 4.2).

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. Termination benefits are recognised when the Department is demonstrably committed to (i) terminating the employment of current employees according to a detailed formal plan, without the possibility of withdrawal; or (ii) 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.

3.1.2 Employee expenses – balance sheet

Provisions	2018 \$'000	2017 \$'000
Current		
Annual leave		
• unconditional and expected to be settled within 12 months	7 599	7 308
• unconditional and expected to be settled after 12 months	2 416	1 766
Long service leave		
• unconditional and expected to be settled within 12 months	2 783	2 816
• unconditional and expected to be settled after 12 months	19 893	18 986
On-costs	4 037	3 757
Performance bonus	213	313
Total current provisions for employee benefits	36 941	34 946
Non-current:		
Long service leave	2 921	2 666
On-costs	325	288
Total non-current provisions for employee benefits	3 246	2 954
Total provisions	40 187	37 900

3.1.3 Reconciliation of movement in on-costs provisions

	2018 \$'000
Opening balance	4 045
Additional provisions recognised	2 140
Reductions arising from payments/other sacrifices of future economic benefits	(1 818)
Unwind of discount and effect of changes in the discount rate	(5)
Closing balance	4 362
Current	4 037
Non-current	325

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 and recorded as an expense during the period the services are delivered.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

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 the 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.

Any gain or loss following revaluation of the present value of the non-current long service leave liability is recognised in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in discount rates for which it is then recognised in the net result as an 'other economic flow'.

3.2 Grants expense

Grants expense

Victorian Government entities

Other government entities

Other organisations

Total grants expense

	2018 \$'000	2017 \$'000
Victorian Government entities	26 311	25 311
Other government entities	5 335	9 135
Other organisations	125	424
Total grants expense	31 771	34 870

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. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.3 Capital asset charge

Capital asset charge

	2018 \$'000	2017 \$'000
Capital asset charge	21 998	21 815

A capital asset charge is a charge levied on the written down value of controlled non-current physical assets in a department's balance sheet. It aims to attribute to the Department outputs, the opportunity cost of capital used in service delivery; and provide incentives for the Department to identify and dispose of underutilised or surplus non-current physical assets in a timely manner. The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

3. The cost of delivering services

3.4 Supplies and services

	2018 \$'000	2017 \$'000
Rental and property outgoings	28 072	26 098
Purchases of services	62 377	67 534
Information and communication technology expenses	16 760	15 424
Other	9 495	8 500
Total supplies and services	116 704	117 556

Supplies and services are recognised as an expense in the period in which they are incurred.

Operating lease payments (including contingent rentals) 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.

3.5 Land remediation costs

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 the 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.

Included in the land remediation provision made in the prior year is \$65 million to remediate a site included in non-financial assets classified as held for sale, and intended for residential and commercial development. The Department has provided for the restoration of the site to an acceptable environmental standard.

4 Disaggregated financial information by output

Introduction

The Department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs. This section provides a description of the departmental outputs delivered during the year ended 30 June 2018 along with the objectives of those outputs.

This section disaggregates revenue and income that enables the delivery of services (described in note 2) by output and records the allocation of expenses incurred (described in note 3) also by output, which forms part of the controlled balances of the Department.

It also provides information on items administered in connection with these outputs, which do not form part of the controlled balances of the Department.

Judgement required

Judgement is required in allocating income and expenditure to specific outputs. Judgement is also required to identify controlled and administered items as explained below.

4.1 Departmental outputs

4.1.1 Departmental outputs – descriptions and objectives

Objectives and outputs of the Department

A description of departmental objectives and outputs during the year ended 30 June 2018 are summarised below.

Optimise Victoria's fiscal resources

These outputs contribute to the Department's objective to ensure that Government financial policies are fiscally sound.

Strengthen Victoria's economic performance

These outputs provide advice on key economic and financial issues, including longer-term economic development, regulation, financial strategy and taxation policy.

Distinction between controlled and administered items

The distinction between controlled and administered items is drawn based on whether the Department has the ability to deploy the resources in question for its own benefit (controlled items) or whether it does so on behalf of the State (administered). The Department remains accountable for transactions involving administered items, but it does not recognise these items in its financial statements, except in notes 4.2 and 8.2. Comparative information have been restated as described in note 7.3.1.

Structure

4.1	Departmental outputs	55
4.2	Administered items	58

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure

The Department develops and applies prudent commercial principles and practices to influence and deliver Government policies focused on major infrastructure, government business enterprises and the State's balance sheet.

Deliver efficient whole of government common services

The Department assists government agencies in providing a more integrated approach to the management of common services. This output delivers whole of government services, policies and initiatives in areas including procurement, fleet and accommodation.

4. Disaggregated financial information by output

4.1.2 Departmental outputs schedule

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Controlled income and expenses for the year ended 30 June 2018				
Income from transactions				
Output appropriations	136 265	118 305	52 250	50 191
Other income	1 416	1 255	719	595
Total income from transactions	137 681	119 560	52 969	50 786
Expenses from transactions				
Employee expenses	76 617	72 050	21 535	20 056
Depreciation and amortisation	21 644	9 284	104	161
Interest expense	12	10	8	3
Grants expense	5 309	5 382	24 658	24 680
Capital asset charge	47	44	39	39
Supplies and services	31 892	30 104	6 419	4 731
Land remediation costs	–	–	–	–
Payments to Consolidated Fund	838	10	17	12
Total expenses from transactions	136 359	116 884	52 780	49 682
Net result from transactions	1 322	2 676	189	1 104
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(18)	7	1	3
Net (loss) on financial instruments	(8)	(3)	–	–
Net gain from revaluation of leave liabilities	31	530	5	92
Total other economic flows included in net result	5	534	6	95
Net result from continuing operations	1 327	3 210	195	1 199
Total other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus	–	–	–	–
Comprehensive result	1 327	3 210	195	1 199
Controlled assets and liabilities as at 30 June 2018				
Assets				
Financial assets	3 512	6 670	890	1 453
Non-financial assets	17 938	31 369	1 292	830
Total assets	21 450	38 039	2 182	2 283
Liabilities				
Total liabilities	35 057	33 201	25 211	22 451
Net assets/(liabilities)	(13,607)	4 838	(23 029)	(20 168)

Note:

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

4.1.3 Changes to outputs

There were no changes to outputs during the year.

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable ^(a)		Departmental total	
2018	2017	2018	2017	2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
71 519	142 902	39 760	41 815		–	299 794	353 213
4 297	6 481	51 189	49 086		–	57 621	57 417
75 816	149 383	90 949	90 901	–	–	357 415	410 630
26 656	23 933	16 152	15 160		–	140 960	131 199
168	174	12 843	14 010		–	34 759	23 629
6	13	60	24		–	86	50
1 640	4 528	164	280		–	31 771	34 870
5 124	5 067	16 788	16 665		–	21 998	21 815
38 417	44 866	39 976	37 855		–	116 704	117 556
620	66 338	–	–		–	620	66 338
1 803	1 167	6 432	9 810		–	9 090	10 999
74 434	146 086	92 415	93 804	–	–	355 988	406 456
1 382	3 297	(1 466)	(2 903)	–	–	1 427	4 174
18	(11)	77	44		–	78	43
–	–	–	–		–	(8)	(3)
9	133	5	71		–	50	826
27	122	82	115	–	–	120	866
1 409	3 419	(1 384)	(2 788)	–	–	1 547	5 040
–	77 777	–	172 515		–	–	250 292
1 409	81 196	(1 384)	169 727	–	–	1 547	255 332
7 166	9 293	33 454	33 966	286 238	259 044	331 260	310 426
387 446	384 325	415 727	418 434			822 403	834 958
394 612	393 618	449 181	452 400	286 238	259 044	1 153 663	1 145 384
84 287	83 846	21 551	19 264			166 106	158 762
310 325	309 772	427 630	433 136	286 238	259 044	987 557	986 622

4. Disaggregated financial information by output

4.2 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, but does not control certain resources and activities on behalf of the State. 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.

Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes taxes raised by the State Revenue Office, fees, Commonwealth grants, capital asset charges to other departments and the proceeds from the sale of surplus land and buildings.

4.2.1 Administered income and expenses for the year ended 30 June 2018

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered income from transactions				
Payments on behalf of the State appropriations	242 488	171 337	409 046	300 188
Special appropriations	151 191	105 122		
Commonwealth grants			15 594 841	13 619 321
Taxation	18 542 489	17 214 000		
Dividends				
Capital asset charge				
Interest				
Other income	101 113	104 784	1 479	7 556
State revenues received into Consolidated Fund, net of appropriations applied within government departments				
Total administered income from transactions	19 037 281	17 595 243	16 005 366	13 927 065
Administered expenses from transactions				
Grants expense	332 945	313 642	129 104	116 129
Interest expense	793	834		
Superannuation – non-departmental				
Contribution to GST administration costs			162 793	172 163
Ex-gratia payments	4 056	8 257		
Other expenses	22 575	23 139	1 017	15 453
Payments to Consolidated Fund	18 144 178	16 903 703	15 596 320	13 626 777
Total administered expenses from transactions	18 504 547	17 249 575	15 889 234	13 930 522
Administered net result from transactions	532 734	345 668	116 132	(3 457)
Other economic flows included in net result				
Net gain on non-financial assets				
Net gain/(loss) on financial instruments	(25 970)	(37 272)		
Total other economic flows included in net result	(25 970)	(37 272)	–	–
Administered net result	506 764	308 396	116 132	(3 457)
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans				
Changes in financial assets available for sale reserve				
Administered comprehensive result	506 764	308 396	116,132	(3 457)

4. Disaggregated financial information by output

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 4.2.1 and 4.2.2. 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.

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable		Departmental total	
2018	2017	2018	2017	2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4 744 095	4 065 730	57	171		–	5 395 686	4 537 426
44 533	5 803 858			1 105 058	1 159 807	1 300 782	7 068 787
22 563	11 111			7 034 123	6 754 335	22 651 527	20 384 767
444 530	1 172 576					18 987 019	18 386 576
457 953	369 061					457 953	369 061
5 406 374	5 125 834					5 406 374	5 125 834
122 887	132 229	4 217	4 398			127 104	136 627
6 543	46 627	823	477			109 958	159 444
				128 247	1 288 441	128 247	1 288 441
11 249 478	16 727 026	5 097	5 046	8 267 428	9 202 583	54 564 650	57 456 963
				3 580 619	3 181 725	4 042 668	3 611 496
1 150 355	1 281 230	4 910	4 556		762	1 156 058	1 287 382
				1 164 265	1 091 458	1 164 265	1 091 458
						162 793	172 163
						4 056	8 257
9 197	34 370	150	167			32 939	73 129
10 457 483	15 787 509	1 055	1 378	3 453 504	3 572 610	47 652 540	49 891 977
11 617 035	17 103 109	6 115	6 101	8 198 388	7 846 555	54 215 319	56 135 862
(367 557)	(376 083)	(1 018)	(1 055)	69 040	1 356 028	349 331	1 321 101
1 490	8 854					1 490	8 854
1 520 013	(707 300)				87 949	1 494 043	(656 623)
1 521 503	(698 446)	–	–	–	87 949	1 495 533	(647 769)
1 153 946	(1 074 529)	(1 018)	(1 055)	69 040	1 443 977	1 844 864	673 332
				(258 099)	4 366 590	(258 099)	4 366 590
(5 263)	–					(5 263)	–
1 148 683	(1 074 529)	(1 018)	(1 055)	(189 059)	5 810 567	1 581 502	5 039 922

4. Disaggregated financial information by output

Administered income and expenses

Payments on behalf of the State (POBOS) Appropriations

POBOS is an appropriation which provides for payments to be made on behalf of the State. These payments are not related to the direct provision of outputs of the Department.

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.

Authority	Purpose	Appropriations applied	
		2018 \$'000	2017 \$'000
Administered (Note 22)			
<i>Constitution Act, No. 8750 of 1975 – Governors' Pensions</i>	Governors' pensions	1 734	1 443
<i>County Court Act, No. 6230 of 1958 – Judges</i>	Judges' pensions	17 408	14 987
<i>Constitution Act, No. 8750 of 1975 – Supreme Court Judges</i>	Judges' pensions	12 459	12 484
<i>State Superannuation Act, No. 50 of 1988, Section 90(2) – Contributions</i>	Superannuation contributions	1 073 456	1 071 029
<i>State Electricity Commission Act, No. 6377 of 1958, Section 85B(2)</i>	Indemnity	–	59 864
<i>Treasury Corporation of Victoria Act, No. 80 of 1992, Section 38 – Debt Retirement</i>	Budget sector debt retirement	20 841	5 788 224
<i>Taxation (Interest on Overpayments) Act, No. 35 of 1986, Section 11</i>	Interest on overpayments of tax	793	835
<i>State Owned Enterprises Act, No. 90 of 1992, Section 88</i>	State equivalent tax refunds	13 152	8 987
<i>Liquor Control Reform Act, No. 94 of 1998, Section 177(2)</i>	Safety net payments	3 468	3 500
<i>Gambling Regulation Act, No. 114 of 2003, Section 3.6.12^(a)</i>	Payments to Community Support Fund	146 159	96 892
<i>Financial Management Act, No. 18 of 1994, Section 39</i>	Interest on advances	10 540	6 646
<i>Taxation Administration Act 1997, Section 121</i>	Court costs	772	3 896
Total special appropriations		1 300 782	7 068 787

Notes:

(a) In 2017-18, an additional \$45 million of electronic gaming machines revenue was accessed by the Community Support Fund, following the lapsing of section 3.6.12(1A) of the *Gambling Regulation Act 2003* at 30 June 2017. The Treasurer approved the allocation of this funding to the Department of Health and Human Services for the Drug and Alcohol Treatment Services Program, and offset the program's existing annual output appropriation funding by the same amount.

Commonwealth grants

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 taxable 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.

Income tax equivalent and rate equivalent revenue are recognised when the right to receive the payment is established.

Dividends

Dividends are recognised when the right to receive the payment is established.

Capital asset charge

This revenue represents the amount levied by the State on departments and relevant agencies for the opportunity cost of capital used in service delivery.

Interest income

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

Other income

Other income relates to other miscellaneous non-operating revenue.

Grants expense

Grants can either be operating or capital in nature. 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.

Contribution to GST administration costs

Payments to the Commonwealth for the State's share of the cost of administering goods and services tax (GST).

Other economic flows included in net result

Net realised and unrealised gains and losses on the revaluation of investments, which do not form part of income from transactions, 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.

