2024-25

Model Report for Victorian Government Departments

Part one

Introduction and the
Model report of operations

The Secretary

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The Department of Technology is a fictitious department and has been used only for the purposes of illustrating financial reporting requirements for Victorian government departments.

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# A message from the Minister for finance

I am pleased to endorse the *2024-25 Model Report for Victorian Government Departments* (the Model), also known as the Tier 1 Model, together with the revised user guidance material and appendices. This model will assist preparers with the planning and preparation of their 30 June 2025 annual reports.

This publication serves as the State’s primary compliance guide for section 5.2 of the Standing Directions. This section of the Standing Directions requires entities to prepare high-quality and accurate annual reports. These annual reports play an essential role in a transparent, accountable and effective government. This version of the Model contains further minor enhancements based on user feedback, and revisions consistent with the relevant Australian Accounting Standards and Financial Reporting Directions. The Model will also assist with the preparation of the State’s consolidated Annual Financial Report.

All Victorian government departments are required to comply with the Model. Victorian public sector entities that are required to prepare Tier 2 financial reports, in accordance with FRD 101 *Application of Tiers of Australian Accounting Standards*, need to use the Tier 2 Model Financial Report available on the DTF website.

I strongly encourage all Victorian public sector entities to follow this Model where relevant and appropriate for their users, to ensure that Victoria maintains its high standard of reporting on the use of all public resources.

I commend this revision of the Model to you as the benchmark for Victorian public sector financial reporting.



**THE HON. DANNY PEARSON MP**

Minister for Finance

# Acknowledgements

The Department of Treasury and Finance (DTF) wishes to acknowledge the suggestions and comments provided by users and departments for the 2025 edition of this publication. DTF would also like to express its gratitude to the Victorian Auditor-General’s Office (VAGO) for its contribution and support of the Model.

# Table of contents

[Introduction 1](#_Toc199167700)

[Legislative background 1](#_Toc199167701)

[Financial accountability and reporting 1](#_Toc199167702)

[Reporting structure of the State of Victoria 3](#_Toc199167703)

[Basis of each financial publication 4](#_Toc199167704)

[The Model report – Purpose and scope 5](#_Toc199167705)

[How to use the Model report 5](#_Toc199167706)

[Setting the scene 6](#_Toc199167707)

[A model to assist with public sector financial reporting requirements 6](#_Toc199167708)

[Setting out the disclosures and guidance 7](#_Toc199167709)

[Structure of the Model report and disclosure requirements 7](#_Toc199167710)

[Source references 8](#_Toc199167711)

[The design and printing of annual reports 8](#_Toc199167712)

[Department of Technology – Model Report of Operations 9](#_Toc199156549)

[Section 1: Year in review 12](#_Toc199156550)

[Section 2: Governance and organisational structure 33](#_Toc199156551)

[Section 3: Workforce data 40](#_Toc199156552)

[Section 4: Other disclosures 46](#_Toc199156553)

[Disclosure index 80](#_Toc199156554)

# Introduction

The Victorian Government produces publications to inform Parliament and the wider community about its financial plans, outcome and position. Many relate to individual agencies while others, on a consolidated basis, cover a sector or the whole of the Victorian Government. Agencies fund, deliver and regulate a wide range of services on behalf of the Government, mainly relating to education, health, public safety, transport and communication. Most of these services are funded through taxes, levies, fees from the sale of goods and services, and grants from the Commonwealth Government. Through their day-to-day operations, all agencies are involved in the financial management of and accountability for the State’s finances.

## Legislative background

The *Constitution Act 1975* sets down that only Parliament can give approval to the executive government to spend public funds. The Government, in turn, is committed to sound financial management of the State’s public services and infrastructure assets. All Victorian public sector bodies operate under a prudent financial management framework comprising elements from the *Constitution Act 1975*, Appropriation Acts (annual and standing), *Financial Management Act 1994* (FMA), *Borrowing and Investment Powers Act 1987*, *Public Administration Act 2004* and *Audit Act 1994*. These Acts may contain sections that affect the requirements of the budget and financial reporting obligations to Parliament. The FMA governs the use of public money and the accountability processes and subordinate legislation with which the Government, departments and other public sector bodies are obliged to comply. Note that the terms ‘department’ and ‘public body’ are defined in the FMA. ‘Agency’ is a term used in the *Standing Directions 2018* under the FMA, which includes departments and public bodies.

## Financial accountability and reporting

### Key financial publications for the State of Victoria

The Department of Treasury and Finance (DTF) is responsible for coordinating, preparing and publishing the State’s main planning and financial accountability documents that are required under the FMA. These comprise budgetary and financial reports that include:

* State budget papers (BPs) in conjunction with the Appropriation Bills
* Budget Update
* Annual Financial Report (AFR)
* interim financial reports, including Quarterly Financial Reports (QFRs) and Mid-Year Financial Report (MYFR)
* Pre-Election Budget Update (PEBU) in election years.

Each of these publications (see Diagram 1: annual financial publication cycle) provides a consolidated set of financial statements and accompanying notes based on data submitted by all agencies. In addition to the consolidated financial statements, all agencies prepare their own entity annual report.

DTF also provides the State’s consolidated financial data to the Australian Bureau of Statistics (ABS) for inclusion in the national accounts and other statistical reports.[[1]](#footnote-2) The analysis and application of this data has significant consequences for the State. For example, the ABS publishes interstate comparisons of this financial data, which are relied upon by national authorities such as the Commonwealth Grants Commission when allocating the GST pool and other Commonwealth grant funding across the states and territories.

High-quality financial data must fairly reflect the Government’s financial performance and management of the State’s resources to fairly represent the level of activity in the State, as it may impact on the quantum of funding received by Victoria from the Commonwealth Government.

### Resource materials

In support of the State’s financial management legislative framework and provision of high-quality financial data, DTF issues budgetary, regulatory and other financial reporting materials to enable consistency in the way public sector bodies record and submit their financial data to DTF. Some of the main guidance materials include:

* Standing Directions 2018 under the FMA and associated instructions and guidance
* Financial Reporting Directions (FRD)[[2]](#footnote-3)
* Resource Management Framework (RMF)
* the Model Report for Victorian Government Departments and the Tier 2 Model Financial Report for Victorian public sector entities which are revised and issued annually.

The RMF is a comprehensive framework that underpins the budget funding and accountability processes for Victorian Government departments.

The DTF website ([www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/resource-management-framework](http://www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/resource-management-framework)) provides further information, including a version of the current RMF.

Diagram 1: annual financial publication cycle



Source: Department of Treasury and Finance

Notes:

(a) The timelines illustrated above are indicative only.

(b) Appropriation Bills are prepared and tabled with the Budget.

(c) PEBU is only published in an election year.

## Reporting structure of the State of Victoria

The Victorian public sector includes a range of agencies established by legislation for specified purposes, including departments, statutory authorities, state-owned corporations, school councils, boards, trusts, and advisory and management committees. Most of these agencies are established as ‘not-for-profit’ organisations, with a small group of entities, mainly from the finance and metropolitan water portfolios, operating as ‘for profit’ organisations.

The reporting structure for the State is based on the System of National Accounts,[[3]](#footnote-4) which classifies public sector bodies into either the general government sector, public non-financial corporations (PNFCs) or public financial corporations (PFCs) sectors. Diagram 2 provides an overview of this reporting structure.

Diagram 2: Reporting structure of the State of Victoria

State of Victoria

Non-financial public sector

General government

Public non-financial corporations

Public financial corporations

Departments

Statutory authorities and other agencies controlled by government

Source: Department of Treasury and Finance

The Victorian general government sector is the largest sector and forms the basis of the estimates published in the budget papers. As shown in Diagram 2, the general government sector comprises government departments and other bodies engaged in providing public services free of charge or at prices significantly below the cost of production. This includes, for example, schools and hospitals. They generally receive most of their funding from budget appropriations.

Organisations in other sectors of government – the PNFCs and PFCs – operate as stand-alone business enterprises, which aim to recover most of their costs involved in delivering their goods or services. Such entities include water and port authorities (PNFCs) and the Transport Accident Commission and Treasury Corporation of Victoria (PFCs). Both the PNFC and PFC sectors are treated as equity investments of the general government sector.

The non-financial public sector (NFPS) represents a consolidation of the general government sector and PNFCs, after eliminating any transactions and debtor/creditor relationships between those sectors to avoid double counting. Similarly, the whole of state is the consolidation (after relevant eliminations) of the NFPS with the PFCs. A more detailed explanation of the characteristics of each of these sectors can be found in the Australian System of Government Finance Statistics: Concepts, Sources and Methods – 5514.0 – 2015 (ABS GFS manual).

Under the FMA, the budget papers mainly relate to the general government sector whereas the mid-year and annual financial reports include both the whole of state and general government sector as required by the accounting standards. For a comprehensive list of agencies, identified by sector, that submit financial data for consolidation into the State’s key financial publications, refer to Note 9.8 of the *Annual Financial Report,* on the [DTF website](http://www.dtf.vic.gov.au/state-financial-reports/financial-report-inc-quarterly-financial-report-no-4).

## Basis of each financial publication

Financial statements (including accompanying notes) are prepared in accordance with Australian Accounting Standards (AASs) and relevant FRDs. In addition, the budget papers and AFR need to comply with the Uniform Presentation Framework (UPF), approved by the Australian Loan Council. The UPF is based on the Government finance statistics (GFS) framework, designed to provide statistics related to all Australian public sector entities.

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* applies to whole of government general purpose financial statements and general government sector financial statements. This standard incorporates the major elements of the GFS framework into an accounting standard.

For further information, please refer to the suite of publications via the [Victorian State Budget](https://www.dtf.vic.gov.au/state-budget) and [Economic and Financial Updates](https://www.dtf.vic.gov.au/economic-and-financial-updates) webpages on the DTF website.

In addition to financial statements and notes, most annual reports also include a narrative (management discussion and analysis), usually provided in the report of operations. The best practice is to include non-technical analysis and explanation of significant aspects of the financial statements in this narrative report, to assist users in the interpretation of the financial statements.

## The Model report – Purpose and scope

In addition to the State’s financial publications produced by DTF, the FMA also requires audited annual reports of government departments and public bodies to be **tabled in Parliament within four months after the end of financial year** or on the first sitting day of the House after the end of that month.

Under Standing Direction 5.2 *Annual reporting* (SD), **all Victorian government departments** are required to comply with the Model when preparing and tabling their annual reports in Parliament.

These departments include the Departments of:

* Education
* Energy, Environment and Climate Action
* Families, Fairness and Housing
* Government Services
* Health
* Jobs, Skills, Industry and Regions
* Justice and Community Safety
* Premier and Cabinet
* Transport and Planning
* Treasury and Finance.

The Model has adopted the financial statement formats that align with the general government sector and whole of government formats. For consistency and comparability purposes, the Parliament of Victoria and all other Victorian public sector entities are encouraged to produce their annual reports with reference to this Model or the Tier 2 Model (for Tier 2 public sector entities).

## How to use the Model report

The Model prescribes a consistent approach to the preparation of both the financial and non-financial reporting requirements of **departmental** annual reports. It includes:

* guidance and commentaries highlighting the minimum disclosure requirements for a general-purpose financial report (the Tier 1 Model)
* convenient references and interpretations of relevant authoritative pronouncements
* illustrative AAS and FRD disclosures for common departmental activities.

The Model addresses the departmental requirements for a complete set of financial statements (refer to the *Model financial statements* section (Part two)) and in a separate section, the requirements of the FMA and FRDs for non-financial performance disclosures in a report of operations (refer to the *Model report of operations* section).

For ease of preparation, placeholder years have been used throughout the Model. For the purposes of this report,
20X1-X2 is to be interpreted as the current reporting year, while 20X0-X1 represents the comparative year. Refer to the table below for more detail.

|  |  |
| --- | --- |
| Placeholder  | Year |
| 20XX | 2022 |
| 20X0 | 2023 |
| 20X1 | 2024 |
| 20X2 | 2025 |
| 20X3 | 2026 |

It should be noted that the Model is based on a fictitious department, and therefore the narrative illustrations should be used as a guide only.

This Model will enable preparers to readily identify applicable legislative and accounting reporting requirements, and to view related illustrative examples. Tier 2 public sector entities may use the disclosures in this Model as a guide for additional disclosures required as part of their general-purpose financial statements.

The Model should not be used as a substitute for referring to actual legislation, AASs and FRDs that are relevant to the entity.

# Setting the scene

## A model to assist with public sector financial reporting requirements

The Model is published as the primary guide to assist public sector entities with their financial reporting requirements.

All agencies, subject to FMA requirements, are required to table audited annual reports in Parliament in compliance with the FMA, including the Standing Directions (SD) 2018 under the FMA.

Those annual reports, which consist of the report of operations and financial statements, must be prepared in accordance with:

* Australian Accounting Standards (AAS), which includes Interpretations
* Financial Reporting Directions (FRD)
* Resource Management Framework (RMF)

To assist public sector entities in discharging their responsibilities, this Model adopts the financial statement formats that align with the general government sector and whole of government formats.

The Model illustrates the minimum disclosure requirements in accordance with applicable AASs and FRDs.

### Key reminders

Do:

* apply the disclosure requirements included within the Model for all government departments (mandatory)
* refer to the illustrations of the Report of Operations for all other public sector entities (where relevant and applicable) as a guide
* apply judgement in determining whether the Model needs to be modified to meet entity specific reporting requirements
* apply all AASs and FRDs applicable to the financial year– even those issued after the publication of the Model
* apply FRD 30 *Standard requirements for the publication* specifications when preparing annual reports
* determine which disclosures could be omitted on the basis of materiality (quantitatively and qualitatively).
* Don’t:
* use the Model as a template – it provides presentation formats and illustrative disclosures that need to be modified for circumstances and requirements that are specific to the entity
* use the Model as a substitute for referring to the relevant AASs and FRDs.

## Setting out the disclosures and guidance

The reporting requirements as set out in this Model are presented as follows:

1. Illustrative disclosures are presented first. These are predominantly in black text and for a fictitious department, *The Department of Technology*. These disclosures provide the minimum requirements for compliance with AASs and FRDs.
2. Guidance (or commentary) is provided on the illustrative disclosures in blue font and includes references to more detailed guidance, additional examples and illustrations.
3. Source references are included throughout the illustrative disclosures and the guidance, and are prefixed by AASB, FRD, SD and FMA.
4. Guidance Section 1 highlights general and specific disclosure requirements, including presentation requirements that all agencies need to adhere to in preparing financial statements.