4. Disaggregated financial information by output

4.2.2 Administered assets and liabilities as at 30 June 2018

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered assets				
Financial assets				
Cash and deposits				
Receivables	2 464 494	1 999 355	21 342	81 700
Advances paid				
Investments in controlled entities				
Investment in associate entity				
Other investments				
Total financial assets	2 464 494	1 999 355	21 342	81 700
Non-financial assets				
Prepayments			27 770	–
Total non-financial assets	–	–	27 770	–
Total administered assets	2 464 494	1 999 355	49 112	81 700
Administered liabilities				
Payables	8 960	8 129	71 379	17 425
Advances received				
Public Account SAU liability				
Provisions	27	45 031	95 190	–
Unearned income				
Advances for capital works				
Borrowings				
Superannuation liability				
Total administered liabilities	8 987	53 160	166 569	17 425
Net administered assets	2 455 507	1 946 195	(117 457)	64 275

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable		Departmental total	
2018	2017	2018	2017	2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2 258 096	2 230 445			102 868	233 556	2 360 964	2 464 001
169 736	153 327	251 458	231 400		488 195	2 907 030	2 953 977
5 304 401	8 271 119				–	5 304 401	8 271 119
				104 988 735	98 935 760	104 988 735	98 935 760
				7 041	12 500	7 041	12 500
427 777	100 000					427 777	100 000
8 160 010	10 754 891	251 458	231 400	105 098 644	99 670 011	115 995 948	112 737 357
		–	–			27 770	–
–	–	–	–	–	–	27 770	–
8 160 010	10 754 891	251 458	231 400	105 098 644	99 670 011	116 023 718	112 737 357
126 573	57 185	20 894	21 717	10 273	18 781	238 079	123 237
5 304 401	8 271 119					5 304 401	8 271 119
				9 287 686	9 463 721	9 287 686	9 463 721
57	230					95 274	45 261
73 306	62 465					73 306	62 465
		47 123	55 248			47 123	55 248
23 140 908	18 833 381	226 292	226 293			23 367 200	19 059 674
				25 205 357	24 900 518	25 205 357	24 900 518
28 645 245	27 224 380	294 309	303 258	34 503 316	34 383 020	63 618 426	61 981 243
(20 485 235)	(16 469 489)	(42 851)	(71 858)	70 595 328	65 286 991	52 405 292	50 756 114

4. Disaggregated financial information by output

Administered assets and liabilities

Receivables

Receivables mainly comprise receivables relating to taxation, dividends, grants and the Department's finance lease arrangements relating to the State's motor vehicle fleet. 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.

Advances paid

These are advances from the Victorian Transport Fund paid to the Port Lessor Pty Ltd, an entity within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) portfolio under a formal loan/advance agreement at an agreed commercial rate of interest. Advances are initially measured at fair value and subsequently measured at amortised cost.

Investment in controlled entities

This relates to the State's equity investment in entities controlled by the State, in its capacity as owner and is carried at cost.

Investment in associate entity

On 1 July 2016, an investment in Property Exchange Australia Limited (PEXA) (formerly known as National E-Conveyancing Development Limited) was transferred from the Department of Environment, Land, Water and Planning (DELWP) to the Department. PEXA was established in January 2010 to develop a single national electronic conveyancing system for settling property transactions. While the State's ownership interest in PEXA is less than 20 per cent, the investment is accounted for using the equity method as the State has significant influence through its representation on the Board of Directors and participation in policy making processes.

Under this method, the State's share of the post-acquisition profits or losses of associates is recognised in the net result as other economic flows. The share of post-acquisition movements in revaluation surpluses and any other reserves is recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post acquisition movements are adjusted against the cost of the investment.

Other investments

Other investments are 'available-for-sale' financial instrument assets. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investments are disposed. Movements resulting from impairment are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Public Account SAU liability

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.

Unearned income

This mainly represents the upfront payment of a 30 year lease obligation resulting from the sale of the State's hydroelectricity scheme – Southern Hydro Limited. Revenue is recognised on a straight-line method over the lease period.

Borrowings

Borrowings are recorded initially at fair value, being the cost of the borrowings, net of transaction costs. The measurement basis subsequent to initial recognition is at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowings using the effective interest rate method.

Borrowings refer to interest bearing liabilities mainly for the Budget Sector Debt Portfolio (BSDP), finance leases and other interest bearing arrangements. Borrowings exclude liabilities raised from other government entities, which are classified as advances received.

Management of the 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.

4. Disaggregated financial information by output

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 categorised as financial liabilities carried at amortised cost.

Advances received

Advances received are from Port Lessor Pty Ltd. The advance received is under a loan agreement based on similar terms and conditions as the advances paid from the Victorian Transport Fund with a small interest rate spread and is categorised as financial liabilities at amortised cost.

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.

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. Re-measurements 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 2018 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.

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.

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 (VFMC);
- prudentially supervising VFMC; 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 \$25 205 million as at 30 June 2018 (2017 – \$24 901 million). 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 liability also includes \$1 120 million (2017 – \$1 002 million) for accrued benefits arising from constitutionally protected pension entitlements, principally in respect of judges and other judicial office holders.

4. Disaggregated financial information by output

	2018 \$m	2017 \$m
Reconciliation of the present value of the defined benefit obligation		
Balance at the start of the period	46 545	49 321
Current service cost	913	836
Interest cost	1 337	1 154
Contributions by plan participants	229	220
Actuarial (gains)/losses	1 214	(2 854)
Benefits paid	(2 087)	(2 132)
Balance at the end of the period	48 151	46 545
Reconciliation of fair value of superannuation plan assets		
Balance at the start of the period	21 644	20 032
Interest income	622	462
Expected return on plan assets excluding interest income	956	1 006
Actuarial gains/(losses)	1	506
Employer contributions	1 581	1 550
Contributions by plan participants	229	220
Benefits paid (including tax paid)	(2 087)	(2 132)
Balance at the end of the period	22 946	21 644
Reconciliation of assets and liabilities disclosed in the administered statement of assets and liabilities		
State Superannuation Fund/Emergency Services Superannuation Scheme	24 036	23 803
Other funds	1 169	1 098
Total superannuation liability	25 205	24 901
	2018	2017
	%	%
Actuarial assumptions		
<i>State Superannuation Fund/Emergency Services Superannuation Scheme</i>		
Expected return on assets	8.0	8.0
Discount rate	2.8	3.0
Wages growth	3.4	3.4
Inflation rate	1.9	1.9
<i>Constitutionally Protected Pensions</i>		
Discount rate	2.8	3.0
Wages growth	3.4	3.4
Inflation rate	n/a	n/a
<i>Health Superannuation Fund</i>		
Expected return on assets	5.0	5.7
Discount rate	2.8	3.0
Wages growth	3.4	3.4
Inflation rate	1.9	1.9

4. Disaggregated financial information by output

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.

Categories of plan assets	2018	2017
	%	%
The major categories of plan assets are as follows:		
Domestic equity	27.6	27.7
International equity	27.6	27.7
Domestic debt assets	17.8	17.6
Property	7.5	7.6
Cash	4.1	4.1
Other	15.4	15.3
	100.0	100.0

5 Key assets available to support output delivery

Introduction

The Department controls property plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Department to be utilised for delivery of services.

Judgement required

Where the assets included in this section are carried at fair value, additional information is disclosed in note 8.3 in connection with how those fair values were determined.

In addition, judgements have also been applied in assessing the useful lives of property, plant and equipment.

Structure

5.1	Property, plant and equipment	68
5.2	Intangible assets	72

5.1 Property, plant and equipment

	2018 \$'000	2017 \$'000
Land		
At valuation	602 551	603 512
Buildings (including heritage buildings)		
At independent valuation	174 504	181 173
At cost	7 118	2 064
Less: accumulated depreciation	(12 054)	(72)
	169 568	183 165
Construction in progress – at cost	13 264	6 267
Total buildings	182 832	189 432
Leasehold improvements		
Leasehold improvements – at fair value	10 542	10 542
Less: accumulated depreciation	(9 083)	(8 992)
Total leasehold improvements	1 459	1 550
Plant and equipment		
Office and computer equipment – at fair value	12 144	11 847
Less: accumulated depreciation	(11 451)	(11 725)
	693	122
Motor vehicles under finance lease	6 175	5 677
Less: accumulated depreciation	(1 684)	(1 476)
	4 491	4 201
Total plant and equipment	5 184	4 323
Total property, plant and equipment	792 026	798 817

Initial recognition

Property, plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease 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 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.

Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use, considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset and is summarised below by asset category.

The latest revaluations of building assets were based on independent assessments as at 30 June 2017, which resulted in a net revaluation increase of \$72.9 million. The valuations were carried out by Valuer-General Victoria, Urbis Valuation Pty Ltd, Dominion Group Pty Ltd and Value IT Pty. Ltd.

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 8.3), 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.

The carrying amount of buildings listed as heritage assets is \$102 million (2017 – \$107 million). These heritage assets cannot be modified nor disposed of without formal ministerial approval.

Revaluation of non-financial physical assets

Non-financial physical assets are measured at fair value in accordance with the 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. Scheduled revaluations and any interim revaluations are conducted by independent valuers as determined in accordance with the requirements of the Financial Reporting Directions. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income', and accumulated in the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment, are offset against one another in that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

Refer to note 8.3 for additional information on fair value determination of property, plant and equipment.

5. Key assets available to support output delivery

5.1.1 Depreciation and amortisation

	2018	2017
	\$'000	\$'000
Buildings – structures and ground development	7 284	7 451
Buildings – other building components	4 698	5 094
Leasehold improvements	91	194
Office and computer equipment	71	661
Motor vehicles under finance lease	1 157	1 124
Municipal valuations database	17 457	5 000
Capitalised software development	4 001	4 105
Total depreciation and amortisation	34 759	23 629

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.

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 amortised as an expense from transactions on a straight-line basis over the asset's useful life.

Depreciation and amortisation 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 2018 and 30 June 2017 are as follows:

Buildings – structures (including heritage buildings) and ground development ^(a)	12–257 years
Buildings (including heritage buildings) – other building components	5–186 years
Leasehold improvements	4–10 years
Office and computer equipment	2–10 years
Motor vehicles under finance lease	1–5 years
Municipal valuations database	2 years
Capitalised software development	3–7 years

Note:

(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. Ground development has a useful life of 12 years and includes landscaping improvements, fencing, gates, external storm water and sewer drainage, outbuildings and covered ways.

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

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 flows 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.

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

	Public Administration Purpose Group						
	Land	Buildings (including heritage buildings)	Building construction in progress	Leasehold improvements	Office and computer equipment	Motor vehicles under finance lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018							
Carrying amount at the start of the year	603 512	183 165	6 267	1 550	122	4 201	798 817
Additions	–	–	12 131	–	597	2 244	14 972
Disposals	(18)	–	–	–	(35)	(672)	(725)
Transfers between classes	6 669	(1 615)	(5 134)	–	(80)	–	–
Transfers through contributed capital	(612)	–	–	–	–	–	(612)
Net transfers from/(to) property held for sale	(7 000)	–	–	–	–	(125)	(7 125)
Net transfers free of charge	–	–	–	–	–	–	–
Depreciation expense (note 5.1.1)	–	(11 982)	–	(91)	(71)	(1 157)	(13 301)
Carrying amount at the end of the year	602 551	169 568	13 264	1 459	693	4 491	792 026
2017							
Carrying amount at the start of the year	421 860	120 582	247	1 744	764	3 890	549 087
Additions	–	1 958	6 267	–	19	2 773	11 017
Disposals	–	–	–	–	–	(1 317)	(1 317)
Transfers between classes	–	247	(247)	–	–	–	–
Transfers through contributed capital	(51)	–	–	–	–	–	(51)
Net transfers from/(to) property held for sale	4 338	–	–	–	–	(21)	4 317
Net transfers free of charge	–	(4)	–	–	–	–	(4)
Revaluation increment (net)	177 365	72 927	–	–	–	–	250 292
Depreciation expense (note 5.1.1)	–	(12 545)	–	(194)	(661)	(1 124)	(14 524)
Carrying amount at the end of the year	603 512	183 165	6 267	1 550	122	4 201	798 817

5. Key assets available to support output delivery

5.2 Intangible assets

	2018	2017
	\$'000	\$'000
Municipal valuations database	22 457	19 721
Less: accumulated amortisation	(22 457)	(5 000)
Total municipal valuations database	–	14 721
Capitalised software development	62 792	59 624
Less: accumulated amortisation	(53 426)	(49 425)
Total capitalised software development	9 366	10 199
Intangible assets under development	4 911	2 671
Total intangible assets	14 277	27 591
Reconciliations of carrying amounts		
Municipal valuations database		
Carrying amount at the start of the year	14 721	–
Additions	2 736	19 721
Amortisation expense (note 5.1.1)	(17 457)	(5 000)
Carrying amount at the end of the year	–	14 721
Capitalised software development		
Carrying amount at the start of the year	10 199	12 538
Additions	3 168	1 766
Amortisation expense (Note 5.1.1)	(4 001)	(4 105)
Carrying amount at the end of the year	9 366	10 199
Intangible assets under development		
Carrying amount at the start of the year	2 671	1 696
Additions	5 408	2 671
Transfers to capitalised software development	(3 168)	(1 696)
Carrying amount at the end of the year	4 911	2 671

Initial recognition

Intangible assets represent identifiable non-monetary assets without physical substance. Purchased intangible assets are initially recognised at cost. Subsequently, purchased intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation 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. The Department's internally generated produced assets comprise capitalised software development.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Department. Purchased intangible assets include costs incurred in acquiring databases, software and licences that will contribute to future economic benefits.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 5.1.1.

6 Other assets and liabilities

Introduction

This section sets out the receivables, assets held for sale and payables that arise from the Department's controlled operations.

Structure

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6.1 Receivables

	2018 \$'000	2017 \$'000
Current:		
Contractual		
Debtors	14 822	16 493
	14 822	16 493
Statutory		
Amounts owing from Victorian Government ^(a)	283 303	256 331
GST recoverable	–	2 595
	283 303	258 926
Total current receivables	298 125	275 419
Non-current:		
Statutory		
Amounts owing from Victorian Government ^(a)	2 935	2 713
Total non-current receivables	2 935	2 713
Total receivables	301 060	278 132

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.

Receivables consist of:

- statutory receivables, predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, mainly debtors in relation to goods and services and accrued investment income.

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.

6.1.1 Ageing analysis of receivables

	Carrying amount \$'000	Neither past due nor impaired \$'000	Past due but not impaired				Greater than 5 years \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months-1 year \$'000	1-5 years \$'000	
2018							
Receivables	14 822	12 006	1 876	925	15	-	-
2017							
Receivables	16 493	14 648	1 816	29	-	-	-

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 an expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as other economic flows.

6.2 Payables

	2018 \$'000	2017 \$'000
Current:		
Contractual		
Creditors and accruals	33 665	32 754
Statutory		
Amounts payable to other government agencies	16 385	15 346
GST payable	2 797	-
Total payables	52 847	48 100

Payables consist of:

- contractual payables, such as accounts payable. 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, amounts owing to government agencies.

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.

6. Other assets and liabilities

6.2.1 Maturity analysis of contractual payables

At balance date the carrying amount and nominal amount of contractual payables amounted to \$33.7 million (2017 – \$32.8 million). The contractual payables for the 2018 and 2017 financial years were neither past due nor impaired.

6.3 Non-financial assets classified as held for sale

	2018 \$'000	2017 \$'000
Vehicles held for sale	125	21
Properties held for sale	11 556	4 555
Total non-financial assets classified as held for sale	11 681	4 576

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 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.

6.4 Unearned income

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

7 Financing our operations

Introduction

This section provides information on the sources of finance utilised by the Department during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Department.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosure.

7.1 Borrowings

Current:

Unsecured

Bank overdraft (note 7.2)

Secured

Finance lease liabilities

Total current borrowings

Non-current:

Secured

Finance lease liabilities

Total non-current borrowings

Total borrowings

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

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. 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'. The classification depends on the nature and purpose of the interest bearing liabilities. The Department determines the classification of its interest bearing liabilities at initial recognition.

Structure

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	2018 \$'000	2017 \$'000
Current:		
Unsecured		
Bank overdraft (note 7.2)	99	529
Secured		
Finance lease liabilities	2 085	1 703
Total current borrowings	2 184	2 232
Non-current:		
Secured		
Finance lease liabilities	2 548	2 533
Total non-current borrowings	2 548	2 533
Total borrowings	4 732	4 765
Assets pledged as security		
Motor vehicles under finance lease	4 491	4 201

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 depreciated over one to five years.

7. Financing our operations

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.

7.1.1 Maturity analysis of borrowings

	Carrying amount	Nominal amount	Maturity dates ^(a)				
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Greater than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018							
Finance leases	4 633	4 799	457	235	1 503	2 604	–
Bank overdrafts	99	99	99	–	–	–	–
	4 732	4 898	556	235	1 503	2 604	–
2017							
Finance leases	4 236	4 406	480	232	1 097	2 597	–
Bank overdrafts	529	529	529	–	–	–	–
	4 765	4 935	1 009	232	1 097	2 597	–

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

7.2 Cash flow information and balances

	2018 \$'000	2017 \$'000
Cash on hand	2	2
Funds held in trust	30 198	32 292
Total cash and deposits disclosed in the balance sheet	30 200	32 294
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	30 200	32 294
Less: bank overdrafts (note 7.1)	(99)	(529)
Balance as per cash flow statement	30 101	31 765

Cash and deposits, including cash equivalents 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. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation above.

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 from the generation of income is generally paid into the State's bank account ('Public Account'). Similarly, departmental expenditure, including that in the form of cheques drawn for the payment of goods and services to its suppliers and creditors, are made via the Public Account. 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.

These 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 un-presented cheques at balance date. The Department's bank overdraft balance was totally represented by un-presented cheques.

7.2.1 Reconciliation of net result to net cash flows from operating activities

	2018 \$'000	2017 \$'000
Net result	1 547	5 040
Depreciation and amortisation expense	34 759	23 629
Net (gain) on disposal of property, plant and equipment	(78)	(43)
Net transfers free of charge	–	4
Change in operating assets and liabilities, net of effects of restructuring		
• Decrease/ (increase) in receivables	(22 929)	(64 476)
• Decrease/ (increase) in other operating assets	(445)	(1 141)
• Increase in payables	5 795	2 297
• Increase in other operating liabilities	2 630	64 059
Net cash flows from operating activities	21 279	29 369

7.2.2 Non-cash financing and investing activities

During the reporting period, motor vehicles with a fair value of \$2 244 000 (2017 – \$2 773 000) were acquired by means of finance leases.

During the reporting period, assets amounting to \$402 (2017 – \$4 556 transferred out) were transferred into the Department from other organisations. These transfers are recognised in the comprehensive operating statement as resources transferred/received free of charge.

7.3 Trust account balances

The financial statements include the transactions and balances of the following controlled trusts accounts:

Trust account	Purpose
Finance Agency Trust – <i>Financial Management Act 1994</i>	To record the receipt of funds pending disbursement for fitout works, minor and major capital works, construction and construction-related works and general projects undertaken on the Department's buildings and tenancies.
Government Accommodation Trust – <i>Financial Management Act 1994</i>	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 – <i>Financial Sector Reform (Victoria) Act 1999</i>	To facilitate the registration of financial institutions made under the Financial Sector Reform Act.
Inter-departmental Transfer Trust – <i>Financial Management Act 1994</i>	To record inter-departmental transfers where no other trust arrangement exists.
Master Agency Media Services Trust (MAMS) – <i>Financial Management Act 1994</i>	To record the receipt of service fees and disbursement of media-related expenses under the MAMS contract.
Shared Corporate Services Trust Account – <i>Financial Management Act 1994</i>	To record receipts and payments for shared corporate services, including, but not limited to, the operations of the Shared Service Provider.
Treasury Trust – <i>Financial Management Act 1994</i>	To record the Department's receipt and disbursement of unclaimed and unidentified monies and other funds held in trust.
Vehicle Lease Trust – <i>Financial Management Act 1994</i>	To record transactions relating to the Department's vehicle pool and the management fee revenue and costs of the VicFleet business unit.

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

Trust account	Purpose
2017 Bourke Street Fund Trust Account – <i>Financial Management Act 1994</i>	To receive donations and other contributions to assist the immediate families of the deceased and injured individuals and their immediate families affected by the 2017 Bourke St tragedy.
Asset Sales Deposit Trust Account – <i>Financial Management Act 1994</i>	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 – <i>Livestock Disease Control Act 1994</i>	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 – <i>Gaming Machine Control Act 1991</i>	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 – <i>Financial Management Act 1994</i>	To facilitate the recording of the cash transactions associated with Public Account borrowings and their management, aimed at enhancing administrative and operational efficiency.
Finance Agency Trust – <i>Financial Management Act 1994</i>	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.
HomesVic Trust – <i>Financial Management Act 1994</i>	To record the receipt and disbursement of funds relating to the State's shared equity scheme to support lower to moderate income first home buyers enter into home ownership.

Trust account	Purpose
Inter-departmental Transfer Trust – <i>Financial Management Act 1994</i>	To record inter-departmental transfers where no other trust arrangement exists.
Land Acquisition and Compensation Trust – <i>Land Acquisition and Compensation Act 1986</i>	To hold land compensation monies where claimant not found.
Public Service Commuter Club Trust – <i>Financial Management Act 1994</i>	To record the receipt and payment of amounts relating to the purchase of rail tickets and associated reimbursement from Club members.
Security Trust – <i>Financial Management Act 1994</i>	To hold securities lodged by contractors to various departments as a guarantee of satisfactorily fulfilling contractual obligations.
Sheep And Goat Compensation Fund – <i>Livestock Disease Control Act 1994</i>	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 – <i>Livestock Disease Control Act 1994</i>	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 – <i>Financial Management Act 1994</i>	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 – <i>Financial Management Act 1994</i>	To record transactions relating to the Government's vehicle pool and fleet management operations.
Victorian Natural Disasters Relief Account – <i>Financial Management Act 1994</i>	To record the receipt and disbursement of funds in connection with natural disasters in Victoria.
Victorian Social Housing Growth Fund – <i>Financial Management Act 1994</i>	To record the receipt of capital funds and investment revenues pending disbursement of such revenues to increase the supply of social housing either directly through dedicated construction of social and affordable housing or by subsidising rental properties in the private market.

Trust account	Purpose
Victorian Transport Fund – <i>Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Act 2016</i>	To fund infrastructure projects for or in relation to public transport, roads, rail, the movement of freight, ports or other infrastructure (including regional infrastructure).

The HomesVic Trust was established under the *Financial Management Act 1994* on 2 November 2017 and the HomesVic shared equity pilot was launched on 12 February 2018. The Government allocated \$50 million to the Department to establish the shared equity pilot.

During the year, the 2017 Bourke Street Fund Trust Account was closed. The inter-departmental Transfer Trust was established in May 2017, with an effective date of 30 June 2017.

7.3.1 Trust account balances relating to trust accounts controlled and/or administered by the Department

	2018				2017			
	Opening balance \$'000	Inflows \$'000	Outflows \$'000	Closing balance \$'000	Opening balance \$'000	Inflows \$'000	Outflows \$'000	Closing balance \$'000
Controlled trusts								
Finance Agency Trust ^(a)	5 795	15 332	(12 764)	8 363	5 994	8 740	(8 939)	5 795
Government Accommodation Trust	4 618	38 753	(41 646)	1 725	3 674	39 778	(38 834)	4 618
Inter-departmental Transfer Trust	–	4 280	(728)	3 552	–	–	–	–
Master Agencies Media Services Trust	57	2 108	(1 129)	1 036	577	4 760	(5 280)	57
Shared Corporate Services Trust Account	6 702	92 637	(94 207)	5 132	11 070	79 719	(84 087)	6 702
Treasury Trust	8 416	5 082	(7 556)	5 942	5 959	3 722	(1 265)	8 416
Vehicle Lease Trust ^(b)	6 704	2 100	(4 356)	4 448	6 658	83	(37)	6 704
Total controlled trusts	32 292	160 292	(162 386)	30 198	33 932	136 802	(138 442)	32 292
Administered trusts								
2017 Bourke Street Fund Trust Account	26	–	(26)	–	–	1 594	(1 568)	26
Asset Sales Deposit Trust Account	–	–	–	–	5	–	(5)	–
Cattle Compensation Fund	–	5 112	(5 112)	–	–	4 690	(4 690)	–
Community Support Fund Trust	27 904	149 832	(130 675)	47 061	32 791	97 007	(101 894)	27 904
Debt Portfolio Trust	451 363	850 000	(450 000)	851 363	1 363	450 000	–	451 363
Finance Agency Trust ^(a)	55 137	59 120	(67 578)	46 679	48 321	76 024	(69 208)	55 137
HomesVic Trust	–	50 230	(3 000)	47 230	–	–	–	–
Inter-departmental Transfer Trust	–	17 154	(1 603)	15 551	–	–	–	–
Public Service Commuter Club Trust	(205)	677	(706)	(234)	(168)	578	(615)	(205)
Security Trust	12 151	91 224	(16 931)	86 444	30 430	84 039	(102 318)	12 151
Sheep And Goat Compensation Fund	–	1 408	(1 408)	–	–	1 187	(1 187)	–
Swine Compensation Trust	–	192	(192)	–	–	196	(196)	–
Treasury Trust	10 075	100 300	(110 375)	–	7 709	3 049 811	(3 047 445)	10 075
Vehicle Lease Trust ^(b)	19 350	158 431	(177 417)	364	15 468	159 306	(155 424)	19 350
Victorian Natural Disasters Relief Account	89 775	134 407	(63 053)	161 129	128 306	10 293	(48 824)	89 775
Victorian Social Housing Growth Fund	–	300 073	(300 073)	–	–	100 000	(100 000)	–
Victorian Transport Fund	9 230	3 096 707	(3 096 707)	9 230	–	11 269 562	(11 260 332)	9 230
Total administered trusts	674 806	5 014 867	(4 424 856)	1 264 817	264 225	15 304 287	(14 893 706)	674 806

Notes:

(a) The Department has reclassified part of the Finance Agency Trust comprising advances received for capital works on behalf of client departments from a controlled trust to an administered trust. The portion remaining in the controlled trust relates to the Department's owned buildings and fitouts.

(b) The Department has reclassified the VicFleet business unit that operates the VicFleet lease facility on behalf of the State from an administered trust to a controlled trust. The portion remaining in the administered trust relates to the VicFleet Lease Management Service.

Victorian Natural Disasters Relief Account

The Victorian Natural Disasters 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 restoration of municipal and other public assets;
- grants for the relief of personal hardship and distress;
- loan assistance and grants provided by the Bendigo and Adelaide Bank; and
- grants for emergency protection and asset restoration works.

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

	2018	2017
	\$'000	\$'000
Opening balance	89 775	128 306
Inflows		
Appropriation revenue	132 800	8 000
Clean up costs recoveries	1 607	2 293
	134 407	10 293
Outflows		
Grants to other government departments, agencies and authorities	8 262	3 809
Grants to local government	51 866	26 955
Grants to not-for-profit organisations and rural communities	2 084	2 228
Disaster clean-up costs	13	15 043
Audit fees	6	15
Other operating costs	822	774
	63 053	48 824
Closing balance	161 129	89 775

7. Financing our operations

7.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2018 \$'000	2017 \$'000
Capital commitments		
Contracted commitments for capital expenditure on building improvements, fitouts and IT development, at the reporting date but not recognised as liabilities, and payable:		
• within one year	13 259	8 256
• later than one year but not later than five years	–	4 011
Total capital commitments (inclusive of GST)	13 259	12 267
Outsourcing commitments		
Commitments under outsourcing contracts for human resource, property management and security services, and payable:		
• within one year	19 503	3 887
• later than one year but not later than five years	55 060	–
• later than five years	4 363	–
Total outsourcing commitments (inclusive of GST)	78 926	3 887
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 \$7 019 911 (2017 – \$7 197 066).		
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	7 553	6 255
• later than one year but not later than five years	13 553	18 788
• later than five years	1 035	1 371
Total operating lease commitments (inclusive of GST)	22 141	26 414

8 Risks, contingencies and valuation judgements

Introduction

The Department is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Department related mainly to fair value determination.

8.1 Financial instruments specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Department's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

For note disclosure purposes, a distinction is made between those financial assets and liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not. The following refers to financial instruments unless otherwise stated.

Categories of financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Structure

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Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income and expenses over the period of the interest-bearing liability, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include all of the Department's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an other economic flow in the comprehensive operating statement.

8. Risks, contingencies and valuation judgements

8.1.1 Categorisation of financial instruments

Carrying amount of financial instruments by category:

	Note	Category	2018 \$'000	2017 \$'000
Financial assets				
Cash and deposits	7.2	Loans and receivables and cash	30 200	32 294
Receivables ^(a)	6.1	Loans and receivables and cash	14 822	16 493
Total contractual financial assets			45 022	48 787
Financial liabilities				
Payables ^(a)	6.2	Financial liabilities at amortised cost	33 665	32 754
Borrowings	7.1	Financial liabilities at amortised cost	4 732	4 765
Total contractual financial liabilities			38 397	37 519

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

	Category	2018 \$'000	2017 \$'000
Financial liabilities			
Payables ^(a)	Financial liabilities at amortised cost	–	–
Borrowings	Financial liabilities at amortised cost	(86)	(50)
Total contractual financial liabilities		(86)	(50)

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, the net gain or loss is calculated by taking the interest income 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.