## Structure of the Model report and disclosure requirements

The Model is based on a fictitious Department of Technology to highlight and illustrate disclosure requirements. It is divided into the following sections.

* **Part one – Introduction and the Model report of operations**
* **Part two – Model financial statements** (including supplementary information for the third balance sheet – refer to guidance in Note 9.6)
* **Part three – Guidance**
* Guidance – General and specific disclosure requirements, including presentation; and
* **Appendices**
* Appendix 1 – Budgetary reporting: Explanation of material variances between budget and actual outcomes
* Appendix 2 – Index of accounting guidance and checklists on the DTF webpage.

Departments are expected to use the Model report of operations as a guide to show the minimum disclosure requirements in preparing their year in review.

With regard to the Model financial statements, **departments are required** to present their financial statements and notes in the same manner and format as shown in the Model financial statements.

The Model has been prepared in accordance with the FMA and has been updated incorporating the latest applicable requirements of AASs and FRDs that were available as at 28 February (in the current reporting period).

The Model focuses on illustrating disclosure requirements for departments for usual disclosures. Therefore, the Model may not cover transactions that are non-routine in nature or all the disclosure requirements that might be applicable to non-departmental entities. In particular, it **does not** illustrate income tax equivalent entries applicable to entities in the National Tax Equivalent Regime.

The Model financial statements do not and cannot be expected to cover all situations that may be encountered in practice.

## Source references

References to the relevant requirements are provided in the headings and body text of this Model and are noted in red. If further clarity is needed, entities should refer to the source of the disclosure requirement.

The current Model also uses ‘[NEW]’ or ‘[REVISED]’ to indicate where changes have occurred since the previous edition of the Model. Abbreviations used in the Model are as follows:

|  |  |
| --- | --- |
| Reference  | Title |
| AASB  | Australian Accounting Standards Board |
| AASs | Australian Accounting Standards, including Interpretations |
| DoT | Department of Technology (a fictitious department) |
| FRD | Financial Reporting Direction |
| SD | Standing Direction |

In line with recent changes to the PAEC website, all references to the PAEC reports in this Model have been updated (i.e. previous references to the PAEC report number have been updated to reflect the actual name of the PAEC report) to aid easy location of the relevant reports on the PAEC website.

## The design and printing of annual reports

FRD 30 provides information on the design, layout, accessibility requirements, digital first principles and printing of annual reports. It also prescribes specification requirements for the design of annual reports, use of colour and images, standard sizing, paper stocks and other publishing requirements.

The purpose of this FRD is to reduce the costs of annual reports for public sector entities, reduce the environmental impact of producing annual reports – both in terms of the type of stock used and elements of the process to make them recyclable – and to ensure a more consistent approach in the way public sector annual reports are presented.

All departments and government agencies defined as public bodies must comply with the requirements of this FRD.

Department of Technology –
Model Report of Operations

## Contents

[About the Model report of operations 9](#_Toc130288129)

[Presentation of report of operations 9](#_Toc130288130)

[Contents of report of operations 10](#_Toc130288131)

[Specific requirements under Standing Direction 5.2 10](#_Toc130288132)

[Disclosure requirement – estimates presented as actual results 10](#_Toc130288133)

[Declaration in report of operations 11](#_Toc130288134)

[Section 1: Year in review 12](#_Toc65769754)

[Section 2: Governance and organisational structure 33](#_Toc65769755)

[Section 3: Workforce data 40](#_Toc65769756)

[Section 4: Other disclosures 46](#_Toc65769757)

[Disclosure index 80](#_Toc65769758)

## About the Model report of operations

The report of operations is an integral part of a **department’s** annual report. It provides users with general information about the entity and its activities, operational highlights for the reporting period, future directions and other relevant information not included in the financial statements. It is a document akin to the directors’ report, which forms a significant part of the annual reports of *Corporations Act 2001* companies. [SD5.2/FRD 22]

The report of operations complements the information presented in the financial statements by providing explanation and analysis of the department’s performance, financial position and cash flow through an objective and balanced discussion and analysis. To that end, it should be comprehensive, supported by figures and graphics that assist understanding of the matters discussed and, where appropriate, adopt a narrative form written in a clear style. The report of operations should be balanced and objective, and free from bias.

The *Model report of operations* incorporates reporting requirements that are current at the time of publication. In addition to complying with the Model report of operations, departments should ensure their report of operations complies with all new and revised legislative pronouncements that may be issued and applicable after the publication of the Model.

While the *Model report of operations* illustrates examples of disclosures required under FRDs, it **does not necessarily illustrate all disclosures** that might be appropriate to report an agency’s objectives, activities and performance. Officers of a department or entity must use their judgement to identify any other matters that should be reported to ensure the report of operations is complete and objective.

Entities other than departments need to be aware of the FRDs and legislation that affect them specifically, as not all pronouncements in the Model are applicable to all public sector entities. Professional judgement and awareness of an entity’s reporting obligations are to be applied when using the Model as a reference point.

## Presentation of report of operations

Presenting the report of operations as a discrete section of a department’s annual report ensures the information required appears in one place. However, a department has the option to select the format that best complements the presentation of its annual report as a whole. [SD5.2]

## Contents of report of operations

The report of operations, for the purposes of the Model, illustrates the minimum disclosures required by the Standing Directions (SD) 2018 under the FMA and FRDs, as listed in the *Disclosure Index* on page 80, as well as sections of the FMA and Premier’s Circulars. Given the different nature of activities carried out by departments, varying levels of detail will be needed to fulfil particular requirements of the SD, FMA, FRDs and Premier’s Circulars. As with the financial statements, professional judgement is required to identify relevant significant matters and present them in a way that properly informs the reader.

## Specific requirements under Standing Direction 5.2

* The report of operations must be prepared in accordance with the requirements of the FMA, SD and associated instructions, applicable Australian Accounting Standards and FRDs. [SD5.2.1(a)]
* The report of operations for government departments must be presented in accordance with the guidelines contained in the Model. [SD5.2.1(b)]
* The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body. [SD5.2.3]

The information and analysis contained in the report should be balanced and objective, free from bias and complete, dealing even-handedly with positive and negative aspects of operations, financial condition, risks and opportunities. Good design and presentation assists both communication efficiency and effectiveness, however value for money must also be considered.

The format given in the Model may not be suitable for all departments, as departments differ in both structure and outputs. Each department may choose where they report disclosures, provided it complies with all relevant reporting directions and legislation.

For ease of understanding and clarity, it is sometimes more appropriate to include detailed information in an appendix. Where this is done, the report of operations should include a summary of the information together with a cross reference to the applicable appendices.

## Disclosure requirement – estimates presented as actual results

Presenting an estimate in the departmental annual report can be appropriate under some circumstances, such as when actual results are not available at the time of compiling the annual report. It is crucial users of the report of operations appreciate where estimates are presented as actual results, especially if significant variances are expected between the estimates presented in the annual report and the actual result communicated subsequently. [Recommendation 42, PAEC Report on the 2009-10 and 2010-11 Financial and Performance Outcomes]

Therefore, where departments disclose estimates in the report of operations, it should be clearly indicated as such for clarity.

## Declaration in report of operations

### Responsible Body’s declaration [SD5.2.3]

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Technology’s Annual Report for the year ending 30 June .

[Signature]

J Smith
Secretary
Department of Technology

14 August

Guidance – Responsible Body’s declaration

Legislative and documented references

SD 5.2.3 requires the report of operations to be signed and dated by the Responsible Body or a member of the Responsible Body. For an agency with a statutory board or equivalent governing body established by or under statute, the Board or governing body is the Responsible Body. For an agency without a statutory board or equivalent governing body established by or under statute, the Accountable Officer is the Responsible Body. [SD5.2.3]

Guidance

The Responsible Body sign off is usually the first item in the report of operations, and formally presents the report in accordance with requirements in the *Financial Management Act 1994*.

# Section 1: Year in review

Guidance – Year in review (overview)

Legislative and documented references

FRD 22 *Standard disclosures in the Report of Operations* requires the entity to disclose general and financial information to outline and explain its operations and activities for the reporting period. [FRD 22]

General information includes the entity’s activities, operational highlights for the reporting period, future initiatives and other relevant information not included in the financial statements. General information should also include the entity’s purpose, functions, powers and duties, which are linked to a summary of its activities, programs and achievements for the reporting period.

Under the Government’s performance management system, a department’s medium-term departmental objectives should clearly align with its key ‘purpose, functions, powers and duties’. Goods and services (outputs) funded by the Government and delivered in a financial year should support the achievement of departmental objectives over time. The effectiveness of a department in delivering on its objectives will be assessed through the reporting of objective indicators.

In addition, FRD 22 requires that the manner of establishment of the entity and relevant ministers be included, as well as the nature and range of services provided, including the communities served.

Guidance [FRD 22]

The year in review section is the opening section of a department’s annual report. The introduction should clearly articulate the department’s vision, mission, values, high level purpose, strategic priorities and key achievements.

Reference should be made to *the progress towards achieving departmental objectives, performance against output performance measures* and *financial review* sections when commenting on how the department has achieved its targets. This section should also include the Secretary’s report, which outlines the achievements by the department for the year and a reference to the aims of the department for the year ahead.

*Our vision*

The Department’s vision is for Victoria to be recognised as the highest performing, most innovative and trusted technological state in Australia.

*Our mission*

As a first point of call for public sector technological improvement, to proactively lead and engage the Victorian public sector in continually improving services, standards, governance and workforce development.

*Our values*

**Be open**: Listen to and consider the views and opinions of our people. Provide accurate and objective information.

**Work together:** Demonstrate effective team behaviours. Collaborate across and outside the Department of Technology to achieve desired outcomes. Value the contributions of teams as a whole.

**Respect others**: Treat others as we would like to be treated. Make intelligent use of the range of knowledge and skills held by our people. Apply work practices effectively to our people.

**Make a difference**: Strive to achieve outcomes that make a difference. Plan how best to achieve our desired outcomes. Measure our impact and apply learning from evaluations to future actions.

**Lead with purpose**: Provide a clear direction for the people we lead. Help people get their jobs done. Set an example by our actions.

**Focus on safety**: Be aware of safety requirements, potential hazards and procedures in the work area. Take action to minimise or eliminate hazards. Be mindful of potential health and safety risks in all decision making.

### Secretary’s report

[Departments to provide useful guidance regarding appropriate content can be found in the ‘Year in review’ commentary]

[Signature is optional]

Jane Smith
Secretary

### Purpose and functions

The Department of Technology (‘the Department’) was established in 1998 to centralise and provide strategic policy advice to the Government and the Victorian community regarding the adoption of new technology. With the establishment of the Department, the Government was able to centralise its research and development efforts (R&D), particularly research and development activities in respect of biological technology, and the provision of information technology and telecommunication (IT&T) activities to other government departments. The Department is now recognised as a leading-edge provider of technical and strategic advice and support on technology and IT&T issues. [FRD 22]

The Department’s function is to ensure the Government and the general Victorian community obtain the benefits of technology, including biological technology to enhance the economic and social prosperity of the community. As a central government agency, the Department plays an important role in advising the Government on technology issues and the provision of technological services for the community.

Changes to the Department during

|  |  |  |
| --- | --- | --- |
| 20X1‑X2 departmental objective | 20X1‑X2 output | Reason for change |
| Improve the quality of life of Victorians through eradicating certain diseases and enhancing nutrition | Research and development of biological technology | New departmental objective and associated output resulting from machinery of government administrative restructure – 2 August 20X1. |

|  |  |  |
| --- | --- | --- |
| 20X0‑X1 departmental objective | 20X0‑X1 output | Reason for change |
| [Insert 20X0‑X1 departmental objective if different from current year] | New technology administration | Transferred departmental objective and associated output resulting from machinery of government administrative restructure – 2 August 20X1. |

As a consequence of policy decisions announced by the Government on 2 August , changes were made to the departmental objectives and output structure of the Department during the financial year.

This report of operations presents the progress made by the Department towards achieving its departmental objectives and full year performance of the outputs, received through the administrative restructure, for which the Department was responsible for at the end of the financial year. Correspondingly, the departmental objective and full year performance of the output transferred to another department is reported in the transferee department’s report of operations. However, it is the responsibility of the transferor to ensure all financial accounts and reports of the transferred outputs were kept and provided for the purposes of the *Financial Management Act 1994* until 31 August .

[Departments should also outline changes to departmental objectives and output structure as a result of an internal review of its medium-term objectives and output structure as part of this disclosure.]

As part of the administrative restructure, the Department is now responsible for achieving the departmental objective of improving the quality of life of Victorians through eradicating certain diseases and enhancing nutrition by delivering services associated with the output Research and Development of Biological Technology. Responsibility for this objective and output was previously held by the Department of Natural Resources. All output performance measures are now reported by the Department for the full financial year.

The Department was previously also responsible for achieving [insert affected departmental objective] with the delivery of services associated with the output New Technology Administration. As a result of the administrative restructure, the affected departmental objective and indicator and all output performance measures are now reported by the Department of Cabinet Administration.

Guidance – Changes to a department during

Expanded guidance on machinery of government changes is provided as follows:

* For illustration on disclosure of comparatives for assets and liabilities transferred, refer to Illustrative disclosures in Notes 4.1 and 4.2 of the Model financial statements.
* For general guidance on machinery of government changes and disclosure in the financial statements, refer to illustrative disclosure and guidance provided in Note 4.3 of the Model financial statements.

Any machinery of government changes impacting on departmental objectives and output performance reporting needs to be described in the report of operations. The departmental objective and output performance reporting should be disclosed **for the full year** by the department administratively responsible for the functions and output delivery **at the end of the financial year**.

For a department that is abolished because of machinery of government changes, the abolished department is also required to report on the departmental objectives and output performance up to the date it ceases to exist in its final report of operations.

**Note:** If only part of an output is transferred, reporting should be on the relevant performance measures that relate to the function being transferred.

Detailed guidance in planning and implementing machinery of government changes are contained in the [*VPS operating manual on machinery of government changes*](http://www.dtf.vic.gov.au/financial-management-government/machinery-government-changes-vps-operating-manual) which can be found on the DTF website [FRD 8 *Consistency of budget and departmental reporting*]*.*

Departmental objective and output performance reporting of the transferee department

As the transferee department is administratively responsible for the outputs at the end of the financial year, it will now report the relevant departmental objectives and associated indicator(s), output and associated output performance measures received due to the machinery of government changes for the full year, consistent with FRD 8. The transferee department will provide commentary on all impacted outputs and associated departmental objectives explaining:

* the departmental objective and associated indicator(s) and output and associated performance measures that were transferred to the department
* details of the transferor department
* the date on which the administrative arrangement occurred.

Departmental objective and output performance reporting of the transferor department

As the transferor department will no longer be administratively responsible for the outputs at the end of the financial year, it does not need to report on the transferred output and associated output performance, related departmental objective (whole or in part) and associated indicator(s) transferred to another department. The transferor department will need to provide commentary on all impacted departmental objectives and outputs explaining:

* the outputs that were transferred to another department and related departmental objective (whole or in part) and indicator(s)
* details of the transferee department
* the date on which the administrative arrangement occurred.

**Note:** The departmental objective and output performance reporting as described above is different from the financial reporting of an administrative restructure. Departments must continue to recognise assets, liabilities, income and expenses arising from the transferred/received outputs during the period in the financial year in which entities were responsible for those outputs.

## Direct costs attributable to machinery of government changes

In August , the Government issued an administrative order restructuring some of its activities via machinery of government (MoG) changes, taking effect from 1 September . As result of the MoG changes, the departments have incurred the following additional direct costs: [Recommendation 39, PAEC Report on the 2015-16 Budget Estimates]

|  |  |  |
| --- | --- | --- |
| Department of Technology | Costs incurred  | Anticipated future costs (1 July onwards) |
| Direct costs |  |  |
| Consultants and contractors | .. | .. |
| Relocation | 7 750 | 2 501 |
| Telephony | .. | .. |
| IT and records management | 4 111 | .. |
| Rebranding | 6 505 | 2 430 |
| Redundancies | .. | .. |
| New staff | .. | .. |
| Other | .. | .. |
| Total | 18 366 | 4 931 |

Direct costs incurred from 1 July to 30 June that are attributable to the August MoG change mainly relate to [insert detail].

Anticipated future costs attributable to the MoG change mainly relate to [insert detail].

There were no direct costs attributable to the MoG change that have been incurred by the entities that are consolidated into the Department’s annual report pursuant to section 53(1)(b) of the *Financial Management Act 1994*.

Guidance – Direct costs attributable to machinery of government changes

Direct costs are the costs that can be attributed solely to implementing the MoG change and are incurred over and above business-as-usual (BAU).

For example, telephony charges that have been incurred for ongoing activities or operations of the department should not be included in the direct costs attributable to MoG changes as those are not additional costs incurred over and above BAU which are solely attributable to MoG changes.

Anticipated future costs that meet the definition of direct costs above but are yet to be incurred shall be reported separately.

Indirect costs are those associated with redirected staff time or lost productivity as a result of splitting, merging and realigning back-office functions (i.e. HR, procurement, legal and finance).

As the MoG changes are largely an administrative process, productivity losses in service delivery or advisory functions are generally negligible.

## PORTFOLIO PERFORMANCE REPORTING – NON-FINANCIAL SECTION

## Departmental objectives, indicators and outputs [FRD 8]

The medium-term departmental objectives, associated indicators and linked outputs as set out in the Budget Paper No. 3 *Service Delivery* are shown in Table 1. [Recommendation 15, PAEC Review of the Performance Measurement and Reporting System]

Table 1: Departmental objectives, indicators and linked outputs

|  |  |  |
| --- | --- | --- |
| Departmental objectives  | Indicators | Outputs |
| [Departments to insert specific departmental objectives as published in the *20X1‑X2 Budget*] | [Departments to insert specific indicators as published in the *20X1‑X2 Budget*] | [Departments to insert specific outputs as published in the *20X1‑X2 Budget*] |

[20X1‑X2 Budget Paper No. 3 *Service Delivery*]

## Reporting progress towards achieving departmental objectives in the report of operations

The Department seeks to measure the progress of the Victorian public sector in adopting new technology in delivering services to the community.

This section reports the Department’s progress on its departmental objectives through a range of indicators. Trends in these indicators demonstrate the Department’s performance.

### Departmental objective 1

[Departments should describe the departmental objective to make clear the department’s role and contribution to the broader context of their environment. In addition, departments should also include how this departmental objective and associated indicators contribute towards achieving the government priorities where there is a clear government statement of intention (this may include government announcements and commitments).]

[Departments should include a performance progress story for departmental objective 1 based on the evaluation and interaction of trend information for the associated indicators provided in this section. Include a description of the environment (past, current and an indication of the future), any relevant issues/shortcomings affecting the performance story as demonstrated by the indicators that should be considered, including any areas for future improvements].

[Departments should also disclose any key initiatives and/or projects that have contributed to changes in the associated indicators. Where appropriate, departments may also introduce the revised indicators as published in the 20X0‑X1 *Budget* to help explain performance.] [Recommendation 17, PAEC Report on 2013-14 and 2014-15 Financial and Performance Outcomes]

[Departments should include the relevant trend information for each indicator associated with departmental objective 1. This information should support the performance story provided above in this section. The indicators should also be supported by outputs and associated performance measures. However, in very limited circumstances, the ability to quantify and provide data series may not be possible or relevant (e.g. policy advice). In that case, departments should provide relevant information or supporting evidence to report progress.]

Table 2: Progress towards objective 1

[Departments should include the relevant outputs and their performance covered under the ‘Performance against output performance measures’ section to strengthen the link between the departmental objectives and outputs performance reporting.]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator | Unit of measure | Year 1  | Year 2 | Year 3 | Year 4 (a) |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

Note:

(a) This table requires disclosures from the current reporting year with comparative data from the past three reporting years. Year 4 denotes the current reporting year ().

### Departmental objective 2

[Departments should describe the departmental objective to make clear the department’s role and contribution to the broader context of their environment. In addition, departments should also include how this departmental objective and associated indicators contribute towards achieving the government priorities where there is a clear government statement of intention (this may include government announcements and commitments).]

[Departments should include a performance progress story for departmental objective 2 based on the evaluation and interaction of trend information for the associated indicators provided in this section. Include a description of the environment (past, current and an indication of the future) and any relevant issues/shortcomings affecting the performance story as demonstrated by the indicators that should be considered, including any areas for future improvements.]

[Departments should also disclose any key initiatives and/or projects that have contributed to changes in the associated indicators. Where appropriate, departments may also introduce the revised indicators as published in the *20X1‑X2 Budget* to help explain performance.] [Recommendation 17, PAEC Report on 2013-14 and 2014-15 Financial and Performance Outcomes]

[Departments should include the relevant trend information for each indicator associated with departmental objective 2. This information should support the performance story provided above in this section. The indicators should also be supported by outputs and associated performance measures. However, in very limited circumstances, the ability to quantify and provide data series may not be possible or relevant (e.g. policy advice). In that case, departments should provide relevant information or supporting evidence to report progress towards achieving the objective.]

Table 3 – Progress towards objective 2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Indicator | Unit of measure | Year 1  | Year 2 | Year 3 | Year 4 (a) |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

Note:

(a) This table requires disclosures from the current reporting year with comparative data from the past three reporting years. Year 4 denotes the current year ().

[Departments should include the relevant outputs and their performance covered under the ‘Performance against output performance measures’ section to strengthen the link between departmental objectives and outputs performance reporting.]

Guidance – Reporting progress towards achieving departmental objectives in the report of operations

The Government introduced the use of objective indicators in the 2013-14 Budget Paper No. 3 *Service Delivery* (BP3) to provide information on progress towards objectives. The Government also made a commitment in BP3 to report progress figures in each department’s annual report.

Guidance

In this section, departments should communicate the performance story for each departmental objective based on the indicator information over time (minimum four years). Developing a baseline and medium-term target/standard for the indicators facilitates communicating performance progress. In some instances, appropriate graphical representation of this information would potentially enhance performance reporting, for example:

* In 20X1‑X2, there were a total of 60 000 Victorians being serviced by the Department. The number of Victorians using these services has decreased by 14 per cent from 70 000 over the past four years (see Figure 1).
* In 20X1‑X2, 61 per cent of clients were satisfied with the level of services provided. This result was above the national average of 60 per cent and represented a 2.2 per cent increase from 20X0‑X1. There has been minimal variation in satisfaction levels over the four years (see Figure 2).

Corporate plans disclose key initiatives important to the achievement of departmental objectives. [Recommendation 17, PAEC Report on 2013-14 and 2014-15 Financial and Performance Outcomes]

Departments are required to report against the key initiatives listed in the corporate plan in their annual report.

Figure 1: Number of Victorians serviced by the Department

Figure 2: Client satisfaction level for the services provided by the Department

## Performance against output performance measures [REVISED]

[Departments should include the output performance information under the relevant departmental objective to strengthen the link between department objectives and output performance reporting.]

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 20X2. [FRD 22]

Guidance – Key initiatives and projects

Departments are required to provide information about their key initiatives and projects, including any significant changes in key initiatives and projects from previous years and expectations for the future periods. Key initiatives and projects refer to a department’s initiatives and projects that are identified in their corporate plan or equivalent. Each year the discussion should include outcomes achieved by those key initiatives and projects, and any significant changes to the key initiatives and projects that have been previously disclosed or reported upon. The changes that have a material impact on the outcomes or results should also be discussed, and this may include timeline, scope and costs relevant to the key initiative or project.

A department may describe its key initiatives and projects in relation to its outputs where appropriate, preferably in the section where it provides details on the individual outputs, as shown above. Where an initiative/achievement links to multiple outputs, details should be provided under the output it contributes most to. If necessary, other corresponding outputs may provide reference to it.

### Strategic policy advice

The objective of this output is to improve the economic performance of the State through the application of leading-edge technology and to promote leadership in research and innovation in sciences. [FRD 8]

This output makes a significant contribution to the achievement of the departmental objective of [Departments to insert the relevant departmental objective].

#### Key initiatives and projects [FRD 8 Paragraph 5.2]

Since 1 July , the Department has initiated the Technology Trade and Innovation Program, which assists businesses to develop and integrate new technologies. [FRD 22/Recommendation 17, PAEC Review of the 2009-10 and 2010-11 Annual Report]

Up to 30 June , the Department has provided strategic, timely and comprehensive analysis and advice to 40 Victorian businesses. In the next two years, the Department will continue to monitor and support this program, which is expected to represent an additional $29 million investment to the State and create 219 new jobs in .

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Performance measures | Unit of measure | actual | target | Performance variation (%) | Result (a) |
| *Quantity* |  |  |  |  |  |
| Provision of policy briefings | number | 450 | 500 | -10 | n |
| *Less policy briefs were delivered by the Department during the current year. This is due to other policy initiatives taking priority for the current year. In addition, the Department also faced resourcing challenges because of a recent reduction to the size of the Department’s workforce.* |
| Deliver two long-term research projects | number | 2 | 2 | 0 | ü |
| *Quality* |  |  |  |  |  |
| Client satisfaction rating | per cent | 95.0 | 90.0 | 5.6 | ü |
| *The rating is based on surveys completed by clients. The actual survey rating received exceeded the targeted survey result mainly due to client satisfaction with the timeliness of the briefings provided, and client satisfaction with an improved format and style of briefings.* |
| Policy briefings addressed key issues | per cent | 91.0 | 91.0 | 0 | ü |
| *Timeliness* |  |  |  |  |  |
| Key deliverables managed on time | per cent | 100.0 | 100.0 | 0 | ü |
| Responses to Ministerial correspondence delivered within agreed timeline | per cent | 100.0 | 100.0 | 0 | ü |
| *Cost* |  |  |  |  |  |
| Total output cost | $ million | 27.6 | 32.5 | ‑15 | ü |
| *The number of the services provided was less than targeted. This resulted in the output cost being below target and an underspend occurring. This underspend will impact the next reporting period. The Department has a number of policy briefs to provide in the next reporting year, as they were deferred in the current year. It’s expected that the Department will deliver these policy briefings in the next reporting period.* |

[Recommendations 12 and 32, PAEC Review of the 2009-10 and 2010-11 Annual Reports/To align with the table format in Budget Paper No. 3 *Service Delivery*/Recommendations 19 and 36, PAEC Review of the Performance Measurement and Reporting System]

Note:

(a) ü Performance target achieved or exceeded – performance greater than target, either within 5 per cent or exceeding 5 per cent variance. [A variance exceeding 5 per cent (or $50 million for cost measures only) requires an explanation, including internal or external factors that caused the variance.]

 **¡** Performance target not achieved – performance less than target by less than 5 per cent (or $50 million for cost measures only) variance.

 n Performance target not achieved – performance less than by more than 5 per cent (or $50 million for cost measures only) variance. [This requires an explanation, including internal or external factors that caused the variance.]

[Recommendation 11, PAEC Report on the 2015-16 Financial and Performance Outcomes]

### Information technology and telecommunication services

The objective of this output is to provide efficient and economical operation of government activities to ensure optimal use of resources. This output also aims to provide leadership in information technology and telecommunication services that promotes Victoria as a centre of excellence in the application of new information technology, which could in turn contribute to the economic growth of the State. [FRD 8]

This output makes a significant contribution to the achievement of the departmental objective of [Departments to insert the relevant departmental objective].

#### Key initiatives and projects

[Departments to disclose the key initiatives and projects relevant to this output. Refer to page 18 for additional guidance.]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Performance measures | Unit of measure | actual | target | Performance variation (%) | Result (a) |
| *Quantity* |  |  |  |  |  |
| New clients gained | number | 476 | 500 | -4.8 | **¡** |
| Database system report delivered | number | 15 | 12 | 25 | ü |
| *New services received through machinery of government changes resulted in more system reports required to be delivered.* |
| *Quality* |  |  |  |  |  |
| Service provision rating (based on client agencies survey data) | per cent | 90.0 | 80.0 | 12.5 | ü |
| *Result reflects the effectiveness of this service provision in addressing the high and complex needs of this client group.* |
| *Timeliness* |  |  |  |  |  |
| Broadband network queries responded to within six hours of receipt (number of queries in a day) | per cent | 90.0 | 90.0 | 0 | ü |
| *Cost* |  |  |  |  |  |
| Total output cost | $ million | 45.7 | 40.5 | 12.8 | n |
| *The variance in total output cost between actual and target is due to the increase in demand caused by the provision of new services.* |

Note:

(a) ü Performance target achieved or exceeded – performance greater than target, either within 5 per cent or exceeding 5 per cent variance. [A variance exceeding 5 per cent (or $50 million for cost measures only) requires an explanation, including internal or external factors that caused the variance.]