8.1.2 Financial risk management objectives and policies

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.

Financial instruments: 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 contractual financial assets is minimal because the main debtor is the Victorian Government.

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

Credit quality of contractual financial assets that are neither past due nor impaired:

	Other institutions (non-rated) \$'000	Government agencies (triple-A credit rating) \$'000	Total \$'000
2018			
Receivables			
Government departments/councils	–	12 006	12 006
Other entities	–	–	–
Total contractual financial assets	-	12 006	12 006
2017			
Receivables			
Government departments/councils	–	14 648	14 648
Other entities	–	–	–
Total contractual financial assets	-	14 648	14 648

Financial instruments: Liquidity risk

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 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 (2017 – 100) basis points up and down.

Financial instruments: 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.

The impact on net operating result and equity for each category of financial instruments held by the Department at year end, if the above movements were to occur, is immaterial for the 2018 and 2017 financial years.

Sensitivity disclosure analysis and assumptions

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.

Interest rate risk

Exposure to interest rate risk is insignificant and may arise primarily through the Department's finance lease liabilities.

8. Risks, contingencies and valuation judgements

8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities (including those administered on behalf of the State, where applicable) are not recognised in the balance sheet and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented

inclusive of GST receivable or payable, respectively. At balance date, the Department had no contingent assets (2017 – \$nil) and a quantifiable contingent liability in relation to land remediation costs amounting to \$4 million (2017 – \$8 million).

Quantifiable contingent liabilities – Administered

The following table summarises quantifiable contingent liabilities administered on behalf of the State.

Specific guarantees and indemnities under statute	
Guarantees for loans to water industry entities	
Guarantees for loans to other entities	
Litigation against State Revenue Office	
Other	
Total	

	2018 \$m	2017 \$m
	178	227
	11 262	10 777
	812	558
	24	35
	25	25
Total	12 301	11 622

Non-quantifiable contingent liabilities – Administered

The Department has a number of non-quantifiable contingent liabilities administered on behalf of the State 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 in the event a contamination risk has been identified.

Victorian Managed Insurance Authority (VMIA) – insurance cover

The 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 covers, including for property, public and products liability, professional indemnity, contract works and domestic building insurance for Victorian residential builders.

The VMIA reinsures in the private market for losses above \$50 million arising out of any one occurrence, up to a limit of \$1 billion for public and products liability, and for losses above \$50 million arising out of any one event, up to a limit of \$3.625 billion for property. Further, VMIA reinsured in the private market for losses above \$10 million arising out of any one event, up to a limit of \$1.5 billion for terrorism. 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 in any policy year from 1 July 2003 exceed by more than 20 per cent of the initial estimate on which the risk premium was based.

Other contingent liabilities not quantified – Administered

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.

8.3 Fair value determination

Consistent with AASB 13 *Fair Value Measurement*, 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 reassessing 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.

Description of significant unobservable inputs to Level 3 valuations

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

Note:

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

The significant unobservable inputs remain unchanged from 2017.

Land and buildings (including heritage buildings)

Specialised and non-specialised land and buildings are valued based on the market approach.

Specialised land is adjusted for heritage and 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.

8. Risks, contingencies and valuation judgements

For non-specialised land, the assets are compared to sales of comparable assets, which are considered to have nominal or no added improvement value.

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.

Office and computer equipment

The fair value of office and computer equipment is normally determined by reference to the asset's current replacement cost. For the Department's office and computer equipment, existing depreciated historical cost is generally a reasonable proxy for current replacement cost because of the short lives of the assets concerned.

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

Vehicles

Vehicles are valued using the current replacement cost method. The Department acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Department who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2018. For all assets measured at fair value, the current use is considered the highest and best use.

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Fair value measurement hierarchy at 30 June 2018				
Land at fair value				
Specialised land	533 644	–	–	533 644
Non-specialised land	68 907	–	68 907	–
Total land at fair value	602 551	–	68 907	533 644
Buildings at fair value				
Buildings (including heritage buildings)	169 568	–	–	169 568
Total buildings at fair value	169 568	–	–	169 568
Plant and equipment at fair value				
Office and computer equipment	693	–	–	693
Total plant and equipment at fair value	693	–	–	693
Fair value measurement hierarchy at 30 June 2017				
Land at fair value				
Specialised land	534 605	–	–	534 605
Non-specialised land	68 907	–	68 907	–
Total land at fair value	603 512	–	68 907	534 605
Buildings at fair value				
Buildings (including heritage buildings)	183 165	–	–	183 165
Total buildings at fair value	183 165	–	–	183 165
Plant and equipment at fair value				
Office and computer equipment	122	–	–	122
Total plant and equipment at fair value	122	–	–	122

8. Risks, contingencies and valuation judgements

Reconciliation of Level 3 fair value

	Specialised land	Non-specialised land	Buildings (including heritage buildings)	Office and computer equipment
	\$'000	\$'000	\$'000	\$'000
2018				
Opening balance	534 605	–	183 165	122
Net purchases/(sales)	(18)	–	–	562
Transfers through contributed capital	(612)	–	–	–
Transfers between classes	6 669	–	(1 615)	80
Transfers from/(to) held for sale	(7 000)	–	–	–
Depreciation	–	–	(11 982)	(71)
Closing balance	533 644	–	169 568	693
2017				
Opening balance	404 558	17 302	120 582	764
Net purchases/(sales)	–	–	1 958	19
Transfers through contributed capital	(51)	–	–	–
Transfers out of level 3	–	(17 302)	–	–
Transfer between classes	–	–	247	–
Transfer from/(to) held for sale	4 338	–	–	–
Revaluation increment (net)	125 760	–	72 927	–
Net transfers free of charge	–	–	(4)	–
Depreciation	–	–	(12 545)	(661)
Closing balance	534 605	–	183 165	122

The following table provides the fair value measurement hierarchy of the Department's non-financial physical assets held for sale.

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Fair value measurement hierarchy at 30 June 2018				
Land at fair value				
Specialised land	11 556			11 556
Total land at fair value	11 556			11 556
Fair value measurement hierarchy at 30 June 2017				
Land at fair value				
Specialised land	4 555			4 555
Total land at fair value	4 555			4 555

9 Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

9.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

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.

Structure

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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.

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.

9.2 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers and Accountable Officer in the Department (from 1 July 2017 to 30 June 2018 unless otherwise stated) were as follows:

- Tim Pallas MP, Treasurer of Victoria
- Robin Scott MP, Minister for Finance
- Mr David Martine, Secretary

Robin Scott MP and Gavin Jennings MLC acted for the Treasurer during the absences of Tim Pallas MP.

Tim Pallas MP acted for the Minister for Finance during the absences of Robin Scott MP.

Gayle Porthouse, Simon Hollingsworth and Amy Auster acted in the office of the Secretary during the absences of David Martine.

Total remuneration received or receivable by the Accountable Officer, in connection with the management of the Department during the reporting period, was in the range: \$620 000–\$630 000 (\$600 000–\$610 000 in 2016-17).

Remuneration of executive officers (including key management personnel other than Ministers disclosed in note 9.4)

	Total remuneration	
	2018 \$'000	2017 \$'000
Short-term employee benefits	16 662	14 269
Post-employment benefits	1 717	1 667
Other long-term benefits	692	663
Termination benefits	287	93
Total remuneration	19 358	16 692
Total number of executives^(a)	95	88
Total annualised employee equivalents^(b)	83	71

Notes:

(a) The total number of executive officers includes persons who meet the definition of key management personnel of the Department under AASB 124 *Related Party Disclosures* (other than Ministers) and are also reported within the related parties note disclosure (note 9.4).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

9.3 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period. Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits, such as allowances and free or subsidised goods or services.

Post-employment benefits are employer contributions for members of both defined benefit and defined contribution superannuation plans.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated, and a number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

9. Other disclosures

9.4 Related parties

The Department is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Department include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

During the year there were no material related party transactions.

Key management personnel of the Department includes the Portfolio Ministers, Tim Pallas MP and Robin Scott MP, the Secretary, David Martine, the Commissioner for the State Revenue Office, Paul Broderick, and members of the Senior Executive Team which includes:

- Deputy Secretary, Commercial Division, David Webster
- Deputy Secretary, Budget and Finance Division, Simon Hollingsworth
- Deputy Secretary, Corporate and Government Services Division, Gayle Porthouse
- Deputy Secretary, Economic Division, Amy Auster

The compensation detailed below excludes the salaries and benefits of the Portfolio Ministers. The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the Financial Report of the Department of Parliamentary Services.

Remuneration of key management personnel

	2018 \$'000	2017 \$'000
Short-term employee benefits	2 325	2 081
Post-employment benefits	143	152
Other long-term benefits	79	65
Total remuneration	2 547	2 298

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Department, transactions that have occurred with key management personnel and their related parties are based on terms and conditions that prevail in arm's length transactions under the State's procurement processes and have not been considered for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the Department's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

9.5 Remuneration of auditors

	2018 \$'000	2017 \$'000
Audit fees paid or payable to the Victorian Auditor-General's Office		
Annual financial statements of the Department	415	437
Annual financial report for the State of Victoria	403	393
Annual budget for the State of Victoria	457	446
Commonwealth acquittals	29	21
	1 304	1 297

No other services were provided by the Victorian Auditor-General's Office.

9.6 Other accounting matters

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 and are based on a 5-year lease term.

	2018 \$'000	2017 \$'000
Due within one year	36 761	32 702
Due later than one year but not later than five years	145 553	129 593
Due later than five years	5 708	7 153
	188 022	169 448

Events after reporting date

No matters or circumstances have arisen since the end of the financial year that has significantly affected the Department's operations, results or state of affairs, or that may do so in future years.

While the Department's assessment has not identified any material impact arising from AASB 9, there will be changes to the way financial instruments are disclosed.

9.7 Australian Accounting Standards issued that are not yet effective

As at 30 June 2018, the following standards and interpretations (applicable to the Department) had been issued but were not mandatory for the 30 June 2018 reporting period.

AASB 9 *Financial Instruments* and amending standards AASB 2014-1 and AASB 2014-7 are applicable for reporting periods commencing 1 January 2018. The key changes include the 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.

AASB 15 *Revenue from Contracts with Customers*, is applicable for reporting periods commencing 1 January 2018. 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. 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. Amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3 and AASB 2016-7 are applicable for reporting periods commencing 1 January 2018 and AASB 2016-8 is applicable for reporting period commencing 1 January 2019. The assessment has indicated that there will be no significant impact for the Department.

9. Other disclosures

AASB 16 *Leases* is applicable for reporting periods commencing 1 January 2019. The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet. The assessment has indicated that the changes from AASB16 will have a material impact as follows:

- (a) right-of-use assets will be recorded for assets that are leased by the Department;
- (b) liabilities will be recorded for future lease payments in the Department's balance sheet; and
- (c) the operating statement will include depreciation and interest on lease liabilities.

AASB 1058 *Income of Not-for-Profit Entities* is applicable for reporting periods commencing 1 January 2019. AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangements will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The Department has yet to fully assess the impact that AASB 1058 will have on the financial statements, when applied in future periods.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2017-18 reporting period. At this stage, the preliminary assessment suggests they either have no or may have insignificant impacts on the Department.

- AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement*

9.8 Glossary of technical 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.

Administered item

Administered item generally refers to a department lacking the capacity to benefit from that item in the pursuit of the department's objectives and to deny or regulate the access of others to that benefit.

Amortisation

Amortisation is the expense that arises from the consumption or use over time of a produced intangible asset. This expense is classified as a transaction.

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.

Controlled item

Controlled item generally refers to the capacity of a department to benefit from that item in the pursuit of the department's objectives and to deny or regulate the access of others to that benefit.

Capital asset charge

A charge levied on the written-down value of controlled non-current physical assets in a department's balance sheet which aims to: attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner. The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

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 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.

Ex gratia expenses

The voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

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.

9. Other disclosures

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.

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Appendix 1 Workforce data

Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

The Department's policies and practices are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The Department advises its employees how to avoid conflicts of interest, how to respond to offers of gifts and hospitality and how it deals with misconduct.

People and culture strategic activities

In 2017-18, the Department implemented a number of strategic initiatives including a People Matter Action Plan and a Diversity and Inclusion Framework, which currently includes an Aboriginal Employment Action Plan and an All Abilities Action Plan. Additional diversity and inclusion plans will be developed in the future.

In February 2018, the People Strategy was endorsed by the Treasury and Finance Board. The People Strategy aims to support DTF in achieving its objectives through several key strategic initiatives to be implemented from 2019 onwards, including a tailored leadership development program for all people leaders, the development of a new capability framework that will position the Department to meet current and future needs, and initiatives that support workforce planning, talent management, learning and development, career development, and diversity and inclusion.

People development

Key focus areas in the Department throughout 2017-18 that align with our People Matter Action Plan include flexible work practices, diversity and inclusion, leadership, change management, career intentions, wellbeing, and learning and development. Training offered included workplace flexibility, bullying and sexual harassment, career planning, Aboriginal cultural awareness, LGBTI awareness,

building positive workplace relationships, public speaking and presentation skills, mental health in the workplace, and a VPS6 leadership development program. In addition, executive one-on-one coaching is approved when required, and People and Culture assisted with tailored departmental leadership and team development programs when required.

The Victorian Leadership Academy (VLA) underwent changes in 2017, re-focusing the program on development. This saw DTF's 26 attendees, from the 2017 intake, become eligible for numerous development opportunities over the year.

In addition, DTF approved 11 new studies assistance applications and supported one staff member in the ANZSOG Executive Fellows Program.

Employee relations

During 2017-18, there were no industrial disputes lodged with the Fair Work Commission. The Department has a comprehensive grievance process to ensure employee concerns are dealt with fairly and promptly. The Department received one formal grievance for the reporting period.

The Department has a full suite of policies covering recruitment and selection, issue resolution and grievance review, redeployment, unsatisfactory work, misconduct, probation and fair treatment (among others).

Human resources policies are periodically reviewed during the reporting period. The Department has actively participated in the Victorian public service (VPS) Towards Common Practice policy development process, assisting with the development of consistent VPS policies and processes, which the Department will implement.

Recruitment

The Department is committed to ensuring the best people are recruited and selected. The selection processes ensure applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities, without discrimination.

During 2017-18, the Department advertised externally for 130 roles. A number of additional vacancies were filled by internal appointment at level, including through the Department's Job Transfer program.

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 economist programs on behalf of the VPS.

During 2017-18, 20 graduates joined the Department (eight economists, seven generalists and five 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 10 internships offered last summer (five economists and five accounting and finance).