 **¡** Performance target not achieved – performance less than target by less than 5 per cent (or $50 million for cost measures only) variance.

 n Performance target not achieved – performance less than target by more than 5 per cent (or $50 million for cost measures only) variance. [This requires an explanation, including internal or external factors that caused the variance.]

[Recommendation 11, PAEC Report on the 2015-16 Financial and Performance Outcomes]

### Research and development of biological technology

The output focuses on the development of new biological technology and supporting its implementation by businesses to improve the quality of agricultural products. Improved agricultural products are also considered to contribute to the economic growth of the State. [FRD 8]

This output makes a significant contribution to the departmental objective of improving the quality of life of Victorians through eradicating certain diseases and enhancing nutrition.

[Departments to insert the relevant departmental objective.]

#### Key initiatives and projects

[Departments to disclose the key initiatives and projects relevant to this output. Refer to page 18 for additional guidance.]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Performance measures | Unit of measure | actual | target | Performance variation (%) | Result (a) |
| *Quantity* |  |  |  |  |  |
| Businesses supported with implementation of new technology | number | 100 | 120 |  16.7 | n |
| *The actual outcome in 20X1‑X2 is significantly lower than the target due to delays in the internal tender process – there was a lack of consensus between businesses and the Government on payment terms in tender proposals.* |
| Laboratories with fully integrated new research platform | number | 10 | 10 | 0 | ü |
| Six new patents sought by partner agencies | number | 6 | 6 | 0 | ü |
| *Quality* |  |  |  |  |  |
| New technology met business requirements | per cent | 80.0 | 80.0 | 0 | ü |
| *This measure is based on surveys completed by clients.* |
| *Timeliness* |  |  |  |  |  |
| Projects managed within agreed timelines | per cent | 87.0 | 91.0 |  4.4 | **¡** |
| *Cost* |  |  |  |  |  |
| Total output cost | $ million | 50.6 | 51.2 |  1.2 | ü |

Note:

(a) ü Performance target achieved or exceeded – performance greater than target, either within 5 per cent or exceeding 5 per cent variance. [A variance exceeding 5 per cent (or $50 million for cost measures only) requires an explanation, including internal or external factors that caused the variance.]

 **¡** Performance target not achieved – performance less than target by less than 5 per cent or ($50 million for cost measures only) variance.

n Performance target not achieved – performance less than target by more than 5 per cent (or $50 million for cost measures only) variance. [This requires an explanation, including internal or external factors that caused the variance.]

[Recommendation 11, PAEC Report on the 2015-16 Financial and Performance Outcomes]

Guidance – Performance against output performance measures [REVISED]

Legislative and documented references

FRD 8 requires departments to report on actual output performance for a government department including a comparison of the output targets published in the budget papers and actual performance for the portfolio for the corresponding financial year. [FRD 8]

FRD 22 states the report should include a ‘summary of the entity’s operational and budgetary objectives, including performance against the objectives and significant achievements’ for the current reporting period. This section also supplements a department’s fulfilment of the requirement in FRD 22 to detail the ‘purpose, functions, powers and duties’ of the entity (which is fulfilled in the earlier ‘Year in review’ section). [FRD 22]

Guidance [Recommendation 39, PAEC Review of the Performance Measurement and Reporting System, Recommendation 41, PAEC Inquiry into the 2017-18 and 2018-19 Financial and Performance Outcomes] [FRD 8]

An introduction to this section should include an overview of the key output areas, as articulated in the budget papers, plus any explanation of changes to the output structure that occurred during the year (covered above in *Changes to the Department during 20X1‑X2*).

Departmental output performance reporting should therefore include an overview of the key output areas for which a department is responsible for that financial year (as set out in Budget Paper No. 3 *Service Delivery* (BP3), Chapter 2), as well as detailed output performance delivery information, in particular:

* the actual result on an output-by-output basis against the budget target (as per BP3) and the actual result for each quantity, quality, timeliness, and cost performance measure. The output performance measures should be presented as published in the department’s performance statements in BP3.
* appropriate commentary for any complex output performance measures to assist readers to understand the measure and its purpose.
* appropriate commentary to explain the cause of all significant or material variances (both positive and negative) between the BP3 targets and actual results (including output costs). The commentary provided should be sufficient to assist the reader in understanding variances between actual and targeted results.
* explanation of any material funding underspend and subsequent impact on the delivery of services, including expected delays on rollout of benefits
* explanation of any changes to the output structure that have occurred during the financial year, such as changes arising from machinery of government administrative changes and any other changes (i.e. new outputs created due to a government policy decision, change in output name from the previous financial year, consolidation or disaggregation of outputs from the previous financial year).

The details may be shown in tabular form with some commentary on those targets that were met or exceeded, and an explanation of any targets not met, as noted below.

Significant or material variances in output performance reporting

**General criteria in determining a significant variation of output performance**

[Recommendation 38, PAEC Review of the Performance Measurement and Reporting System/Recommendation 11, PAEC Report on the 2015-16 Financial and Performance Outcomes]

The following criteria are intended as general guidance for departments in determining whether or not to provide commentary to explain variances between budget and actual results:

* greater than 5 per cent (as opposed to 5 percentage points) increase or decrease from budget. A percentage point is the unit for the arithmetic difference of two percentages e.g. moving from 80 per cent to 84 per cent is a 4 percentage point increase not a 4 per cent increase. This means if the target is 80 per cent and the expected outcome is 84 per cent, the variance is 5 per cent. In the case of a cost performance measure, a variance of greater than a $50 million increase or decrease from budget requires an explanation.
* an explanation for the variance that arises from the implementation of new policy or existing policy, government decisions or actions.
* an explanation for the variance should identify whether the factor that caused the variation was internal (a factor within the government) or external (a factor outside the government).
* an explanation for the variance that may be of public interest.

**Specific criteria in determining a significant target variance**

* For a target that is a range, a significant variance is one that falls outside the target range by 5 per cent below the lower band and 5 per cent above the higher band.
1. [Recommendation 27, PAEC Report on the 2009-10 and 2010-11 Financial and Performance Outcomes]
* For the target that is a date:
* if the target reflects a statutory requirement, any variance later than the target is significant
* if the target is a quarter (e.g. quarter four), anything that falls outside the target is a significant target variance.
1. [Recommendation 32, PAEC Report on the 2009-10 and 2010-11 Financial and Performance Outcomes]
* Departments are expected to adopt a system that incorporates the use of symbols to indicate whether:
* the target was achieved or exceeded in a desirable way
* the actual result varied from the target in an undesirable direction but by less than 5 per cent
* the actual result varied from the target in an undesirable direction by more than 5 per cent.
1. [Recommendation 19, PAEC Review of the Performance Measurement and Reporting System]
* The illustrations above used the following symbols as an example to indicate the type of variance:
1. ü performance target achieved or exceeded – both within 5 per cent variance and exceeds 5 per cent variance
2. ¡ performance target not achieved – by less than 5 per cent variance
3. n performance target not achieved – by more than 5 per cent variance.

Presentation of output reporting

Departments are expected to present their output performance results in the same format as the departmental performance statements contained in BP3 *Service Delivery*, Chapter 2. The format involves stating the reasons for significant variances for each category (i.e. quantity, quality, timeliness and total output cost) within the output performance tables.

Departments are encouraged to describe their progress and/or achievement of the key programs/project/activities and deliverables associated with the outputs and the impact on departmental objectives.

### Discontinued operation

On 28 March , the Minister for the portfolio, the Hon. John Bristol MP, approved and announced a detailed formal plan to discontinue the activities of the Technology and Communication Office under the Strategic Policy Advice output. The discontinuation of the Technology and Communication Office’s activities is consistent with the Department’s
long-term policy to promote the adoption of new technology and monitor its appropriate use. The departmental objective indicator [insert objective indicator(s) the discontinued activities contributed to] will be [removed/adjusted] as a result of this decision. The discontinuation was completed by 30 June .

Guidance – Discontinued output performance measures [REVISED]

Departments do not need to report on any PAEC approved discontinued measures. The report of operations should disclose that these output performance measures have been discontinued with PAEC’s approval. Reporting of actuals against targets is not required.

Any measures that were proposed for discontinuation but were not approved by PAEC must continue to be reported. The [DTF website](http://www.dtf.vic.gov.au/planning-budgeting-and-financial-reporting-frameworks/resource-management-framework) provides further information.

## PORTFOLIO PERFORMANCE REPORTING – FINANCIAL SECTION

## Budget portfolio outcomes

[The budget portfolio outcomes are better disclosed as an appendix in the entity’s annual report.]

The budget portfolio outcomes provide comparisons between the actual financial statements of all general government sector entities in the portfolio and the forecast financial information (initial budget estimates) published in Budget Paper No. 5 *Statement of Finances* (BP5). The budget portfolio outcomes comprise the comprehensive operating statements, balance sheets, cash flow statements, statements of changes in equity, and administered item statements. [FRD 8]

The budget portfolio outcomes have been prepared on a consolidated basis and include all general government sector entities in the portfolio. Financial transactions and balances are classified into either controlled or administered categories consistent with the published statements in BP5. [Recommendation 9, PAEC Report on the 2009-10 and 2010-11 Financial and Performance Outcomes]

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General’s Office (VAGO) and are not prepared on the same basis as the Department’s financial statements as they include the consolidated financial information of the following entities: [FRD 8]

[Insert list of controlled entities or refer reader to the relevant note in the financial statements.]

[Insert relevant portfolio financial statements consistent with the corresponding BP5 presentation.]

[Please refer to Appendix 1 for illustrations on the disclosure of budget portfolio outcomes.]

Guidance – Budget portfolio outcomes

Legislative and documented references

FRD 8 states departments must include in their annual report, but not forming part of the audited complete set of financial statements, a comparison between their **initial budget estimates as presented in the portfolio financial statements published in BP5** and actual results for the portfolio for the corresponding financial year. The accountability cycle for departments commences with the publication of budget portfolio financial statements in the annual budget papers and ends with the publication of actual results in departmental annual reports.

The comparison between portfolio **budget** and actual figures must be presented as a set of financial statements in the same format and consolidation basis as those for the portfolio set out in **BP5 for that financial year**. These financial statements are to be referred to as budget portfolio outcomes. Departments must classify all entities, financial transactions and balances (income, expenses, assets, liabilities and equity) into either the departmental (controlled) or administered category as agreed with the Treasurer in the context of the financial statements published in BP5.

Guidance

The comparison between portfolio budget and actual figures must be presented as a set of financial statements in the same format and consolidation basis as those for the portfolio, set out in **BP5 for that financial year** (i.e. those figures and format used in BP5). **That is, the statements should disclose the original budgeted financial statements.** The section should include an introduction explaining the statements and their relationship to the budget papers. The introduction should also state that the statements are not subject to audit by VAGO. [Recommendation 24, PAEC Report on the 2015-16 Financial and Performance Outcomes]

From time to time, the layouts and titles of the financial statements may change in accordance with the AAS requirements. Care should be taken to ensure the presentation of the budget portfolio outcomes in the annual report reflects the title and layout of the financial statements from the corresponding BP5, with additional commentary and footnotes where appropriate.

Significant or material variances in budget portfolio outcomes reporting

Disclosure is required for any significant or material variances between the initial budget estimates presented in the portfolio financial statements published in BP5 and the actual results of the portfolio for the corresponding financial year. In particular, the Department shall explain the reasons why the variance occurred.

[Recommendation 10, PAEC Report on the 2009-10 and 2010-11 Financial and Performance Outcomes/Recommendation 23, PAEC Report on the 2015-16 Financial and Performance Outcomes]

Variances greater than 5 per cent or a variance of greater than a $50 million increase or decrease from budget requires an explanation. [Recommendation 15, PAEC Report on 2013-14 and 2014-15 Financial and Performance Outcomes]

Machinery of government changes

In a year where there is a significant machinery of government change, the affected departments are required to include the published budget (as per Appendix 1), along with the revised budget with adjustments for machinery of government changes in their annual reports. The reasons for variances between adjusted/revised budget and actual estimates should be disclosed in the annual report of the portfolio entities.

Departmental five-year financial summary [FRD 22] ($ thousand)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Five-year financial summary | Year 5 (a) | Year 4 | Year 3 | Year 2 | Year 1 |
| Income from government (b) | 93 663 | 75 078 | 110 490 | 101 311 | 100 460 |
| Total income from transactions | 108 396 | 87 110 | 112 500 | 106 263 | 104 669 |
| Total expenses from transactions | (89 554) | (81 245) | (110 000) | (100 000) | (100 000) |
| Net result from transactions (c) | 18 842 | 5 865 | 2 500 | 6 263 | 4 669 |
| Net result for the period (d) | 6 181 | 6 904 | 3 369 | 3 874 | 3 409 |
| Net cash flow from operating activities | 10524 | 36028 | 9 357 | 9 712 | 9 386 |
| Total assets | 312 669 | 305 662 | 227 759 | 228 314 | 227 897 |
| Total liabilities | 179 494 | 191 676 | 39 419 | 37 150 | 36 117 |

Notes:

(a) This table presents data from the current reporting year with comparative data from the past four reporting years. Year 5 represents the current year ().

(b) Income from government includes both output and special appropriations.

(c) The ‘net result from transactions’ is identical to the ‘net operating balance’ for the general government sector.

(d) Includes net result from discontinued operations.

## Departmental current year financial review

### Overview [FRD 22]

[Analysis of the current year financial performance should be balanced and objective, free from bias and complete, dealing even-handedly with both positive and negative aspects of operations, financial conditions, risks and opportunities. In addition, analysis of any significant overall financial trends over the past five years could also be considered for inclusion in this section further explaining the five-year financial summary table above.]

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under ‘other economic flows’ on the comprehensive operating statement, which are outside the control of the Department.

In , the Department achieved a net result from transactions of $18.8 million, $13.0 million higher than in . Both total income and expenses from transactions have steadily increased over the past three years and the net result from transactions has been relatively consistent during these periods. However, there is an uncharacteristic decline in both income and expenses from transactions in before stabilising again in , mainly due to: [while this example considers the current year and past five years’ performance, explanations should be kept brief in this overview section. Where possible, explanations should attribute the key drivers to related services or programs].

The overall net result of $6.2 million in dropped from $6.9 million in as a result of [consider brief explanations of the key drivers from transactions and other economic flows, attributing the explanation where possible to programs or services].

Total net assets continued to grow with an increase of $19.2 million in to $133.2 million predominately reflecting the growth in total asset base, including: [consider brief explanations of key drivers, attributing the explanation where possible to programs or services].

The decline in operating cash inflows to $10.5 million from last year’s $36.0 million is mainly due to the Department relinquishing a joint venture to the Department of Cabinet Administration as a result of machinery of government changes. Consequently, dividends from the venture are now received by the latter Department.

### Financial performance and business review [FRD 22]

As part of the Administrative Arrangements Order [No.XXX] , the transfer of outputs on 1 September was reflected in the financial statement of the Department as follows:

* the New Technology Administration output is included for the period 1 July until 31 August . From 1 September to 30 June this output is reported by the Department of Cabinet and Administration
* the Research and Development of Biological Technology output is included from 1 September to 30 June . From 1 July to 31 August it was reported by the Department of Natural Resources.

The Department achieved a higher net result from transactions in of $18.8 million, income increased due to funding for the new technology output from the State Government being transferred out following the machinery of government changes as outlined above. However, the reduced appropriation was largely offset by the increase in income of $21.3 million generated by the strategic output, and the funding related to the research and development of biological technology output transferred in due to machinery of government changes.

Expenses from transactions marginally increased largely due to machinery of government changes resulting in increased expenses related to the new output received, even as the overall expenses of existing outputs have decreased. [Expand the information presented in the overview section drawing attention to certain line items in the comprehensive operating statement, and relate these where possible to key drivers from programs/services etc.] Overall, 50 per cent of expenses went to payments to service providers mainly for [complete with a list of key programs/services].

The decrease of $0.7 million (or 10 per cent) in the net result for the period primarily reflects [expand the discussion presented in the overview, drawing on key drivers where appropriate from line items under transactions and other economic flows. The overall result is likely to be driven by a combination of activities including offsetting activities].

In addition, the overall comprehensive result increased due to valuation gains on property plant and equipment and financial assets at fair value through other comprehensive income. [Where appropriate, the key drivers for the movement can be expanded on. This includes discussing the key equity reserve movements for the reporting period].

### Financial position – balance sheet [FRD 22]

Net assets increased by $19.2 million over the year to $133.2 million, mainly due to increases in total assets of $7.0 million comprising $12.8 million of increases in financial assets, partly offset by a reduction of $5.8 million in non‑financial assets. The increase in financial assets is mainly due to increase in cash, deposits, and receivables due to [describe].

The overall total of non-financial assets marginally increased due to the combined effect of decreases in plant, equipment and vehicles related to output transferred out (refer to Note 5.1 *Total property, plant and equipment* within the financial statements for further details), offset by:

* acquisition of laboratories and other agricultural facilities associated with the transfer of the research and development of biological technology output
* new research laboratories built at Mildura and Wonthaggi to study the impact of extreme weather conditions on agricultural crops and natural vegetation
* increases due to [describe key drivers, e.g. addition, disposal, impairment] in plant, equipment and vehicles in the public administration and transport and communications sectors
* biological assets received from the new output transferred in.

Total liabilities decreased mainly due to some liabilities related to the new technology output transferred out as a result of machinery of government changes, slightly offset by liabilities recognised from the new output transferred in.

### Cash flows

The overall cash surplus of $13.6 million for the financial year was a net decrease of $12.7 million compared to the previous year. This was the result of [describe key drivers and reasons].

Net cash outflows from investing activities increased by $2.3 million due to much higher payments of $23.8 million for non-financial assets, which included the purchase of the new research laboratories in Mildura and Wonthaggi. This was slightly offset by the proceeds from the disposal of discontinued businesses [describe key drivers and reasons] of $17.8 million.

The net cash inflows from operating activities was $10.5 million, and 70.8 per cent lower than in due to lower cash funding received from government [describe key drivers and reasons], while slightly offset by reduced payments for grants and payments to suppliers.

Guidance – Departmental five-year financial summary and current year financial review

Financial information [FRD 22]

The financial information in the report of operations shall include the following information relating to the current reporting period:

* a summary of the financial results for the year, with comparative information for the preceding four reporting periods
* a summary of the significant changes in financial position
* a summary of the operational and budgetary objectives, including performance against the objectives and significant achievements
* any events occurring after balance date that may significantly affect the entity’s operations in subsequent reporting periods
* expenditure on consultancies
* expenditure on information and communications technologies (ICT)
* expenditure on government advertising.

The report of operations shall complement the information presented in the financial statements by providing a discussion and analysis of the entity’s operating results and financial position. This should include details about any significant factors that affect the entity’s performance.

### Capital projects/asset investment programs

The Department and its related portfolio entities manage a range of capital projects to deliver services for government. [Recommendation 45, PAEC Report on the 2009-10 and 2010-11 Financial and Performance Outcomes]

Information on the new and existing capital projects for departments and the broader Victorian public sector is contained in the most recent budget, which is available on the Department of Treasury and Finance’s website.

During the year, the Department/agency completed a number of capital projects with a total estimated investment [TEI] of $10 million or greater. The details related to these projects are reported below. [Recommendation 51, PAEC Review of the Performance Measurement and Reporting System]

Table 4: Capital projects reaching practical completion during the financial year ended 30 June

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Project name | Original completion date | Latest approved completion date | Practical completion date | Reason for variance in completion dates  | Original approved TEI budget ($ million) | Latest approved TEIbudget ($ million) | Actual TEI cost ($ million) | Variation between actual cost and latest approved TEI budget | Reason for variance from latest approved TEI Budget |
| Anti‑virus IT system | April 20X2 | June 20X2 | May 20X2 | Installation of system completed ahead of schedule. | 9 | 10 | 8 | (2) | The variance relates to suitable hardware being sourced more cheaply than anticipated. |

[Recommendation 19, PAEC Report on 2015-16 Financial and Performance Outcome report]

Table 5: Capital projects reaching financial completion during the financial year ended 30 June

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Project name | Practical completion date | Financial completion date | Original approved TEI budget ($ million) | Latest approved TEI budget ($ million) | Actual TEI cost ($ million) | Variation between actual cost and latest approved TEI budget | Reason for variance from latest approved TEI Budget |
| Accounts payable system | May 20X1 | April 20X2 | 15 | 16 | 14 | (2) | The variance relates to suitable software being sourced more cheaply than anticipated. |

[Recommendation 19, PAEC Report on 2015-16 Financial and Performance Outcome report]

Guidance – Capital projects/asset investment programs

The Department of Treasury and Finance, on behalf of all portfolio departments, publishes information on the State’s asset investment program in the budget as part of the annual budget papers. Any subsequent approved revisions to the original budgeted asset investment programs are also reported.

For transparency, departments are required to disclose in their Annual Financial Reports the actual and budgeted cost and the completion dates of all asset investments funded through the State Budget with a TEI of $10 million or greater that reach practical completion by the department or portfolio agencies in the current reporting period. Departments are not required to provide further reporting on a project that reaches financial completion in a subsequent period if it has been reported as practically complete in an earlier reporting period (unless there is a material variation). Departments are also required to disclose the variance between the actual cost to deliver the project and the latest approved (or budgeted) TEI endorsed by the Government and an explanation for this variance.

**Practical completion** occurs when construction is complete, and the asset has been handed over to the Department.

**Financial completion** occurs when the warranty/defects liability period ends, which may occur after the practical completion date.

Where projects are handled across multiple agencies within the same portfolio department, the portfolio department for the agency that owns the asset should report the project in its annual report. Individual portfolio agencies are not required to report on these projects in their annual report.

For example, if an agency delivers projects on behalf of other entities and has recently completed a capital project that was funded through the State Budget, the portfolio department for the agency will report these completed capital projects in its annual report.

Nil reports

An explicit statement of ‘nil reports’ is required where no completed projects are disclosed. Departments must provide a reason for the nil report, including whether this is because no projects were completed during the financial year, or that none of the TEI of their projects completed during the financial year meet the disclosure threshold of $10 million.

Departments are required to provide the following information on projects that have reached practical completion:

* the original estimated completion date
* the latest approved completion date
* the practical completion date
* explanations for changes in completion date, showing root causes for the changes.

For projects that have reached financial completion, the following information is to be provided:

* the original approved TEI
* the latest approved TEI
* the actual total investment
* explanations for changes in total investment, showing root causes for the changes.

Note that variances greater than 5 per cent or greater than $50 million increase or decrease, for projects that have been reported in a previous reporting period as practically complete, are considered material and will also need to be reported on the financial completion date in the following reporting period.

## Disclosure of grants and transfer payments (other than contributions by owners)

The Department has provided assistance to certain companies and organisations. Financial assistance provided in was as follows: [Recommendation 15, PAEC Report on the 2007-08 Financial and Performance Outcomes; Recommendation 34, PAEC Inquiry into the 2021-22 and 2022-23 Financial and Performance Outcomes, FRD 22 revised paragraph 5.21]

#### Strategic policy advice [output name]

*Program A [insert name]*

*Grant 1 [insert name]*

[Insert description of purpose and nature of grant.]

|  |  |
| --- | --- |
| Organisation  | Payment $ |
| ABC Ltd | xxxx |
| XYZ Division | xxxx |
| Society of BBY | xxxx |

*Grant 2 [insert name]*

[Insert description of purpose and nature of grant.]

|  |  |
| --- | --- |
| Organisation  | Payment $ |
| ABC Ltd | xxxx |
| XYZ Division | xxxx |
| Society of BBY | xxxx |

*Program B [insert name]*

*Grant 1 [insert name]*

[Insert description of purpose and nature of grant.]

|  |  |
| --- | --- |
| Organisation  | Payment $ |
| ATE Ltd | xxxx |

*Program C [insert name]*

*Grant 1 [insert name]*

[Insert description of purpose and nature of grant.]

|  |  |
| --- | --- |
| Organisation  | Payment $ |
| ABC Ltd | xxxx |
| XYZ Division | xxxx |
| Society of BBY | xxxx |
| XYZ Division | xxxx |
| Society of BBY | xxxx |

[Repeat as applicable for each output.]

Guidance – Disclosure of grants and transfer payments [REVISED]

There is little detailed coverage of grant programs in the annual reports of government departments and agencies. Accountable reporting for the expenditure of grant funds and delivery of grant program outcomes needs to be informative and more extensive.

For the purposes of the annual report disclosure, the following definition can be applied for a grant, developed from that used by the Auditor-General’s report *Grants to non-government organisations: Improving accountability*.

A grant pertains to any monies included as a controlled expense within a department’s output schedule that is allocated to any government entity (including general government entities and public non-financial corporations), third-party or parties outside the public sector and at the discretion of a department or agency, with recipients required to use the monies for the specific purposes outlined in the particular funding agreement.

Commercial-in-Confidence (CiC) grants

It should be noted that grants provided that are subject to ‘Commercial-in-Confidence’ are also required to be disclosed, however departments need to exercise judgement in how they disclose the information.

Generally, grant information is commercial-in-confidence if disclosure would expose the State or department, the grant program and/or grant recipient to unreasonable disadvantage.

The following table provides considerations that should be taken into account when evaluating whether the grant is considered commercial-in-confidence for disclosure purposes.

|  |  |
| --- | --- |
| Considerations | Description |
| 1 | Adversely impacts the department or grant recipient’s ability to effectively operate in commercial markets. |
| 2 | Negatively impacts the ability of the State to generate investment opportunities by attracting major events to Victoria. |
| 3 | Undermines the effectiveness of future tender processes or negotiations including the ability of the State to complete/attract future and current investment activities. |
| 4 | Breaches a contractual clause relating to confidentiality. |
| 5 | Adversely prejudices the commercial interests of the State and/or the parties receiving the grant payments. |
| 6 | Breaches intellectual property, trade secrets and current or future business plans of the State or the grant recipient. |
| 7 | Information specifically exempt under s34(1)(b) of the *Freedom of Information Act 1982* (Vic). |

If a grant program or grant recipient is classified as CiC for annual report disclosure purposes, the entity is required to disclose the following information:

* The aggregated dollar amount involved
* The number of recipients that received the grant
* The nature of the grant provided to recipients (even though the individual amount is not disclosed).

Refer to below example for illustrative purposes:

During the 20X1-X2 financial year, the department provided a total of $xxx Commercial-in-Confidence grants that were awarded to 5 recipients.

Commercial-in-Confidence (CiC) grant recipient

[Insert nature of grant]

|  |  |
| --- | --- |
| Grant recipient name/Organisation | Payment $ |
|  | [Insert total amount] |
| ABC Ltd |  |
| XYZ Division |  |
| Society of BBY |  |
| XYZ Division |  |
| Society of BBY |  |

**Note:** In instances where private individuals and/or trusts can be identified, for privacy reasons, they should be consolidated into one category (e.g. Trusts, Individuals and Other) to deidentify them for disclosure purposes.

[Repeat as applicable for each output.]

Departments and agencies may wish to include some additional information in this section in relation to grant programs.

Disclosure of machinery of government changes

Recommendation 15 of PAEC Report on the 2007-08 Financial and Performance Outcomes recommended the disclosure of grants and transfer payments by output. This is based on the department’s responsibility of output delivery at the end of the financial year.

In the event of a machinery of government change, the transferor department will no longer be required to disclose grants and transfer payments associated with outputs that have been transferred out to the transferee department. The transferee department will now be required to disclose grants and transfer payments associated with the outputs for the full year because the transferee department is administratively responsible for the outputs at the end of the financial year.

In terms of the relationship between the report of operations and the financial statements, the grants and transfer payments disclosed in the report of operations may not necessarily reconcile with the operating expenses in the financial statements (i.e. grants and transfer payments actually paid by the department) as a result of machinery of government changes during the financial year. For transparency, it is recommended departments make a footnote to highlight the reporting approach and include a comment to clarify that the disclosed amount will not reconcile to the financial statements.

## Subsequent events [FRD 22]

Subsequent to the reporting period, the Government announced its intention to privatise the consulting division of the Department. Further details are provided in Note 9.11 of the financial statements.