Diversity

The Department strives to create an environment that supports a diverse, flexible and adaptive workforce, which reflects the communities we serve. Diverse and inclusive workforces have a better capacity to meet customer needs, are adept at providing different ways of looking at work issues, drive higher innovation and productivity, and are better placed to attract and retain talent.

DTF's Diversity and Inclusion Framework was endorsed by the Treasury and Finance Board in February 2018 and reflects the feedback and areas of focus from the 2017 People Matter Survey. The Department wishes to increase the representation of people with disability to 6 per cent by 2020 and provide a working environment where people can safely express their sexual orientation and identity, without concern about the impact on their career opportunities. The Department has a 50:50 gender target at the executive officer level and is focused on fostering a workplace that reflects Victoria's multicultural society. DTF celebrates and supports participation in our workforce of people of all ages, makes flexible work options available to staff, and supports the recruitment, capability development and career advancement of Aboriginal Australians.

DTF has implemented a range of initiatives to advance equity and inclusion for all. These are: diversity and inclusion awareness sessions, disability confidence training for staff and managers, Aboriginal cultural awareness training, retirement transition and superannuation planning, LGBTI awareness training, and a 'Safe Space' program, which is an alternative option for staff to discuss perceived issues of unreasonable workplace behaviour. The Department supports the LGBTI Pride Network. DTF also participated in the launch of the VPS Enablers network for staff living with disability, joined the Australian Network on Disability and established a partnership with Job Access to assist in recruiting people with disability.

The Department and its agencies provide cadetships to young people, through the Jobs Victoria Youth Cadetship Scheme. In 2017-18, two cadets joined the Department.

The Department's Aboriginal Employment and Inclusion Action Plan contains five areas of focus, including improving attraction and recruitment and creating a culturally safe workplace, and supporting Aboriginal jobs and business growth in Victoria through procurement practices. This plan aligns with, and leverages, Barring Djinang, the Aboriginal Employment Strategy for the VPS.

DTF's Aboriginal Working Group met regularly throughout 2017-18 to support the implementation of actions identified in the plan. Throughout the year, DTF celebrated a number of significant events such as Reconciliation and NAIDOC weeks. The Department conducts Aboriginal cultural awareness training for all staff, and at 30 June 2018, 132 staff had attended.

The Department continues to work with the VPSC Pathways program to support Aboriginal graduate recruitment. DTF wishes to increase the number of staff identifying as Aboriginal and Torres Strait Islander to 4 per cent by 2020.

Mental Health and Wellbeing Charter

The Victorian public sector Mental Health and Wellbeing Charter (the Charter) was launched in March 2016 to support a holistic and inclusive approach to mental health in the workplace by promoting mental wellbeing, preventing mental injury and illness, and taking action to support recovery.

The Department endorsed the *Leading the Way* approach during 2017-18, integrating the holistic framework with existing strategic Occupational Health and Safety (OHS) priorities that support mental health and wellbeing initiatives.

During 2017-18, the Department also trained four first aid officers in mental health first aid.

Confidential professional counselling services, provided by an independent impartial Employee Assistance Provider (EAP), continue to be available for staff, including specialist services for Aboriginal and Torres Strait Islanders, LGBTI staff, mature age staff and staff experiencing family violence.

The Department delivered Mental Health and Wellbeing training for executive officers and VPS6 staff, which supports the identification, prevention, and ways to address mental injury and illness, as well as promoting positive mental wellbeing at work.

Throughout 2017–18, the Department undertook a review of its OHS policies to ensure they align with the Charter’s objectives, developed a new Mental Health Incident Management process and delivered a series of education sessions on bullying and sexual harassment. DTF arranged seminars and activities throughout the health and safety month of October and provided resilience seminars for all staff. Strong commitment to health, safety and wellbeing has been ongoing throughout the year, with active participation by the Department in the Victorian public service OHS committees and working groups.

Human Rights Charter

Throughout 2017-18, 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. Commitment to the Human Rights Charter forms part of our public sector values, and is highlighted for all new staff during DTF’s corporate induction.

Given the nature of its portfolio, the Department’s 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, purchasers, landlords and tenants of government land.

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

Notes for all tables in Appendix 1

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.
6. ‘Other’ means any employee classified as a Legal Officer under the VPS Aligned Adaptive Structures.

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active public service employees of the Department, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June (2017) of the previous reporting period (2016).

Profile of Department of Treasury and Finance's workforce: June 2018

	June 2018							June 2017						
	All employees			Ongoing		Fixed term and casual		All employees			Ongoing		Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	321	315.19	282	18	295.63	21	19.57	314	310.55	286	15	297.95	13	12.60
Female	299	276.70	204	79	261.70	16	15.00	295	271.57	201	80	257.97	14	13.60
Age														
15-24	34	33.20	30	-	30.00	4	3.20	24	23.60	21	1	21.80	2	1.80
25-34	177	173.58	150	13	159.58	14	14.00	172	165.68	142	20	155.88	10	9.80
35-44	166	151.59	109	50	145.19	5	5.00	184	170.47	129	47	162.67	8	7.80
45-54	133	128.54	109	17	121.74	7	6.80	116	113.35	101	12	110.35	3	3.00
55-64	95	92.44	79	12	88.64	4	3.80	96	92.95	80	13	90.15	3	2.80
65+	15	12.54	9	5	12.17	1	0.37	17	16.07	14	2	15.07	1	1.00
VPS1-6 Grade	525	500.16	406	84	466.96	36	34.20	530	504.76	416	87	478.56	27	26.20
Grade 1	3	2.80	-	-	-	3	2.80	-	-	-	-	-	-	-
Grade 2	28	26.78	24	2	25.38	2	1.40	18	17.20	14	2	15.40	2	1.80
Grade 3	75	71.12	56	16	68.12	4	4.00	85	80.63	63	16	74.63	6	6.00
Grade 4	108	104.11	87	15	98.31	6	5.80	121	116.26	91	17	103.46	13	12.80
Grade 5	153	147.54	120	19	133.94	14	13.60	147	141.01	123	21	138.41	3	2.60
Grade 6	158	147.81	119	32	141.21	7	6.60	159	149.66	125	31	146.66	3	3.00
Senior employees	93	90.36	80	13	90.36	-	-	78	76.36	70	8	76.36	-	-
STS	10	9.50	7	3	9.50	-	-	10	9.70	8	2	9.70	-	-
Executives ^(a)	83	80.86	73	10	80.86	-	-	68	66.66	62	6	66.66	-	-
Other	2	1.37	1	-	1.00	1	0.37	1	1.00	1	-	1.00	-	-
Total employees	620	591.89	487	97	557.33	37	34.57	609	582.12	487	95	555.92	27	26.20

Note:

(a) Executive headcount includes five executives on secondment to other agencies, representing five FTE.

The following table discloses the annualised total salary for senior employees of the Department, categorised by classification. The salary amount is reported as the full-time annualised salary.

Annualised total salary, by \$20 000 bands, for executives and other senior non-executive staff – DTF

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
<\$160 000	2 ^(a)	3 ^(b)				
\$160 000–\$179 999	6 ^(c)	4 ^(d)				
\$180 000–\$199 999	2 ^(e)	2				
\$200 000–\$219 999	23 ^(f)	1				
\$220 000–\$239 999	9 ^(g)					
\$240 000–\$259 999	5 ^(g)					
\$260 000–\$279 999	7 ^(g)					
\$280 000–\$299 999	1					
\$300 000–\$319 999	3					
\$320 000–\$339 999	1					
\$340 000–\$359 999						
\$360 000–\$379 999						
\$380 000–\$399 999	4					
\$400 000–\$419 999						
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	82	10				

Notes:

- (a) There are two employees on a part time basis at a 0.8 and 0.4 FTE rate respectively.
- (b) There are two employees on a part time basis at a 0.80 and 0.90 FTE rate respectively.
- (c) There are six employees employed on a part time basis, four at 0.8, one at 0.86 and one at 0.90 FTE rate.
- (d) There is one employee employed on a part time basis at a 0.8 FTE rate.
- (e) There is one employee employed on a part time basis at a 0.8 FTE rate. This band includes one employee seconded to another agency.
- (f) There is one employee employed on a part time basis at a 0.9 FTE rate. This band includes one employee seconded to another agency.
- (g) This band includes one employee seconded to another agency.

Profile of State Revenue Office's workforce: June 2018

	June 2018							June 2017						
	All employees			Ongoing		Fixed term and casual		All employees			Ongoing		Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	278	272.93	214	18	227.43	46	45.50	278	275.00	212	15	224.00	51	51.00
Female	296	275.07	173	62	215.07	61	60.00	299	277.00	171	58	209.00	70	68.00
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age														
15-24	20	20.00	4	-	4.00	16	16.00	25	24.00	3	-	3.00	22	21.00
25-34	146	141.84	77	12	85.24	57	56.60	155	151.00	81	12	89.00	62	62.00
35-44	154	142.00	108	32	128.30	14	13.70	161	148.00	107	31	126.00	23	22.00
45-54	138	132.11	105	19	118.51	14	13.60	126	121.00	97	16	109.00	13	13.00
55-64	96	92.66	75	15	87.06	6	5.60	99	97.00	84	14	95.00	1	1.00
65+	20	19.39	18	2	19.39	-	-	11	11.00	11	-	11.00	-	-
VPS1-6 Grade	574	548	387	80.00	442.5	107.00	105.5	544	520.0	361	69	408.00	113.6	112.00
Grade 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 2	70	65.00	24	15	34.00	31	31.00	63	58.00	16	11	23.00	36	35.00
Grade 3	207	197.83	121	29	141.53	57	56.30	189	180.00	103	29	124.00	57	56.00
Grade 4	112	106.03	89	17	100.83	6	5.20	132	127.00	104	16	115.00	11.6	12.00
Grade 5	110	107.14	92	9	98.14	9	9.00	111	108.00	95	8	100.00	8	8.00
Grade 6	46	44.50	40	5	43.50	1	1.00	49	47.00	43	5	46.00	1	1.00
Senior employees	8	7.70	6	2.00	7.7	-	-	8	8.00	6	2	7.6	-	-
STS	1	1.00	1	-	1.00	-	-	1	1.00	1	-	1.00	-	-
Executives	7	6.70	5	2.00	6.7	-	-	7	7.00	5	2	6.60	-	-
Other	21	19.8	15	3.00	16.8	3.00	3	25	24.00	16	2	17.20	7	7.00
Total employees	574	548.00	387	80	442.50	107	105.50	577	552.00	383	73	433.20	120.6	119.00

Annualised total salary, by \$20 000 bands, for executives and other senior non-executive staff – State Revenue Office

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
<\$160 000	1 ^(a)					
\$160 000–\$179 999	2 ^(a)					
\$180 000–\$199 999	2					
\$200 000–\$219 999	1	1				
\$220 000–\$239 999						
\$240 000–\$259 999						
\$260 000–\$279 999						
\$280 000–\$299 999						
\$300 000–\$319 999	1					
\$320 000–\$339 999						
\$340 000–\$359 999						
\$360 000–\$379 999						
\$380 000–\$399 999						
\$400 000–\$419 999						
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	7	1				

Note:

(a) Two executives work part time at 0.8 and 0.9 FTE.

Profile of Essential Services Commission: June 2018

	June 2018							June 2017 ^(a)						
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	63	61.02	51	2	52.76	10	8.26	56	55.30	43	3	45.40	10	9.90
Female	53	50.90	39	8	45.10	6	5.80	52	48.39	37	9	43.35	6	5.04
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	5	4.16	4	–	4.00	1	0.16	6	5.04	3	–	3.00	3	2.04
25–34	41	39.90	33	1	33.80	7	6.10	41	40.20	34	3	36.20	4	4.00
35–44	41	39.10	28	7	33.30	6	5.80	35	32.95	21	7	25.95	7	7.00
45–54	21	21.00	19	–	19.00	2	2.00	21	20.90	19	–	19.00	2	1.90
55–64	7	6.76	5	2	6.76	–	–	4	3.60	2	2	3.60	–	–
65+	1	1.00	1	–	1.00	–	–	1	1.00	1	–	1.00	–	–
VPS1–6 Grade	98	95.66	75	10	82.86	13	12.80	90	86.75	66	12	74.75	12	12.00
Grade 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grade 2	2	2.00	2	–	2.00	–	–	4	4.00	4	–	4.00	–	–
Grade 3	22	21.40	15	2	16.40	5	5.00	20	19.35	14	2	15.35	4	4.00
Grade 4	24	23.80	22	1	22.80	1	1.00	22	21.20	15	3	17.20	4	4.00
Grade 5	28	27.56	22	3	24.56	3	3.00	23	22.60	21	2	22.60	–	–
Grade 6	22	20.90	14	4	17.10	4	3.80	21	19.60	12	5	15.60	4	4.00
Senior employees	16	16.00	15	–	15.00	1	1.00	15	15.00	14	–	14.00	1	1.00
STS	3	3.00	3	–	3.00	–	0.00	2	2.00	2	–	2.00	–	–
SRA	5	5.00	4	–	4.00	1	1.00	5	5.00	4	–	4.00	1	1.00
Executives	8	8.00	8	–	8.00	–	–	8	8.00	8	–	8.00	–	–
Other	2	0.26	–	–	–	2	0.26	3	1.94	–	–	–	3	1.94
Total employees	116	111.92	90	10	97.86	16	14.06	108	103.69	80	12	88.75	16	14.94

Profile of Cenitex's workforce: June 2018

	June 2018							June 2017 ^(a)						
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	418	417.60	382	2	383.60	34	34.00	384	383.20	358	2	359.60	24	23.60
Female	107	103.69	84	11	91.89	12	11.80	104	99.90	81	13	90.30	10	9.60
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	13	13.00	4	–	4.00	9	9.00	3	3.00	2	–	2.00	1	1.00
25–34	106	105.50	92	2	93.50	12	12.00	99	97.60	81	5	84.60	13	13.00
35–44	197	195.26	181	6	185.26	10	10.00	179	177.30	168	5	171.70	6	5.60
45–54	127	126.33	115	2	116.53	10	10.00	133	132.20	122	3	124.20	8	8.00
55–64	76	75.60	69	2	70.60	5	5.00	69	68.30	62	1	62.70	6	5.60
Over 64	6	5.60	5	1	5.60	–	–	5	4.80	4	1	4.80	–	–
VPS1–6 Grade	493	489.69	443	12	451.69	38	38.00	459	454.50	416	15	426.90	28	27.60
Grade 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grade 2	9	9.00	–	–	–	9	9.00	6	6.00	1	–	1.00	5	5.00
Grade 3	101	100.19	86	3	88.19	12	12.00	87	85.20	72	6	76.20	9	9.00
Grade 4	86	85.20	77	3	79.20	6	6.00	81	80.60	75	2	76.60	4	4.00
Grade 5	152	150.70	142	4	144.70	6	6.00	152	151.00	144	3	146.00	5	5.00
Grade 6	145	144.60	138	2	139.60	5	5.00	133	131.70	124	4	127.10	5	4.60
Senior employees	32	31.60	23	1	23.80	8	7.80	29	28.60	23	0	23.00	6	5.60
STS	27	26.80	23	1	23.80	3	3.00	24	24.00	23	0	23.00	1	1.00
Executives	5	4.80	–	–	–	5	4.80	5	4.60	–	–	–	5	4.60
Total employees	525	521.29	466	13	475.49	46	45.80	488	483.10	439	15	449.90	34	33.20

Note:

(a) In DTF's *Annual Report 2016–17*, data provided by Cenitex relating to gender was transposed in error.