Guidance – Subsequent events

Where detailed information about subsequent events is contained in the financial statement, the report of operations should include a summary of those events with a cross reference to their disclosure in the financial statement. Refer to Note 9.11 in the Model financial statement. [FRD 22]

Machinery of government changes that occurred after the reporting period

If additional disclosures relating to any machinery of government changes occurring after the reporting period are considered useful for readers of the annual report, departments may wish to disclose general facts about the machinery of government changes that would impact on the next annual report. For example, in the case of certain outputs being transferred from one department to another department, if disclosure of the fact that those outputs would be reported under a different department in the next annual report is considered useful to readers, then both transferor and transferee should disclose general facts about the transfer (i.e. department name changes, new minister(s) name(s), output/activity shifts, etc.) in the section under subsequent events in their report of operations and financial statements.

# Section 2: Governance and organisational structure

Guidance – Governance and organisational structure (overview)

FRD 22 requires that the report should include an ‘organisational chart detailing members of the governing board, Audit Committee, Chief Executive Officer, senior officers and their responsibilities’. [FRD 22]

Guidance

This section may include a short profile on each of a department’s ministers, outlining their portfolio, area of responsibility and other portfolios held by the minister. Profiles of each of a department’s senior executives, outlining their role and professional background should also be included.

It may be useful to include stock photos of each minister and relevant secretary/CEO with their profiles for people who use the annual report as a research tool prior to contacting a department.

The organisational chart should show the names of the senior executives and the areas they are responsible for. Below the level of senior executive, names do not need to be shown, however sufficient detail should be included to show the areas of responsibility or key activities undertaken by a department.

## Organisational structure and corporate governance arrangements [FRD 22]

### The Department’s Ministers

#### Minister for Technology

The Hon. John Bristol MP was appointed as the Minister for Technology in [month and year]. He is also the Minister for Parks and Forests.

The Minister for Technology is responsible for promoting the development of the technology sector in Victoria. The Minister also manages the provision of technology services to the Government.

[Insert picture]

#### Minister for Biotechnology

The Hon. Laura Toddingham MP was appointed as the Minister for Biotechnology in [month and year]. She is also the Minister for Rural Communities.

The Minister for Biotechnology is responsible for the regulation of Victoria’s biotechnology sector and managing research and development activities conducted by the Government.

[Insert picture]

### The Department’s senior executives

The Department is led by the Secretary who reports to the Minister for Technology and the Minister for Biotechnology. The Department is managed by a senior executive group comprising the head of each of the Department’s four divisions. The role of the senior executive group is to set, monitor and review the strategic direction of the Department.

#### Jane Smith

Jane Smith was appointed Secretary of the Department in [month and year]. She leads the Department in developing and implementing government technology policy. She is responsible for giving policy advice to ministers and providing support to Cabinet on matters within the Department’s portfolio.

[Optional picture]

#### John Tails

John heads the Strategic Policy Advice division of the Department and has done so since [month and year]. John is responsible for coordinating the Department’s strategic policy advice to the Government, including advice on the Department’s involvement in private sector ventures.

#### Paul Germs

Paul heads the Research and Development Biological Technologies division, which coordinates the activities undertaken by several units of the Department in respect of research and development of new biological technology. Paul has extensive experience in pure and applied research and development programs, having previously held senior positions at various educational and research institutions. Paul was appointed in [month and year].

#### Gail Mods

Gail heads the Information Technology and Telecommunication Services division of the Department, which supplies payroll, accounting and database management bureau services to other agencies and governments. Gail was appointed in [month and year].

#### Robert McIvor

Robert is the Department’s Chief Finance Officer and was appointed in [month and year]. He is responsible for maintaining and developing the Department’s financial management systems and providing a full range of financial and accounting services.

### Organisational structure [FRD 22]



### Audit Committee membership and roles [REVISED]

The Audit Committee consists of the following members: [SD 3.2.1.3(f)/FRD 22]

* C A Maxwell, Chairman (independent member)
* A L Cunningham (independent member)
* R J Hunter (independent member)
* B A Wilson
* J S Curtis.

The main responsibilities of the Audit Committee are to: [SD 3.2.1.1]

* review and report independently to the Responsible Body on the annual report and all other financial information published by the Department
* assist the Responsible Body 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
* oversee the effective operation of the risk management framework.

### Occupational health and safety

The goal of the Department’s occupational health and safety (OH&S) strategy is to ensure all staff remain safe and healthy at work. An OH&S management system has been implemented across the Department and the majority of business units within the Department have implemented OH&S local action plans aimed at enhancing safety performance and ensuring safe systems of work. The employee attitude survey results (KPI 15) indicated improved attention to OH&S matters in the Department and a high level of commitment to OH&S management. [FRD 22/Best practice disclosure based on Recommendation 70, PAEC Report on the 2007-08 Financial and Performance Outcomes]

During the financial year, the Department implemented a number of initiatives to improve the health and safety of staff including publishing quarterly OH&S bulletins, ergonomic assessments, quarterly workplace inspections to identify and address any workplace risks, the occupational risk reduction program, and the healthy lifestyle training program.

[While the example best practice disclosure has been included in the body of the report, consideration might be given to structuring such disclosures as a short summary supported by a detailed appendix.]

### Incident management

Incidents across the Department increased by 1.9 per cent per 100 FTE in . Incidents include injuries, ‘near‑misses’ and detected workplace hazards. In real terms, the increase equates to 74 additional reported incidents compared with the previous year. While reported incidents were up, the number of incidents which resulted in injury [fell/also rose].

The increase was expected and is driven by the introduction of the Department’s online reporting system and an increased awareness of incident reporting among staff, which significantly increased reporting across the Department (refer to Figure 3).

There were 10 notifiable incidents that occurred across the Department. Notifiable incidents are those which require the OH&S Regulator to be notified if they occur.

Figure 3: Number of incidents and rate per 100 FTE

[FRD 22/Best practice disclosure based on Recommendation 70, PAEC Report 87]

While the number of standard claims rose marginally in , mainly due to predicted increases in muscular skeletal disorder and stress claims, the rate per 100 staff remained steady (Figure 4). To address the increase in the number of standard claims, the Department conducted a review of muscular skeletal disorder activities and introduced a number of proactive programs that focus on reducing sprains and strains, stress reductions, and good claims management practices in high-risk areas.

Figure 4: Number of standard claims and rate per 100 FTE

The total number of WorkCover claims lodged decreased in (Figures 5 and 6). In addition, the claims rate continued to decrease due to the growth in staff numbers over the past three years (due to the opening of two new research laboratories), effective early intervention strategies and improved claims performance management. The average cost per claim decreased from $36 070 to $33 131.

Figure 5: Lost time claims and rate per 100 FTE

[FRD 22/Best practice disclosure based on Recommendation 70, PAEC Report on the 2007-08 Financial and Performance Outcomes]

Figure 6: Claims exceeding 13 weeks and rate per 100 FTE

The Department’s WorkCover premium rate continued to decrease in (Figure 7). This is due to the continuing consultative approach adopted by the OH&S unit. As a proportion of total staff and of increasing remuneration, the claim ratio is decreasing. [FRD 22/Best practice disclosure based on Recommendation 70, PAEC Report on the 2007-08 Financial and Performance Outcomes]

Figure 7: Department of Technology premium rate

The Department’s performance against OH&S management measures

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Measure | KPI | Year 1 | Year 2 | Year 3 (a) |
| Incidents | No. of incidents | 600 | 526 | 730 |
|  | Rate per 100 FTE | 9.4 | 7.7 | 9.6 |
|  | No. of incidents requiring first aid and/or further medical treatment | 10 | 9 | 11 |
| Claims | No. of standard claims (b) | 110 | 134 | 143 |
|  | Rate per 100 FTE | 41 | 1.8 | 2.1 |
|  | No. of lost time claims (b) | 0.7 | 55 | 43 |
|  | Rate per 100 FTE | 21 | 0.7 | 0.6 |
|  | No. of claims exceeding 13 weeks (b) | 2.0 | 19 | 1.8 |
|  | Rate per 100 FTE | 0.5 | 0.2 | 0.3 |
| Fatalities | Fatality claims (c) | 1 | .. | .. |
| Claim costs | Average cost per standard claim (b) | $27 944 | $27 121 | $29 334 |
| Return to work | Percentage of claims with RTW plan <30 days. | 95% | 92% | 95% |
| Management commitment | Evidence of OH&S policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by CEO or equivalent). | completed | completed | completed |
|  | Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services and personnel). | completed | completed | completed |
| Consultation and participation | Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs). | completed | completed | completed |
| Compliance with agreed structure on DWGs, HSRs, and IRPs. | completed | completed | completed |
|  | Number of quarterly OHS Committee meetings. | 4 | 4 | 4 |
| Risk management | Percentage of internal audits/inspections conducted as planned. | 100% | 100% | 100% |
|  | Percentage of reported incidents investigated. | 100% | 100% | 100% |
|  | No. of Improvement Notices issued across the Department by WorkSafe Inspector. | 1 | .. | .. |
|  | Percentage of issues identified and actioned arising from: |  |  |  |
|  | * internal audits;
 | 100% | 100% | 100% |
|  | * HSR provisional improvement notices; and
 | 100% | 100% | 100% |
|  | * WorkSafe notices.
 | 100% | 100% | 100% |
| Training | Percentage of managers and staff that have received OH&S training: |  |  |  |
|  | * induction;
 | 100% | 100% | 100% |
|  | * management training; and
 | 12% | 16% | 19% |
|  | * contractors and temps.
 | n.a. | n.a. | n.a. |
|  | Percentage of HSRs trained: |  |  |  |
|  | * upon acceptance of role (initial training);
 | 100% | 100% | 100% |
|  | * retraining (annual refresher).
 | 100% | 100% | 100% |

[FRD 22/Recommendation 10, PAEC Review of the 2009-10 and 2010-11 Annual Reports]

Notes:

(a) This table presents data from the current reporting year with comparative data from the past two reporting years. Year 3 denotes the current year ().

(b) Data sourced from Victorian WorkCover Authority (VWA).

(c) The fatality claim received in 2017-18 was due to a vehicle accident. [An explanation of the circumstances contributing to the fatality and the preventive measures taken should also be included. However, in circumstances where the fatality is under investigation or subject to an inquiry, a statement to that effect should be included.] [Recommendation 24, PAEC Review of the 2009-10 and 2010-11 Annual Reports]

### Employment and conduct principles

The Department is committed to applying merit and equity principles when appointing staff. The selection processes ensure applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections. [FRD 22]

Guidance – Occupational health and safety

FRD 22 requires an entity to disclose:

* a statement on occupational health and safety matters, including the performance indicators adopted to monitor such matters and the entity’s performance against those indicators
* workforce data for the current and previous financial year, including a general statement on the application of employment and conduct principles and that employees have been correctly classified in workforce data collections.

Guidance [Recommendation 10, PAEC Review of the 2009-10 and 2010-11 Annual Reports]

General commentary on programs or initiatives that have a significant impact on occupational health and safety incidents between the current and previous reporting period should be explained in the report of operations. Entities are required to explain significant variances between:

* the number of reported hazards/incidents for the year
* the number of ‘lost time’ standard claims for the year
* the average cost per claim for the year, including payments to date plus an estimate of outstanding claim costs as advised by WorkSafe.

# Section 3: 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 introduced policies and practices that are consistent with the VPSC’s employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The Department advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

Guidance – Public sector values and employment principles

Legislative and documented references

The *Public Administration Act 2004* (PAA) enshrines public sector values (s7) and employment principles (s8). This Act establishes the Victorian Public Sector Commission (VPSC).

The VPSC’s role is to maintain and advocate for public sector professionalism and integrity.

To do this the VPSC may:

* prepare and issue codes of conduct to promote adherence to public sector values (s61)
* establish and issue standards concerning the application of employment principles (s62)
* monitor and report to public sector body heads on compliance with the public sector values, codes of conduct, and public sector employment principles and standards (s63)
* review employment-related actions and make recommendations following those reviews (s64 and s65).

Departments should check for further FRD 22 workforce requirements that may not be illustrated in the Model, and any other information on reporting requirements that may be contained on the VPSC website [vpsc.vic.gov.au](https://vpsc.vic.gov.au).

## Comparative workforce data [REVISED]

The following table discloses the head count and full-time 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 of the previous reporting period ().

Table 6: Details of employment levels in June and [FRD 29 Revised]

|  |  | June 20X2 | June 20X1 |
| --- | --- | --- | --- |
|  |  | 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 |
| **Demographic data** | **Gender** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Women  | 244 | 202 | 135 | 76 | 184 | 33 | 18 | 192 | 157 | 108 | 63 | 145 | 21 | 12 |
| Men | 321 | 277 | 212 | 93 | 267 | 16 | 10 | 240 | 197 | 133 | 89 | 186 | 18 | 11 |
| Self-described | n | n | n | n | n | n | n | n | n | n | n | n | n | n |
| **Age** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 15-24 | 33 | 26 | 21 | 1 | 20 | 11 | 6 | 6 | 6 | 6 | 0 | 6 | 0 | 0 |
| 25-34 | 123 | 95 | 52 | 53 | 84 | 18 | 10 | 77 | 66 | 50 | 24 | 64 | 3 | 2 |
| 35-44 | 135 | 117 | 90 | 30 | 108 | 15 | 9 | 113 | 97 | 73 | 13 | 81 | 27 | 16 |
| 45-54 | 176 | 158 | 125 | 46 | 156 | 5 | 3 | 167 | 143 | 110 | 50 | 139 | 7 | 4 |
| 55-64 | 90 | 78 | 59 | 31 | 78 | 0 | 0 | 63 | 38 | 0 | 63 | 38 | 0 | 0 |
| 65+ | 8 | 5 | 0 | 8 | 5 | 0 | 0 | 6 | 4 | 2 | 2 | 3 | 2 | 1 |
| **Classification data** | **VPS 1-6 grades** | **482** | **396** | **266** | **167** | **368** | **49** | **28** | **354** | **278** | **168** | **147** | **255** | **39** | **23** |
| VPS 1 | 24 | 20 | 16 | 5 | 19 | 3 | 1 | 18 | 14 | 9 | 5 | 12 | 4 | 2 |
| VPS 2 | 102 | 93 | 79 | 21 | 92 | 2 | 1 | 89 | 67 | 36 | 34 | 56 | 19 | 11 |
| VPS 3 | 138 | 112 | 73 | 50 | 103 | 15 | 9 | 97 | 78 | 50 | 39 | 74 | 8 | 4 |
| VPS 4 | 91 | 79 | 60 | 22 | 74 | 9 | 5 | 82 | 66 | 42 | 34 | 62 | 6 | 4 |
| VPS 5 | 90 | 66 | 29 | 52 | 61 | 9 | 5 | 54 | 43 | 26 | 26 | 41 | 2 | 2 |
| VPS 6 | 37 (a) | 26 | 9 | 17 | 19 | 11 | 7 | 14 | 10 | 5 | 9 | 10 | 0 | 0 |
| **Senior employees** | **82** | **82** | **80** | **2** | **82** | **0** | **0** | **78** | **76** | **73** | **5** | **76** | **0** | **0** |
| STS | 2 | 2 | 2 | 0 | 2 | 0 | 0 | 2 | 2 | 2 | 0 | 2 | 0 | 0 |
| PS | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 |
| SMA  | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 0 |
| SRA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Executives | 79 | 79 | 77 | 2 | 79 | 0 | 0 | 74 | 72 | 69 | 5 | 72 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total employees | 565 | 479 | 347 | 169 | 451 | 49 | 28 | 432 | 354 | 241 | 152 | 331 | 39 | 23 |

Note:

(a) There are 2 VPS-6 employees acting as executives under long-term acting arrangements.

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.

Table 7: Annualised total salary, by $20 000 bands, for executives and other senior non-executive staff (a) [FRD 29 Revised]

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Income band (salary) | Executives | STS | PS | SMA | SRA | Other |
| < $160 000 | 16 |  |  | 1 |  |  |
| $160 000 – $179 999 | 25(b) |  |  |  |  |  |
| $180 000 – $199 999 | 17 |  |  |  |  |  |
| $200 000 – $219 999 | 9 | 1 |  |  |  |  |
| $220 000 – $239 999 | 4 |  |  |  |  |  |
| $240 000 – $259 999 |  |  |  |  |  |  |
| $260 000 – $279 999 |  |  |  |  |  |  |
| $280 000 – $299 999 |  |  | 1 |  |  |  |
| $300 000 – $319 999 |  |  |  |  |  |  |
| $320 000 – $339 999 | 3 |  |  |  |  |  |
| $340 000 – $359 999 |  |  |  |  |  |  |
| $360 000 – $379 999 |  | 1 |  |  |  |  |
| $380 000 – $399 999 |  |  |  |  |  |  |
| $400 000 – $419 999 | 3 |  |  |  |  |  |
| $420 000 – $439 999 |  |  |  |  |  |  |
| $440 000 – $459 999 |  |  |  |  |  |  |
| $460 000 – $479 999 | 1 |  |  |  |  |  |
| $480 000 – $499 999 |  |  |  |  |  |  |
| Total | 78 | 2 | 1 | 1 | 0 | 0 |

Notes:

(a) The salaries reported are for the full financial year, at a 1-FTE rate, and exclude superannuation.

(b) There are two employees employed on a part-time basis at a 0.6 FTE rate and a 0.8 FTE rate respectively.

Guidance – Workforce data staffing trends [REVISED]

FRD 22 requires the disclosure of workforce data as per the last payroll period for both the current and previous financial years. [FRD 22]

FRD 29 and its guidance note prescribe the minimum disclosure requirements on the public service employee workforce, including information concerning workforce demographics, classification groups and types of employment for all employees who are employed under Part 3 of the *Public Administration Act 2004* (PAA). This FRD provides comprehensive definitions of ‘active’ employee, full-time equivalent, senior employees and other terms related to workforce data reporting. [FRD 29 Revised]

Guidance

Information on workforce data is to be presented by headcount and the number of full-time equivalents, separated by gender, age, VPS classification levels and senior employee categories. The Model provides a suggested table format, but entities have discretion over how to present the minimum required information and whether to include any additional information. General commentary on programs or initiatives that have a significant impact on employment levels between the current and previous reporting period should be included in the report. Notes are required to explain:

* inclusions and exclusions in the employee figures
* significant rise and fall in the employment numbers during the reporting period due to seasonal factors or machinery of government changes
* any classification categories that are rolled into an ‘other’ category.

The full-time annualised salary of senior employees should also be disclosed in a separate table, by classification in $20 000 bands. The disclosure of gender may include three categories: women, men and self-described. The privacy and confidentiality of all employees must be strictly protected at all times.

In line with the *Policy and Standard Model for Collecting Staff Gender Information in the Victorian Public Sector* (the Policy and Standard Model) the self-described option should include a free text space for employees to specify their gender in their own terms. When reporting on gender information collected through this mode, all free text responses should be reported under the ‘self-described’ category.

The disclosure of workforce data is separated in the three gender categories, in line with the Policy and Standard Model, which is mandatory for all VPS entities from the 2017-18 reporting period onwards.

The Policy and Standard Model is available on the DTF website to provide further assistance with gender reporting. Further enquiries can be directed to the Victorian Public Sector Commission by emailing workforce.data@vpsc.vic.gov.au.

Workforce data disclosure of Authority/Office in a department’s portfolio

In a department’s portfolio there may be authorities and offices who employ public service employees independently of a Department Secretary. A department’s annual report must list entities in this category that fall within its portfolio.

In addition, for these entities that do not produce their own annual reports, their employee numbers must be included in the department’s annual report in a separate table. Where they produce their own annual reports, employee numbers must be included in those annual reports and the department is required to disclose this fact.

## Workforce inclusion policy [Recommendation 20, PAEC Review of the 2009-10 and 2010-11 Annual Reports]

The Department is working towards creating an inclusive working environment where equal opportunity and diversity are valued, and that reflects the communities we serve. Consistent with the *Gender Equality Act 2020,* the Department has a target of at least 50 per cent women on the executives’ gender profile by .

The Department values staff with non-binary gender identities at all levels from VPS officers through the executives. The Department acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels. [FRD 29 Revised]

The following table outlines the Department’s actual progress against this target in .

|  |  |  |  |
| --- | --- | --- | --- |
| Workforce inclusion policy initiative | Target | Actual progress in  | Actual progress in 20X0‑X1 |
| Gender profile at executive levels(a) | Executive Officers:50 per cent women;50 per cent men by  | Executive Officers:40 per cent women; 60 per cent men | Executive Officers:35 per cent women;65 per cent men |

Note:

(a) The self-described category is nil for this entity.

[The above workforce inclusion policy initiative is for illustration purpose only.]

Guidance – Workforce inclusion policy

If an entity is working towards a workforce inclusion initiative as part of its workforce inclusion policy, the entity should report on progress towards the targets, and/or provide reasons why the initiative has not been implemented. This is to enable the evaluation of progress of the workforce inclusion policy. The comparative data are also presented to demonstrate the cumulative benefits of the initiative. Entities are encouraged to make comments about longer term progress and illustrate the trend over time.

## Executive data

For a department, a member of the Senior Executive Service (SES) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an executive is defined as a person employed as an executive under Part 3 of the PAA or a person to whom the Victorian Government’s *Public Entity Executive Remuneration Policy* applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year. [FRD 15 Revised]

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

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

* Table 8 discloses the total numbers of SES for the Department, broken down by gender
* Table 9 provides a reconciliation of executive numbers presented between the report of operations and Note 9.9 *Remuneration of executives* in the financial statements
* Table 10 provides the total executive numbers for all of the Department’s portfolio agencies
* Tables 8 to 10 also disclose the variations, denoted by ‘var’, between the current and previous reporting periods.

Table 8: Total number of SES for the Department, broken down into gender [FRD 15 Revised]

|  | All | Women | Men | Self-described |
| --- | --- | --- | --- | --- |
| Class | No. | Var. | No. | Var. | No. | Var. | No. | Var. |
| SES‑3 | 2 | 0 | 1 | 0 | 1 | 0 | n | n |
| SES‑2 | 22 | (1) | 8 | 0 | 14 | (1) | n | n |
| SES‑1 | 54 | (3) | 25 | (2) | 29 | (1) | n | n |
| Total | 78 | (4) | 34 | (2) | 44 | (2) | n | n |

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 9.8 in the financial statements lists the actual number of SES and the total remuneration paid to SES 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.

Table 9: Reconciliation of executive numbers

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | Executives (financial statement Note 9.8) | 79 | 77 |
|  | Accountable Officer (Secretary) | 1 | 1 |
| *Less* | Separations | (1) | (4) |
|  | Total executive numbers at 30 June | 79 | 74 |

Table 10: Number of SES for the Department’s portfolio agencies

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Total | Women | Men | Self-described |
| Portfolio agencies | No. | Var. | No. | Var. | No. | Var. | No. | No. |
| Commissioner of New Technology | 9 | (4) | 0 | (3) | 9 | (1) | n | n |
| Innovation Victoria | 2 | 2 | 2 | 2 | 0 | 0 | n | n |
| Regional Computer Teaching | 49 | 1 | 13 | 1 | 36 | 0 | n | n |
| Victorian Technology Commission | 129 | (19) | 41 | (9) | 88 | (10) | n | n |
| Total | 189 | (20) | 133 | (11) | 56 | (9) | n | n |

Guidance – Executive data [REVISED]

FRD 15 *Executive officer disclosures in the Report of Operations* explains the requirements for disclosing Senior Executive Service (SES) numbers in annual reports. It states that a department’s report of operations must disclose the following disaggregated information on SES numbers as per the last pay period for the financial year: [FRD 15 Revised]

* disaggregated information on SES numbers including:
* executive classification
* gender split across classifications
* comparison to the previous reporting period.
* a reconciliation of the SES numbers that appear in the report of operations to those disclosed in the notes in the financial statements for the current and previous reporting periods; and
* SES numbers for all its portfolio entities.

This FRD provides definitions for Accountable Officers, SES, and portfolio entities.

The disclosure of gender may include three categories: women, men and self-described. The privacy and confidentiality of all employees must be strictly protected at all times.

In line with the *Policy and Standard Model for Collecting Staff Gender Information in the Victorian Public Sector* (the Policy and Standard Model), the self-described option should include a free text space for employees to specify their gender in their own terms. When reporting on gender information collected through this mode, all free text responses should be reported under the ‘self-described’ category.

Disclosure of SES data is to be separated into the three gender categories, in line with the Policy and Standard Model.

The Policy and Standard Model is available on the DTF website to provide further assistance with gender reporting. Further enquiries can be directed to the Victorian Public Sector Commission by emailing workforce.data@vpsc.vic.gov.au.

Guidance

Departments should follow the table format provided in the Model to show their executive numbers. SES numbers should be based on 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 of the previous reporting period.

Departments are also required to provide a table reconciling SES numbers disclosed in the financial statements with those in the report of operations, showing Accountable Officers and separations.

The information required in the table showing executive numbers in portfolio agencies of the Department can be sourced from the Government Sector Executive Remuneration Database, maintained by the Victorian Public Sector Commission. The database lists all public authorities and provides relevant information required for the disclosure. Note that FRD 15 has been updated to include for a public health service, a person to whom the Victorian Government’s Health Entity Executive Remuneration Policy applies. [FRD 15 Paragraph 5.3]

# Section 4: Other disclosures

## Local Jobs First [REVISED] [FRD 25 Revised]

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at $3 million or more in Metropolitan Melbourne or for statewide projects, or $1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at $20 million or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG-applicable and VIPP-applicable projects respectively where contracts have been entered prior to 15 August 2018.

### Projects commenced – Local Jobs First Standard

During , the Department commenced three Local Jobs First Standard projects totalling $44.16 million. Of those projects, one was located in regional Victoria, with a commitment of 70 per cent of local content, and two in metropolitan Melbourne, with an average commitment of 80 per cent local content. No projects were commenced that occurred statewide. The MPSG applied to two of these projects.

The commitments made as part of the Local Jobs First policy for these projects are as follows:

* an average of 76.6 per cent of local content commitment was made
* a total of 349 jobs (AEE) were committed, including the creation of nine new jobs and the retention of 340 existing jobs (AEE)
* MPSG applicable projects committed to a total of 13 000 hours to be completed by apprentices, trainees and cadets and the engagement of 22 apprentices, trainees and cadets
* Four small to medium enterprises prepared a Local Industry Development Plan (LIDP) for contracts, successfully appointed principal contractor. Sixty small to medium-sized businesses were engaged through the supply chain on commenced Standard Projects.

### Projects completed – Local Jobs First Standard

During , the Department completed four Local Jobs First Standard projects, totalling $52.62 million. Of those projects, one was located in regional Victoria, with a commitment of 80 per cent local content, and two in metropolitan Melbourne, with an average commitment of 90 per cent local content. One statewide project commenced, with a local content requirement of 80 per cent. The MSPG applied to three of these projects.

The commitments made and outcomes achieved for Standard Projects that completed in 20X1-X2 were as follows:

* An average of 85 per cent of local content commitment was made, with an average of 75 per cent achieved.
* A commitment to support a total of 400 jobs (annualised employee equivalent (AEE)) was made, including the creation of nine new jobs and the retention of 340 existing jobs (AEE). A total of 250 jobs were supported, including the creation of 180 new jobs and the retention of 70 existing jobs.
* MPSG applicable projects committed to provide a total of 20 000 hours to apprentices, trainees and cadets and engaged 32 apprentices, trainees and cadets. MPSG applicable projects provided 12 000 hours to apprentices, trainees and cadets, and engaged 300 apprentices, trainees and cadets.
* Three small to medium enterprises prepared a Local Industry Development Plan (LIDP) for contracts, successfully appointed principal contractor. Fifty-five small to medium-sized businesses were engaged through the supply chain on completed Standard Projects.
* Standard Projects that completed in this financial year were due to submit 30 post contract reviews, with 25 submitted.

### Projects commenced – Local Jobs First Strategic

During , the Department commenced one Local Jobs First Strategic Project, valued at $250 million. The project was based in metropolitan Melbourne representing 90 per cent of estimated local content. The MPSG applied to this project.

The commitments made as part of the Local Jobs First policy for these projects are as follows:

* An average of 90 per cent of local content commitment was recorded
* A total of 77 (AEE) positions were committed, including the creation of 20 new jobs and the retention of 57 existing jobs (AEE)
* MPSG applicable projects committed to a total of 6 000 hours to apprentices, trainees and cadets and engaged 10 apprentices, trainees and cadets
* One small to medium enterprise prepared a Local Industry Development Plan (LIDP) for a contract, successfully appointed principal contractor. Forty small to medium-sized businesses were engaged through the supply chain on commenced Strategic Projects.

### Projects completed – Local Jobs First Strategic

During , the Department completed three Local Jobs First Strategic Projects, valued at $300 million. One project was based in metropolitan Melbourne representing 90 per cent of estimated local content. Two were based in regional Victoria with an average estimated local content of 88 per cent. The MSPG applied to these three projects.