Profile of Emergency Services and State Super workforce: June 2018

	June 2018							June 2017						
	All employees		Ongoing		Fixed term and casual			All employees		Ongoing		Fixed term and casual		
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	73	71.40	60	5	63.90	8	7.50	82	78.62	72	5	75.90	5	2.72
Female	77	69.35	54	18	64.99	5	4.36	83	75.79	59	22	74.59	2	1.20
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	7	6.06	4	–	4.00	3	2.06	10	7.42	5	–	5.00	5	2.42
25–34	31	29.80	26	3	27.80	2	2.00	40	38.73	34	5	37.73	1	1.00
35–44	48	44.82	39	7	43.02	2	1.80	50	46.89	40	10	46.89	–	–
45–54	34	31.41	24	7	28.41	3	3.00	36	33.81	29	7	33.81	–	–
55–64	22	21.06	14	5	18.06	3	3.00	22	20.96	17	4	20.46	1	0.50
65+	8	7.60	7	1	7.60	0	0.00	7	6.60	6	1	6.60	–	–
ESS1–4 grade	144	134.75	114	23	128.89	7	5.86	157	146.91	124	27	143.49	6	3.42
ESS 1	40	36.25	28	8	33.19	4	3.06	38	33.01	25	7	29.59	6	3.42
ESS 2	34	30.20	25	9	30.20	0	0.00	48	44.60	38	10	44.60	–	–
ESS 3	48	46.40	41	5	44.60	2	1.80	46	44.90	40	6	44.90	–	–
ESS 4	22	21.90	20	1	20.90	1	1.00	25	24.40	21	4	24.40	–	–
Senior employees	6	6.00	–	–	–	6	6.00	8	7.50	7	–	7.00	1	0.50
Executives	6	6.00	–	–	–	6	6.00	8	7.50	7	–	7.00	1	0.50
Total employees	150	140.75	114	23	128.89	13	11.86	165	154.41	131	27	150.49	7	3.92

Annualised total salary, by \$20 000 bands, for executives and other senior non-executive staff – Emergency Services and State Super

Income band (salary)	Executives	Senior non-executive
<\$160 000	1	
\$160 000–\$179 999	1	
\$180 000–\$199 999	1	
\$200 000–\$219 999	1	
\$220 000–\$239 999	1	
\$240 000–\$259 999		
\$260 000–\$279 999		
\$280 000–\$299 999		
\$300 000–\$319 999		
\$320 000–\$339 999		
\$340 000–\$359 999	1	
\$360 000–\$379 999		
\$380 000–\$399 999		
\$400 000–\$419 999		
\$420 000–\$439 999		
\$440 000–\$459 999		
\$460 000–\$479 999		
\$480 000–\$499 999		
Total	6	

Workforce inclusion policy

The Department is working towards creating a balanced working environment where equal opportunity and diversity are valued. As part of our People Matter Action Plan, DTF has a 50:50 target for the executive gender profile. The following table outlines the Department's progress against this target for 2017-18.

Workforce inclusion policy initiative	Target	Actual progress in 2017-18	Actual progress in 2016-17
Gender diversity at executive levels	Executive officers: 50 per cent male 50 per cent female	Executive officers: 57 per cent male 43 per cent female	Executive officers: 65 per cent male 35 per cent female

Note: The actual gender diversity reported excludes executives seconded to other agencies (five executives in total: four male, one female).

Executive officer data

For a department, an executive officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an EO is defined as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Policy on Executive Remuneration in public entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of an EO does not include a statutory office holder or an Accountable Officer.

The following tables disclose the EOs of the Department and its portfolio agencies for 30 June 2018:

- Table 1 discloses the total numbers of EOs for the Department, broken down by gender;
- Table 2 provides a reconciliation of executive numbers presented between the report of operations and Note 9.8 'Remuneration of executives' in the financial statements;
- Table 3 provides the total executive numbers for all of the Department's portfolio agencies; and
- Tables 1 to 3 also disclose the variations, denoted by 'var', between the current and previous reporting periods.

Total number of EOs for the Department, broken down into gender

Class	All		Male		Female	
	No.	Var.	No.	Var.	No.	Var.
EO-1	4	-1	2	-1	2	-
EO-2	20	-1	12	-3	8	2
EO-3	53	12	30	5	23	7
Total	77	10	42	1	33	9

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

Table excludes the Secretary (Accountable Officer).

Table excludes five EOs seconded to other agencies (one female EO-2, two male EO-2s and two male EO-3s).

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

The number of executives in the Report of Operations is based on the number of executive positions that are occupied at the end of the financial year. Note 9.3 in the financial statements lists the actual number of EOs and the total remuneration paid to EOs over the course of the reporting period.

The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left the Department during the relevant reporting period. To assist readers, these two disclosures are reconciled below.

Reconciliation of DTF executive officer numbers: June 2018

	2018
Executives	87
Accountable Officer (Secretary)	1
Separations	-5
Total executive numbers at 30 June	83

Total executive numbers includes five executives on secondment to other agencies.

DTF Portfolio Executives

Portfolio agencies	Total		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.		
Cenitex	5	1	2	1	3	-	-	-
Emergency Services and State Super	5	-2	1	-	4	-2	-	-
Essential Services Commission	8	-	3	1	5	-1	-	-
Office of Projects Victoria	3	1	2	1	1	-	-	-
State Electricity Commission of Victoria ^(a)	-	-1	-	-	-	-1	-	-
State Trustees Limited	7	3	6	3	1	-	-	-
Transport Accident Commission ^(b)	62	7	28	4	34	3	-	-
Treasury Corporation of Victoria	6	-	1	-	5	-	-	-
Victorian Asbestos Eradication Agency	1	-	1	-	-	-	-	-
Victorian Funds Management Corporation	7	-1	4	-1	3	-	-	-
Victorian Managed Insurance Authority ^(c)	10	-1	5	1	5	-2	-	-
Victorian WorkCover Authority	61	1	24	-	37	1	-	-
Total	175	8	77	10	98	-2	-	-

For the purpose of this table, executive officers are defined as employees who have significant management responsibility and receive a TRP of \$159 501 or more.

All figures reflect employment levels as at 30 June 2018 unless otherwise stated.

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

Notes:

(a) State Electricity Commission of Victoria has wound up.

(b) Transport Accident Commission excludes two executives who are reported in their annual report but are below the TRP threshold for our collection (two males).

(c) Victorian Managed Insurance Authority (VMIA) will report in their annual report (six females and four males) as they are on executive contracts but not on Government Sector Executive Remuneration Panel contracts.

Appendix 2 DTF occupational health and safety report 30 June 2018

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

- four quarterly Health and Safety Committee meetings held during the year. A quarterly OHS newsletter is produced and distributed to all staff;
- a Safety Month program held during October (in alignment with Safe Work Australia and WorkSafe Victoria). This program involved health and wellbeing seminars on fitness, roving ergonomic assessments, blood testing, a St John CPR van on-site to support drop-in training sessions, and OHS awareness activities;
- four First Aid Officer information and support meetings held during the year. Four existing First Aid officers have been accredited in Mental Health First Aid;
- provision of workstation ergonomic assessments. In total, 267 work station ergonomic assessments were conducted (a 14 per cent increase on 2016-17). These included 189 face-to-face assessments and 77 online assessments via DTF's safe workstation setup online module;
- managing psychological conditions in the workplace training was provided to 197 executive officers;
- DTF has purchased and commissioned sit-stand desks to support office-based workers to adjust between a sitting and standing working posture;
- annual on-site flu vaccination program held, with 269 employees receiving flu vaccinations;
- provision of DTF's eye testing procedure, with 31 eyewear reimbursements claimed. This is an increase of five reimbursements compared to 2016-17;
- promotion of DTF's Employee Assistance Program. In total, 113 staff used the service, with 79 of these being new referrals; and
- as part of DTF's commitment to staff wellbeing, a Safe Space program was established to provide alternative support options for staff who may be experiencing unreasonable workplace behaviour. The program builds on the actions already underway to address bullying and sexual harassment in the workplace.

Incident management

During 2017-18, the number of incidents across the Department increased by seven. The number of claims increased from two in 2016-17 to four in 2017-18. The Department had no notifiable incidents during 2017-18.

DTF's performance against OHS management measures

Measure	KPI	2015-16	2016-17	2017-18
Incidents	Number of incidents	18	20	27
	Rate per 100 FTE	3.49	3.44	4.56
Claims	Number of standardised claims ^(a)	1	2	4
	Rate per 100 FTE	0.19	0.34	0.68
	Number of lost time claims ^(b)	1	1	–
	Rate per 100 FTE	0.19	0.17	–
	Number of claims exceeding 13 weeks	–	–	–
	Rate per 100 FTE	–	–	–
Fatalities	Fatality claims	–	–	–
Claim costs	Average cost per standard claim ^(c)	\$5 108	\$66.50	\$934.66 ^(d)
Return to work	Percentage of claims with return to work plan <30 days	100 per cent	–	25 per cent ^(e)

Measure	KPI	2015-16	2016-17	2017-18
Management commitment	<p>Evidence of OHS policy statement, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent)</p> <p>Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)</p>	<p>Statement of Commitment signed by Secretary.</p> <p>OHS issues are raised monthly with Directors.</p> <p>Increased visibility of OHS reporting and issues for wider Department via OHS newsletter.</p> <p>DTF participated in whole of Victorian government interdepartmental Health and Safety Sub-committee, and Sub-committee working group.</p> <p>Staff engaged through a proactive approach towards workstation assessments, with subsequent purchase of ergonomic workstation related equipment.</p>	<p>Statement of Commitment signed by Secretary.</p> <p>Reinstatement of quarterly DTF Health and Safety Committee (HSC) meetings – following the HSC electing to stop meetings during 2015-16.</p> <p>Head of People and Culture chairs HSC meetings.</p> <p>Purchasing Guidelines contain OHS Criteria.</p> <p>Staff have been engaged through a proactive approach towards workstation assessments. This has resulted in the subsequent purchase of ergonomic workstation-related equipment. Sit-stand desks were purchased that have been built to the appropriate standards. Chairs purchased for staff were minimum quality compliant chairs (Australasian Furnishing Research and Development Institute level 6).</p> <p>Services and personnel engaged to support OHS program (i.e. flu vaccination program, training, etc.) have been required to provide evidence of competency and insurance information.</p>	<p>Statement of Commitment signed by Secretary.</p> <p>Director of People and Culture continues to chair Quarterly Health and Safety Committee (HSC) meetings.</p> <p>DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Subcommittee and working groups.</p> <p>OHS Advisory was involved in the procurement of more than 500 office chairs.</p> <p>OHS Advisory was involved in the procurement of portable sit-stand desks.</p>

Measure	KPI	2015-16	2016-17	2017-18
Consultation and participation	Evidence of agreed structure of designated work groups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)	<p>Review of DTF consultation procedure resulted in replacement of quarterly HSC meeting with the co-production of a quarterly OHS newsletter with input from HSRs, for wider departmental distribution. The first newsletter was released in March 2016 via the employee intranet. The new procedure allows for HSC meetings to be held if requested by a HSR or a DTF employee. In addition, at a minimum, one HSC meeting will be held during the reporting period.</p> <p>Two HSC meetings were conducted during this period in August and November 2015.</p> <p>HSRs involved in development of OHS newsletter.</p>	<p>The DTF HSC was re-established in consultation with HSRs. The HSC Terms of Reference was reviewed as part of the August 2016 HSC Meeting.</p> <p>During the January 2017 HSC meeting, DWGs were reviewed in line with the HSR election process. This review resulted in a rearrangement of DWGs to suit the location where newly elected HSRs were seated.</p>	<p>Four OHS Committee meetings were held during this period. OHS Advisory released four OHS newsletters.</p>
	Compliance with agreed structure on DWGs, HSRs, and IRPs	All HSR positions were filled throughout reporting period.	<p>Re-election of HSRs who had come to the end of their three-year terms in February 2017. All HSR positions were filled.</p> <p>DTF HSC meetings were held in August 2016, October 2016, January 2017 and April 2017.</p>	All HSR positions are filled at 30 June 2018.

Measure	KPI	2015-16	2016-17	2017-18
Risk management	Percentage of internal audits/ inspections conducted as planned	<p>>95 per cent of first aid kits inspected on a quarterly basis with parts replaced within two weeks of ordering.</p> <p>Kit inspection checklist was amended to include quarterly assessment of defibrillators.</p> <p>100 per cent completion of first aid room inspection.</p> <p>Review of first aid capability at 121 Exhibition Street resulted in the relocation of a defibrillator from the Car Pool Office on the ground floor, 1 Treasury Place to level 25, 121 Exhibition Street to ensure coverage for DTF employees.</p> <p>60 per cent of workplace safety inspections undertaken across DTF workplaces, scheduled to be completed on a quarterly basis.</p> <p>DTF OHS Advisory attended 100 per cent of the quarterly ESC OHS Committee meetings. After each meeting a workplace inspection was undertaken.</p> <p>100 per cent of workplace inspections were completed at ESC.</p> <p>DTF OHS Advisory and HSR addressed the Shared Service Provider forum on OHS on 29 June 2016.</p> <p>118 ergonomic assessments were conducted: 62 face-to-face (53 per cent), including two for staff home based workstations, and 56 (47 per cent), using DTF's 'safe workstation setup' online module.</p>	<p>80 per cent of workplace inspections were completed within the scheduled quarter.</p> <p>Workplace OHS inspections were completed at the following DTF locations: 1 Macarthur Street, 1 Treasury Place, 607 Sneydes Rd, Werribee and 121 Exhibition Street.</p> <p>70 per cent of first aid kits were inspected on a quarterly basis, with first aid items replaced within two weeks of ordering.</p> <p>100 per cent of first aid room inspections were completed.</p> <p>The following annual internal audits were completed as planned: (i) OHS Management System Review; (ii) Register Audit; and (iii) Service Level Agreement (SLA) Audit.</p> <p>In total, 234 ergonomic assessments (workstation audits) were conducted representing a 98 per cent increase when compared to 2015-16. Of these: (i) 125 were conducted face-to-face (53 per cent), and (ii) 109 were completed using DTF's online training module: 'safe workstation setup' (47 per cent).</p>	<p>95 per cent of workplace inspections where completed quarterly, across the 11 locations where workplace inspections were scheduled to take place.</p> <p>Locations included:</p> <ul style="list-style-type: none"> conduct workplace inspection – ground floor and basement, Levels 4, 6, 7, 9, 10, 11 and 12 at 1 Macarthur Street conduct workplace inspection – Level 4 and 5, 1 Treasury Place conduct workplace inspection – Werribee <p>100 per cent completion of quarterly first aid room inspection.</p> <p>100 per cent completion of quarterly first aid kit replenishment inspections were completed.</p> <p>The following annual internal audits were completed: (i) OHS Management System Review; (ii) Register Audit; and (iii) SLA Audit.</p>
	Percentage of issues identified actioned arising from:			
	<ul style="list-style-type: none"> internal audits HSR provisional improvement notices (PIN) WorkSafe notices 	<ul style="list-style-type: none"> annual audit of policies and procedures undertaken in January 2016. No non-conformances identified. nil issued nil issued 	<p>A desktop annual audit of OHS policies and procedures was undertaken in January 2017. No non-conformances identified.</p> <ul style="list-style-type: none"> nil issued nil issued 	<p>Internal audit against SLA. Five corrective actions were identified. Actions were in place to close these by 30 June 2018.</p> <ul style="list-style-type: none"> nil issued nil issued

Measure	KPI	2015-16	2016-17	2017-18
Training	Percentage of managers and staff that have received OHS training:	143 DTF employees and contractors have successfully completed online OHS learning modules in 2015-16 through ComplianceNet. 16 DTF staff (including paid First Aid Officers) received first aid training.	417 DTF employees and contractors have successfully completed the online OHS learning modules through ComplianceNet. This reflects 72 per cent of DTF's FTE.	265 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 44 per cent of DTF's FTE. Four DTF employees have attended an accredited mental health First Aid training course. 197 (71 per cent) executive and senior DTF staff have completed Online Mental Health Training. 14 workers participated in a combination of First Aid training and CPR training.
	Percentage of HSRs trained:	100 per cent of HSRs are trained.	100 per cent of DTF's HSRs have completed the WorkSafe Approved HSR initial OHS training.	At 30 June 2018, 100 per cent of DTF's HSRs have been provided with the opportunity to complete the WorkSafe Approved HSR initial OHS training as per DTF's legislative duties.
	<ul style="list-style-type: none"> acceptance of role re-training (refresher) 	<ul style="list-style-type: none"> no vacancies currently exist WorkSafe Approved HSR Refresher training delivered on 13 July 2015. 	<ul style="list-style-type: none"> no vacancies currently exist 100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR refresher OHS training. All but one HSR attended the training session delivered internally in September 2016. External HSR refresher OHS training was offered to the HSR who did not attend the internal session, however this was not taken up by the HSR. 	<ul style="list-style-type: none"> no vacancies currently exist 100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR refresher OHS training. Refresher training was completed by three HSRs.
	<ul style="list-style-type: none"> reporting of incidents and injuries 	<ul style="list-style-type: none"> HSRs trained in reporting of incidents through OHS Committee and HSR refresher training. HSRs alerted to encourage staff take up of online workstation setup. 	<ul style="list-style-type: none"> Reviewing the Incident Register is part of the HSC meeting agenda. Investigations are led by OHS Advisory in consultation with the HSRs. 	<ul style="list-style-type: none"> Reviewing the Incident Register is part of the HSC meeting agenda. Investigations are led by OHS Advisory in consultation with the HSRs.

Notes:

(a) VWA supplied data. Data for standardised claims, time lost claims and death claims is at 30 June 2018. 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 2017 and 30 June 2018. Claims include payments to date plus an estimate of outstanding claims costs (further costs as calculated by the VWA's statistical case estimate model).

(d) The increase in claims cost is associated with two psychological claims.

(e) Of the four OHS claims submitted in 2017-18, one claim required a return to work plan. All other claims were for medical expenses only.

Appendix 3 Environmental reporting

Office-based environmental impacts

DTF monitored the environmental impacts of its operations during 2017-18. 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 24D.

Energy use

The Department's energy consumption comprises its CBD office facilities. Core DTF staff were located at 1 Treasury Place, 1 Macarthur Street and 2 Lonsdale Street.

Indicator	2017-18	2016-17	2015-16
Total energy usage segmented by primary source (MJ)	2 917 181	2 933 114	2 949 182
Electricity (MJ) – excluding green power	2 548 469	2 933 114	2 949 182
Natural gas (MJ)	368 712		
Green power (MJ)			
LPG (MJ)			
Total greenhouse gas emissions from energy consumption (t CO₂-e)	913	1 027	1 032
Electricity (t CO ₂ -e) – excluding green power	892	1 027	1 032
Natural gas (t CO ₂ -e)	21		
LPG (t CO ₂ -e)			
Percentage of electricity purchased as green power			
Units of office energy used per FTE (MJ/FTE)	4 928.56	5 038.68	5 156
Units of office energy used per office area (MJ/m²)	192	192	193

Note:

The 2016-17 outcomes have been updated due to an incorrect FTE figure being used in calculations for the 2016-17 Annual Report.

Actions undertaken

- DTF participated in the 2018 Earth Hour event.
- IT initiative – DTF implemented Green PC.

Targets

- Reduce energy consumption through better use of IT.

Result

- Energy consumption remained consistent with 2016-17.

Explanatory notes

- Billing data was used to calculate the Department's energy use. Where billing data is unavailable, average consumption from the previous billing period is used.
- 2017-18 results distinguish between electricity and natural gas due to enhanced billing and reporting.

Paper use

Paper use covered staff located in 1 Treasury Place, 1 Macarthur Street and 121 Exhibition Street and 2 Lonsdale Street.

Indicator	2017-18	2016-17	2015-16
Total units of A4 equivalent copy paper used (reams)	7 291	7 347	5 826
Units of A4 equivalent copy paper used per FTE (reams/FTE)	12.32	12.62	10.2
Percentage of 75–100 per cent recycled content	70	71	38
Percentage of 50–74 per cent recycled content	–	–	0
Percentage of 0–49 per cent recycled content	30	29	62
Optional indicators			
Total units of A4 equivalent paper used in publications (reams)	2 080	1 917	2 395

Note:

The 2016-17 outcomes have been updated due to an incorrect FTE figure being used in calculations for the *2016-17 Annual Report*.

Actions undertaken

- e-Reviewing – DTF expanded the number of publications managed by e-Reviewing (eDrafts), reducing the requirement to print hard copy drafts.
- Review of requirement for hard copy publications – DTF continues to direct stakeholders to online versions as an alternative.

Result

- Total paper usage decreased in 2017-18.

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.

Water consumption

Water data covered staff located in 1 Treasury Place, 1 Macarthur Street and 2 Lonsdale Street.

Indicator	2017-18	2016-17	2015-16
Total water consumption (kilolitres)	8 955.5	10 937	8 647
Units of office water used per FTE (kilolitres/FTE)	15.130	18.788	15.170
Units of office water used per office area (kilolitres/m ²)	0.587	0.716	0.566

Note:

The 2016-17 outcomes have been updated due to an incorrect FTE figure being used in calculations for the *2016-17 Annual Report*.

Actions undertaken

- DTF continues to make improvements to the plumbing infrastructure on the reserve.

Result

- Water consumption has decreased; this is due to significant upgrades to plumbing infrastructure across the Treasury Reserve.

Explanatory notes

- The data for 2017-18 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 2 Lonsdale Street.

Travel and transport

The Department utilises vehicles from SSP Car Pool Services for its operational car travel.

Indicator	2017-18	2016-17	2015-16
Total energy consumption by fleet vehicles (MJ)	51 600	98 485	53 400
Diesel	4 989	15 263	
LPG		4 318	
Unleaded	46 611	78 904	53 400
Hybrid			
Total distance travelled by fleet vehicles (km)	19 912	35 126	21 609
Diesel	1 384	4 433	
LPG		1 340	
Unleaded	18 528	29 353	21 609
Hybrid			
Total greenhouse gas emissions from fleet vehicles (t CO₂-e)	3.50	6.54	3.6
Diesel	0.35	1.07	
LPG		0.13	
Unleaded	3.15	5.34	3.6
Hybrid			
Greenhouse gas emissions from fleet vehicles per 1 000km (t CO₂-e)	0.19	0.55	0.17
Diesel	0.02	0.25	
LPG		0.11	
Unleaded	0.17	0.19	0.17
Hybrid			
Total distance travelled by air (km)	415 331.74^(a)	261 056	230 221
Percentage using sustainable transport to get to and from work by locality	97.70	90	90

Note:

(a) Air travel has increased due to DTF staff representing Victoria's position on policy and economic issues at international and interstate forums.

Actions undertaken

- DTF encourages staff to use video conferencing in preference to air travel where appropriate.
- DTF participated in the Ride to Work and Walk to Work days.

Targets

The following target was set for 2017-18:

- Involvement in Ride to Work and Walk to Work days.

Result

- DTF supported Ride to Work and Walk to Work days.

Explanatory notes

- The vehicle travel data includes DTF hire car usage from SSP Car Pool Services and was provided by the Shared Service Provider.
- Air travel was provided by the State Government booking agency.

Waste and recycling

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.

Indicator	2017-18	2016-17	2015-16
Total units of waste disposed of by destination (kg/yr)	45 482.65	49 446	50 566
Landfill (kg)	6 847	6 642	7 039
Co-mingled recycling (kg)	34 481.02	37 413	38 479
Paper and card (kg)			
Secure documents (kg)			
Organics (kg)	4 154.63	5 391	5 048
Total units of waste disposed of per FTE by destination (kg/FTE)	76.85	84.94	88.4
Landfill (kg/FTE)	11.57	11.41	12.3
Co-mingled recycling (kg/FTE)	58.26	64.27	67.3
Paper and card (kg/FTE)			
Secure documents (kg/FTE)			
Organics (kg/FTE)	7.02	9.26	8.8
Recycling rate (per cent)	85	87	86
Greenhouse gas emissions associated with waste (t CO₂-e)	9.59	9.3	8.4

Note:

The 2016-17 outcomes have been updated due to an incorrect FTE figure being used in calculations for the 2016-17 Annual Report.

Actions undertaken

- Signage in kitchens has been maintained to encourage staff to place waste in the correct waste stream

Targets

The following target was set for 2017-18:

- Improve communication and signage to decrease contamination levels in kitchen waste bins.

Result

- Units of waste to landfill by FTE has increased from 11.41 to 11.57. This can be attributed to contamination of the waste stream due to waste from building works on site entering the waste stream.

Explanatory notes

- Waste data was collected from waste audits conducted at 1 Treasury Place and 1 Macarthur Street, which covers 99 per cent of staff.

Greenhouse gas emissions

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

Indicator	2017-18	2016-17	2015-16
Total greenhouse gas emissions associated with energy use (t CO ₂ -e)	913.3	1027.0	1032.0
Total greenhouse gas emissions associated with vehicle fleet (t CO ₂ -e)	3.5	6.5	3.6
Total greenhouse gas emissions associated with air travel (t CO ₂ -e)	102.5	75.1	54.5
Total greenhouse gas emissions associated with waste disposal (t CO ₂ -e)	9.6	9.3	8.4
Greenhouse gas emissions offsets purchased (t CO ₂ -e)	–	–	–

Procurement

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

These include:

- environmental requirements are addressed in tender specifications and tender evaluation criteria, as applicable;
- supplier compliance to environmental sustainability requirements monitored on an ongoing basis through the contract management process; and
- Victorian Government Purchasing Board guidance material was updated to reinforce the inclusion of environmental factors and commitments in market engagement documents.

Glossary

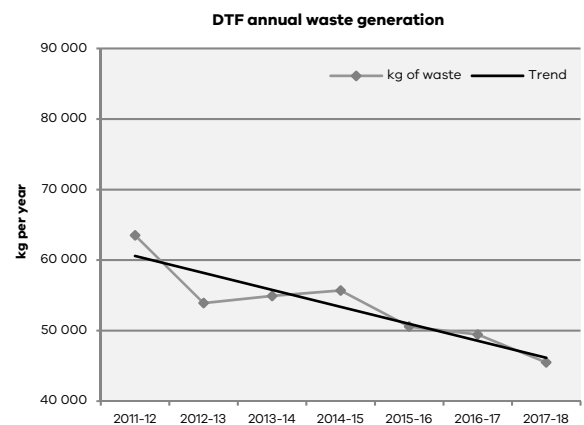
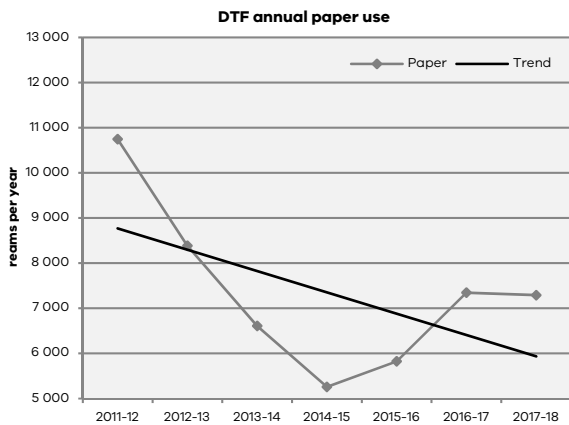
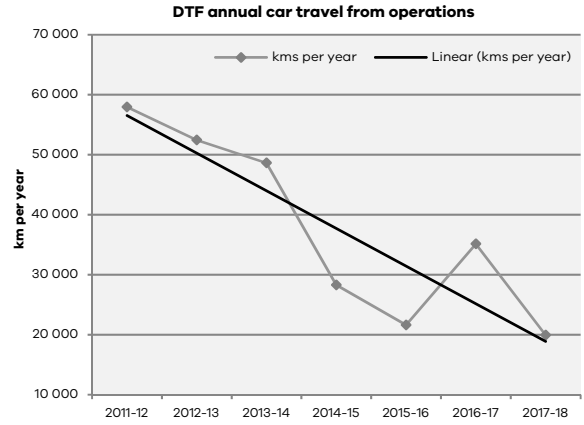
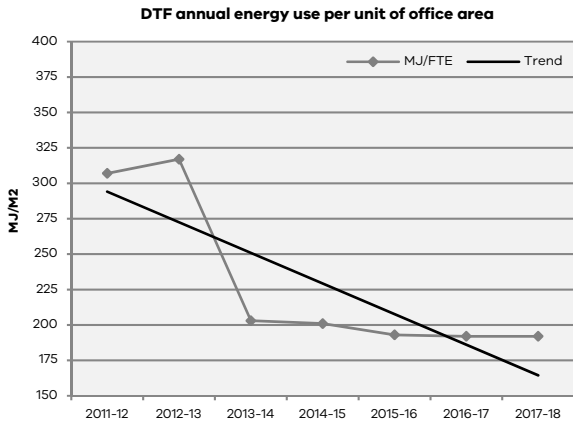
FTE	Full time equivalent employee
kg	Kilograms
kL	Kilolitres
km	Kilometres
L	Litres
LPG	Liquefied petroleum gas
m ²	Metres squared
MJ	Megajoules
Ream	500 sheets of A4 paper
t CO ₂ -e	Tonnes of CO ₂ equivalent

Targets for 2018-19

The following targets have been set for 2018-19:

- Energy – reduce consumption as a result of the roll-out of 600 Microsoft Surface Pro tablets and more energy efficient monitors.
- Water – reduce consumption as a result of significant toilet and plumbing upgrades.
- Paper – reduce units of copy paper used per FTE (reams/FTE) by 0.5.
- Waste – reduce landfill units of waste per FTE (kg/year) to less than 11 per FTE.

Trend charts



Appendix 4 Statutory compliance and other information

Legislation administered by DTF portfolios

During the 2017-18 financial year, the General Order dated 23 May 2016 (in place at the start of 1 July 2017) was supplemented by the Supplements to the General Order dated 1 August 2017, 28 August 2017 and 15 September 2017. The Supplements to the General Order dated 1 August 2017 and 28 August 2017 did not amend the Treasurer's or Minister for Finance's responsibilities.

The General Order dated 23 May 2016 (and its Supplements) was replaced by the General Order dated 16 October 2017. The General Order dated 16 October 2017 was supplemented by the Supplement to the General Order dated 7 February 2018. Under the Supplement to the General Order dated 7 February 2018, the Treasurer became responsible for the administration of the *Rural Assistance Schemes Act 2016*.

For reporting purposes, the legislation administered by DTF's Ministers under the General Order dated 16 October 2017 and Supplement to the General Order dated 7 February 2018 have been included in the *2017-18 Annual Report*.

1 July 2017 – 30 June 2018

Treasurer

From 1 July 2017 to 30 June 2018, the Treasurer was responsible for the administration of the following Acts:

Alcoa (Portland Aluminium Smelter) Act 1980

Appropriation Acts (passed annually)

Back to Work Act 2015

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

Constitution Act 1975 –

- Section 88 in so far as it relates to the appointment of the Commissioner for Better Regulation and the Red Tape Commissioner

(The Act is otherwise administered by the Attorney General, the Minister for Training and Skills, the Premier and the Special Minister of State)

Co-operative Housing Societies Act 1958

Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Act 2016

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, 2, 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)

Occupational Licensing National Law Repeal Act 2016

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 Assistance Schemes Act 2016 (from 7 February 2018)

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, Environment and Climate Change)

State Owned Enterprises Act 1992 – except:

- 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 Energy, 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)
- 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 jointly and severally administered by the Minister for Families and Children and the Minister for Housing, Disability and Ageing)

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

From 1 July 2017 to 30 June 2018, the Minister for Finance was responsible for the administration of the following Acts:

Accident Compensation Act 1985

Accident Compensation (Occupational Health and Safety) Act 1996

Asbestos Diseases Compensation Act 2008

Audit Act 1994 –

- Sections 8–10, 16A, 16B, 16D, 16E and 16G
- Sections 13, 16C and 21 (these sections are jointly and severally administered with the Special Minister of State)

(The Act is otherwise administered by the Special Minister of State)

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 Energy, Environment and Climate Change, the Minister for Health, the Minister for Ports, the Minister for Sport 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 –

- Divisions 1-5 and Divisions 7-9 of Part VIII
- 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 Energy, 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 Creative Industries, the Minister for Energy, Environment and Climate Change, the Minister for Health, the Minister for Ports, the Minister for Roads and Road Safety and the Special Minister of State)

Occupational Health and Safety Act 2004

Parliamentary Salaries and Superannuation Act 1968 –

- Sections 8A and 8B
 - 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 Major Projects 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 Minister for Energy, Environment and Climate Change, the Minister for Multicultural Affairs, the Minister for Water and the Treasurer)

State Superannuation Act 1988

Superannuation (Portability) Act 1989

Transport Accident Act 1986 – except

- Sections 11 to 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 Roads and Road Safety)
- Sections 15 to 18, 25 and 29 (these sections are jointly administered with 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)

Implementation of Local Jobs First – Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP). Departments and public sector bodies are required to apply Local Jobs First – VIPP in all procurement activities valued at:

- \$3 million or more in metropolitan Melbourne and for statewide projects; or
- \$1 million or more for procurement activities in regional Victoria.

During 2017-18, the Department completed three Local Jobs First – VIPP applicable projects, collectively valued at about \$12 million. All three projects were located in metropolitan Melbourne, and average commitment of local content was 93 per cent.

The outcomes reported from the implementation of the policy, were as follows:

- an average of 93 per cent local content as planned;
- a total of 216 positions were created; and
- 40 new apprenticeships/traineeships created and 14 existing apprenticeships/traineeships retained.

This Department is the lead agency for a number of State Purchase Contracts (SPCs). During 2017-18, the Department entered into three SPCs for which a VIPP plan was not required as the procurements were local by nature.

Disclosure of government advertising expenditure

Details of government advertising expenditure (campaigns with a media spend of \$100 000 or greater)

(\$ thousand)

			2017-18					
Name of campaign	Campaign summary	Start/end date	Advertising (media) expenditure	Creative and campaign development expenditure	Research and evaluation expenditure	Print and collateral expenditure	Other campaign expenditure	Total
			(ex. GST)	(ex. GST)	(ex. GST)	(ex. GST)	(ex. GST)	
Regional awareness campaign	The regional awareness campaign comprised two key components. The first was to raise awareness among regionally based Victorians of Government initiatives including changes to stamp duty and the doubling of the First Home Owner Grant. The second was to raise awareness of the Government's reductions in payroll tax for businesses based in regional Victoria.	3 Sept 2017 to 28 Oct 2017	\$800 000	235 328	82 500	n/a	39 820	\$1 157 648

Consultancy expenditure

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

In 2017-18, there were 78 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies is \$34 041 081 (excluding GST). Details of individual consultancies can be viewed at www.dtf.vic.gov.au.

Details of consultancies under \$10 000

In 2017-18, there were 11 consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10 000. The total expenditure incurred during 2017-18 in relation to these consultancies was \$67 047 (excl. GST).

Information and communication technology expenditure

Disclosure of Information and Communication Technology (ICT) expenditure

For the 2017-18 reporting period, the Department had a total Information and Communication Technology (ICT) expenditure of \$45 573 049, with the details shown below.

	\$'000
Business as usual (BAU) ICT expenditure	33 102
Non-business as usual (non-BAU) ICT expenditure consisting of:	12 471
Operational expenditure	7 157
Capital expenditure	5 314

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 2018. Details of contracts that have been disclosed can be viewed at procurement.vic.gov.au.

Freedom of Information

The *Freedom of Information Act 1982* (the Act) allows the public a right of access to documents held by the Department.

During 2017-18, the Department received 54 FOI requests. Of those, 15 were from Members of Parliament, eight were from media organisations and 31 were from members of the public.

The Department made 41 FOI decisions during the 12 months ending 30 June 2018. A further 15 requests were withdrawn or transferred to more appropriate agencies, with the consent of the applicant.

Fourteen decisions were made within the statutory time period to decide the request, 19 decisions were made 1 to 45 days after, and eight decisions were made 46 or more days after the statutory time period to decide the request.

The average time taken to finalise requests in 2017-18 was 62.61 days.

Making a request

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

- be in writing;
- identify as clearly as possible what document is being requested; and
- be accompanied by an application fee (which may be waived in certain circumstances).

To lodge an online FOI request visit the Freedom of information website at www.foi.vic.gov.au.

The Department is also able to accept FOI requests directly. Requests for documents in the possession of the Department should be addressed to:

Freedom of Information Officer
Department of Treasury and Finance
GPO Box 4379
Melbourne VIC 3001

Access charges may be applicable, and could include charges for search time, supervision, and/or photocopying.

Further information can be obtained from <https://foicommissioner.vic.gov.au/>.

Community Support Fund

The Community Support Fund (CSF) is a trust fund that 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 8.33 per cent of the revenue generated from electronic gaming machines in hotels. Any interest earned on the balance of the trust fund is retained by the CSF. In 2017-18, the CSF recognised \$146.66 million in 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 \$127.15 million in expenditure was incurred in 2017-18. Sixteen new community programs were approved in 2017-18 (as tabled on the following page).

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 <https://www.dtf.vic.gov.au/funds-programs-and-policies/community-support-fund>.

Programs approved from 1 July 2017 to 30 June 2018

Program name	Responsible area	\$
Department of Economic Development, Jobs, Transport and Resources		
Barwon Heads Community Hall Upgrade	Regional Development Victoria	110 000
Leopold Community Hall Upgrade	Regional Development Victoria	75 400
Port Fairy Streetscape Stage 3	Regional Development Victoria	500 000
3MBS Fine Music Melbourne	Program Centre	100 000
Relocation of PBS 106.7 FM	Creative Victoria	500 000
Department of Education and Training		
Fountain Gate Secondary College Rugby Academy Upgrade	Victorian School Building Authority	500 000
Department of Environment, Land, Water and Planning		
Keep Victoria Beautiful	Waste and Resource Recovery	529 500
Eltham Girls Guide Hall Refurbishment	Local Government Victoria	150 000
Tallarook Community Hall	Local Government Victoria	200 000
Department of Health and Human Services		
Reconnect Australia's ACTIVIC Program	Sport and Recreation Victoria	4 000 000
King George Reserve Pavilion Upgrade	Sport and Recreation Victoria	275 000
Justice Connect's Not-for-profit Law Program 2018-19 to 2019-20	Diversity and Community Participation	810 000
Extension for Alcohol and Drug Treatment Services Program 2018-19 to 2020-21	Drug Policy and Reform	120 000 000
Fitzroy Learning Network Upgrade	Diversity and Community Participation	2 100 000
Her Heart Program	Prevention, Population Health and Place	500 000
Department of Justice and Regulation		
Cape Paterson Lifesaving Club Redevelopment	Emergency Management Victoria	800 000
Total program approvals		131 149 900

Note:

The list shows the CSF programs approved in the 2017-18 financial year. Expenditure of these programs has partially incurred in 2017-18 and will continue to incur until 2020-21.

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 services to ensure compliance with standards for publicly-owned buildings, while providing essential safety measures reporting.

Previously these services were provided by Cushman & Wakefield, but effective from 18 December 2017 following a return to market for these services, Jones Lang LaSalle (JLL) are now providing these services.

The Shared Service Provider (SSP) within DTF coordinates building projects by engaging registered building consultants and contractors. The conditions of engagement require compliance with the standards for publicly-owned buildings.

At 30 June 2018, DTF was responsible for 17 department-owned office buildings.

Mechanisms to ensure 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 design consultants and building contractors engaged for building works are registered building practitioners and that registrations are maintained during the course of the work.

Works projects (greater than \$50 000)

Treasury Reserve, East Melbourne	Electronic access control server replacement Building management system upgrade work Replacement of cameras
1 Treasury Place, East Melbourne	Plumbing and bathroom upgrade Replacement of security X-ray scanners Carpet replacement.
1 Macarthur Street, East Melbourne	Plumbing and bathroom upgrade Forecourt investigative and rectification works Carpet replacement and air-conditioning works.
20 Spring Street, East Melbourne	Restoration work to stone, lamps and statue
55 St Andrews Place, Melbourne	Replacement of front circler lock door

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 five 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 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.

Independent property asset and condition reports will be completed on the DTF-owned office buildings prior to 31 December 2018.
5. Commissioning engineering/consultant reports.

Cushman and Wakefield (June 2017–17 December 2017) and JLL (from 18 December 2017) managed the service maintenance contracts for the DTF-owned government office buildings. The outsourced provider is 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 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 were included in both Cushman and Wakefield and JLL contracts respectively.

Number of emergency orders and building orders issued in relation to buildings

Nil.

Number of buildings conforming with the building standards

17

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

Nil

National Competition Policy – Reporting against competitive neutrality principles

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.

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 and published on the Council on Federal Financial Relations' website.

The Commissioner for Better Regulation is responsible for considering competitive neutrality complaints by individuals and businesses against government entities and reported to the Government on compliance with the policy. No competitive neutrality complaints were lodged against business activities operated by DTF.

Application of Protected Disclosure Act

The following information is required in the Annual Report pursuant to section 70 of the *Protected Disclosure Act 2012* (the Act).

Message from the Secretary

The Department of Treasury and Finance is committed to the aims and objectives of the Act. 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.



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.

Reporting procedures

Disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers may be made to any of the following Department personnel:

- the Protected Disclosure Coordinator;
- the Secretary of the Department;
- a Protected Disclosure Officer of the Department;
- a manager or supervisor of a person from the Department who chooses to make a disclosure; or
- a manager or supervisor of a person from the Department about whom a disclosure has been made.

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

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers, are available on the Department's website.

Disclosures under the *Protected Disclosure Act 2012*

	2017-18 (number)	2016-17 (number)
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-corruption Commission	Nil	Nil

Information available on request

Financial Reporting Direction 22H 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 itself, 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 information is available on request from:

Director
Corporate Delivery Services
Department of Treasury and Finance
GPO Box 4379
Melbourne, Victoria, 3001
Email information@dtf.vic.gov.au for the attention of the Director, Corporate Delivery Services.

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, David Martine, certify that the Department of Treasury and Finance has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



David Martine
Secretary

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, in the 2017-18 financial year, 94 data sets were made available by the Department and its portfolio entities on the DataVic website.

In the 2017-18 financial year, 53 data sets were made available on the DataVic website by the Department, excluding its portfolio entities (e.g. State Revenue Office and Treasury Corporation of Victoria).

Information included in this Annual Report will be available at www.data.vic.gov.au in electronic readable format.

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. Government data from all agencies will be progressively supplied in an electronic readable format that will minimise access costs and maximise use and reuse.

Appendix 5 Disclosure index

Ministerial Directions and Financial Reporting Directions

Report of operations

Direction	Requirement	Page reference
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	2
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FRD 8D	Performance against output performance measures	19–28
FRD 8D	Budget portfolio outcomes	29–35
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