The commitments made and outcomes reported for Strategic Projects that completed in 20X1-X2 were as follows:

* An average of 88.6 per cent of local content commitment was made, with an average local content of 76 per cent achieved.
* A commitment to support a total of 123 (AEE) positions was made, including the creation of 60 new jobs and the retention of 63 existing jobs (AEE). A total of 1 000 jobs were supported, including the creation of 500 new jobs and the retention of 500 existing jobs.
* MPSG applicable projects committed to provide a total of 40 000 hours to apprentices, trainees and cadets and engaged 46 apprentices, trainees and cadets. MPSG applicable projects provided 20 000 hours to apprentices, trainees and cadets, and engaged 150 apprentices, trainees and cadets.
* Two small to medium enterprises prepared a Local Industry Development Plan (LIDP) for contracts, successfully appointed principal contractor. Forty-five small to medium-sized businesses were engaged through the supply chain on completed Strategic Projects.
* Strategic Projects that completed in this financial year were due to submit 50 post contract reviews, with 30 being submitted.

### Reporting requirements – grants

For grants provided during , a total of three interaction reference numbers were required, which entailed a conversation with the Industry Capability Network (Victoria) Ltd.

Guidance – Implementation of the Local Jobs First [REVISED]

Reporting on all projects except those related to grants provided [FRD 25 Revised]

The report of operations should contain the following information if applicable for projects **commenced and/or completed** to which the Local Jobs First applied in the reporting period:

* the number and total value of both Local Jobs First Strategic and Local Jobs First Standard Projects commenced and/or completed in the reporting period to which a VIPP Plan (only from 1 July 2018 to 15 August 2018) or Local Industry Development Plan (LIDP) was required
* the number of projects that the MSPG has been applied on (from 15 August 2018). MPSG guidelines (2016) will continue to apply to MPSG-applicable projects where contracts have been entered by 15 August 2018
* the number and percentage of ‘local content’ committed under projects that commenced and/or completed in the reporting period to which LIDP was required, split by metropolitan, regional and statewide
* for projects commenced, a statement of total LIDP commitments (local content, employment (AEE)) committed as a result of these projects
* for projects completed, a statement of total VIPP Plan or LIDP outcome (local content, employment (AEE)) achieved as result of these projects
* the number of small to medium-sized businesses engaged as either the principal contractor or as part of the supply chain
* for completed projects, the number of post contract reviews due to be submitted, the number of post contract reviews that were submitted.

Reporting on grants provided

In relation to grants, the report of operations should show the total number of conversations with the Industry Capability Network that correspond with the registration and issue of an Interaction Reference Number.

## Government advertising expenditure

In , there were three government advertising campaigns with total media spend of $100 000 or greater (exclusive of GST). The details of each campaign are outlined below. [FRD 22 Paragraph 5.15/Recommendation 50, PAEC Review of the Performance Measurement and Reporting System/Recommendation 6, VAGO *Government Advertising* Report]

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

|  |  |  |  | 20X1‑X2 |
| --- | --- | --- | --- | --- |
| Name of campaign | Campaign summary | Start/end date | Advertising (media) expenditure(excl. GST)  | Creative and campaign development expenditure (excl. GST) | Research expenditure (excl. GST)  | Post-campaign evaluation expenditure (excl. GST) | Print and collateral expenditure (excl. GST) | Other campaign expenditure (excl. GST)  | Total |
| Online Safety | To ensure Victorian users remain safe online, the Department launched a six–month campaign aimed at informing and educating Victorians about how to stay safe online. | Aug 20X1–Jan 20X2 | Approved: 1 300 | Planned: 45 | Planned: 10 | Planned: 0 | Planned: 60 | Planned: 0 | **Planned/Approved: 1 415** |
| Actual: 1 250 | Actual: 40 | Actual: 15 | Actual: 0 | Actual: 65 | Actual: 0 | **Actual: 1 370** |
| E‑recycling | The Department is committed to setting the standard for responsible recycling of electronic equipment. A six–month campaign has been initiated to educate companies about how to responsibly dispose of electronic waste. | Oct 20X1– Mar 20X2 | Approved: 620 | Planned: 10  | Planned: 30  | Planned: 0  | Planned: 10 | Planned: 8 | **Planned/Approved: 678** |
| Actual: 600 | Actual: 40(c) | Actual: 32 | Actual: 0 | Actual: 12 | Actual: 8 | **Actual: 692** |
| Senior Citizens Computer Literacy Campaign | The Department launched a three-month campaign promoting short courses for senior citizens to assist in developing basic IT skills. | Jan 20X2– Mar 20X2 | Approved: 500  | Planned: 10  | Planned: 20 | Planned: 0 | Planned: 30(d)  | Planned: 10 | **Planned/Approved: 570**  |
| Actual: 500 | Actual: 10 | Actual: 20 | Actual: 0 | Actual: 60 | Actual: 10 | **Actual: 620** |

Notes:

(a) **Approved** ‘Advertising (media) expenditure’ is the amount approved for each campaign by the Advertising Approval Group (AAG).

(b) **Planned** campaign expenditure amounts are the amounts included in the Campaign Strategy form submitted to the AAG for review.

(c) Actual creative and campaign development expenditure for this campaign was higher than planned, to allow for an expansion in the number of multicultural communities targeted by the campaign, leading to an increase in translation and creative development costs.

(d) Demand for printed posters and other printed campaign collateral (from local councils and libraries) was higher than expected, leading to an increase in print costs for this campaign.

Guidance – Government advertising expenditure

The government advertising disclosure has been updated based on recommendations made by VAGO as part of their *Government Advertising* report. In accordance with FRD 22, for each government advertising campaign with total media buy of $100 000 or greater (exclusive of GST), an entity should include a schedule listing the following: [FRD 22 Paragraph 5.15]

* the name of the advertising campaign
* the start and end date of the campaign
* a campaign summary
* details of campaign expenditure for the reporting period (exclusive of GST) including:
* advertising (media)
* creative and campaign development
* research
* post-campaign evaluation
* print and collateral
* other campaign costs.
* where actual campaign expenditure significantly exceeds the approved/proposed campaign expenditure, entities are required to provide an explanation for this variance.

Nil report statement [Recommendation 49, PAEC Review of the Performance Measurement and Reporting System]

An explicit statement of ‘nil reports’ is required where the relevant activities or circumstances do not trigger the disclosure threshold of $100 000 on government advertising expenditure.

## Consultancy expenditure

### Details of consultancies (valued at $10 000 or greater) [FRD 22/ Recommendation 71, PAEC Report on the 2007-08 Financial and Performance Outcomes]

In , there were three consultancies where the total fees payable to the consultants were $10 000 or greater. The total expenditure incurred during in relation to these consultancies is $1.65 million (excluding GST). Details of individual consultancies are outlined below [insert website address if the entity chooses to report detailed disclosure online].

 ($ thousand)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Consultant | Purpose of consultancy | Start date | End date | Total approved project fee (excl. GST) | Expenditure (excl. GST) | Future expenditure (excl. GST) |
| Reedy Consultants | Undertake community satisfaction measurement surveys | 1 Feb  | 1 Apr  | 1 200 | 500 | 700 |
| GMPK | Advice on internal control functions | 6 Nov  | 21 Jan  | 650 | 650 | nil |
| Morecroft and Crawford | Legal advisory services | 5 May  | 30 Sep  | 500 | 500 | nil |

Note: [The disclosure on ‘start date’ and ‘end date’ of a consultancy is not a mandatory requirement of FRD 22.]

### Details of consultancies under $10 000

In , there were 147 consultancies engaged during the year where the total fees payable to the individual consultancies was less than $10 000. The total expenditure incurred during in relation to these consultancies was $1.3 million (excl. GST).

Guidance – Consultancy expenditure disclosure [REVISED]

For the purposes of the requirements of FRD 22: [FRD 22]

* a consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:
* provision of expert analysis and advice
* development of a written report or other intellectual output
* a contractor is an individual or organisation that is formally engaged to provide works or services for or on behalf of an entity. This definition does not apply to casual, fixed term or temporary employees directly employed by the entity.

Refer to FRD 22 for the detailed disclosure requirements on consultancy expenditure. Examples of ‘consultants’ and ‘contractors’ are also available on the [Guidance Note to FRD 22](https://www.dtf.vic.gov.au/sites/default/files/2024-10/Guidance-note-to-financial-reporting-direction-FRD-22.docx).

Disclosure in machinery of government changes

The objective of the disclosure is to provide additional transparency over the actual spending and engagements of contractors and consultants by the Department, which may not specifically tie to the individual outputs of the Department. As a result, the reporting of consultants’ expenditure in the event of machinery of government change should be made over the same period as the financial statements.

## Reviews and studies expenditure [REVISED]

### Details of reviews and studies [Recommendation 3, PAEC Inquiry into the 2017-18 and 2018-19 Financial and Performance Outcomes/FRD 22 Revised Paragraph 5.21]

During 20X1-X2, there were three reviews and studies undertaken with the total cost of $275 000. Details of individual reviews and studies are outlined below.(a)

($ thousand)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of the review (portfolio(s) and output(s)/agency responsible) | Reasons for review/study | Terms of reference/scope | Anticipated outcomes | Estimated cost for the year (excl. GST) | Final cost if completed (excl. GST) | Publicly available (Y/N) and URL |
| Feasibility study into potential development sites (Development Agency) | To meet future demand and growth | Investigate options for a new site that is fit-for-purpose. | More informed decision-making on future asset investments | 250 | N/A | N |
| Review of new technologies (Emerging technologies output) | To keep updated on best practice. | Consider technological developments domestically and internationally. | Enhanced learning and innovation opportunities | 20 | 120 | N |
| Evaluation of pilot program (Evaluations output) | To determine whether to expand the pilot program. | Evaluate pilot program that tested the adoption of new technology. | Improved use of resources | 5 | 35 | Y website |

Note:

(a) Table does not include reviews or studies that may be Commercial-in-Confidence or commercially sensitive, or where the release may be detrimental to Government operations (e.g. by pre‑empting the finalisation of policy decisions prior to their announcement by Government).

Guidance – Reviews and studies expenditure disclosure [REVISED]

The PAEC Inquiry into the 2017-18 and 2018-19 Financial and Performance Outcomes Recommendation 3 encourages departments to disclose reviews and studies expenditure where feasible. Reviews or studies **do not** need to be reported on if they are commercially sensitive and/or doing so would be detrimental to commercial operations.

When a department intends to make a disclosure on reviews and expenditure, the review or study must be sufficiently structured to merit reference in an annual report and may include the following:

* feasibility studies
* scoping studies
* audits/reviews
* research and development
* inquiries and investigations
* impact/evaluation studies

Where an external provider is engaged as part of a contract to perform a review or study, the review or study should be referenced within an annual report, subject to confidentiality considerations. Internal reviews or studies should also be captured when they can be reliably measured.

**Note:** Reviews or studies should be disclosed with estimated costs for the year and final costs including any associated costs from previous years where completed. [FRD 22 Revised Paragraph 5.21]

## Information and communication technology expenditure

### Details of information and communication technology (ICT) expenditure [FRD 22]

For the reporting period, the Department had a total ICT expenditure of [insert total value], with the details shown below.

 ($ thousand)

| All operational ICT expenditure | ICT expenditure related to projects to create or enhance ICT capabilities |
| --- | --- |
| Business as Usual (BAU) ICT expenditure | Non‑Business as Usual (non‑BAU) ICT expenditure | Operationalexpenditure | Capital expenditure |
| (Total) | (Total = Operational expenditure and capital expenditure) |  |  |
| 60 | 40 | 30 | 10 |

ICT expenditure refers to the Department’s costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the Department’s current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

Guidance – ICT expenditure

In accordance with FRD 22, an entity should disclose the following: [FRD 22].

* total entity ICT Business as Usual (BAU) expenditure for the full 12-month reporting period
* total entity ICT Non-BAU expenditure for the full 12-month reporting period; and provide a breakdown for:
* operational expenditure (OPEX, i.e. the expenditure is charged against operational funding
* capital expenditure (CAPEX), i.e. the expenditure is charged against capital funding.

**ICT expenditure**: a department’s costs in providing business-enabling ICT services and consists of the following cost elements:

* operating (including depreciation and impairment) and capital expenditure
* ICT services – internally and externally sourced
* cost in providing ICT services (including personnel and facilities) across the agency, whether funded through a central ICT budget or through other budgets
* cost in providing ICT services to other organisations.

Total ICT expenditure = ICT BAU expenditure + ICT Non-BAU expenditure.

**Non-Business as Usual (Non-BAU)**: non-BAU ICT expenditure is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects. This includes expenditure incurred for a project to build enhancements to an existing ICT system or to implement a new ICT system or solution.

**Business as Usual (BAU)**: all remaining ICT expenditure is considered BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability. This includes ongoing operational expenditure incurred for any ICT services or systems, such as depreciation expenses, repairs and maintenance costs.

Further detail is available from the [ICT Reporting Standard and ICT Expenditure Reporting Guideline](http://www.vic.gov.au/it-project-and-expenditure-reporting-standard-and-guidelines).

Nil report statement

An explicit statement of ‘nil reports’ is required where the relevant activities or circumstances do not result in any spending.

## Disclosure of major contracts

With the exception of the contract referred to below, the Department has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than $10 million in value entered into during the financial year ended 30 June . Details of contracts that have been disclosed in the Victorian Government Contracts Publishing System can be viewed on the [Buying for Victoria Tenders Portal](http://www.tenders.vic.gov.au). [FRD 12]

Contractual details have not been disclosed for contracts where disclosure is exempted under the *Freedom of Information Act 1982* (the Act) and/or government guidelines.

Specific contract information has not been disclosed for contracts where such information is withheld under the *Freedom of Information Act 1982* (Vic) (FOI Act) or other laws or government policies.

The contractual details with MNO People Solutions for staff recruitment and training has not been disclosed as at 30 June but will be posted on the Department’s website on 1 October

Guidance – Disclosure of major contracts [REVISED]

Legislative and documented references

FRD 12 *Disclosure of major contracts* requires that for contracts greater than $10 million, a department’s annual report must include a statement by the Accountable Officer advising that:

* contracts entered into during the reporting period have been disclosed in part or in full, except for certain material that falls within one or more of the criteria contained in Part IV of the *Freedom of Information Act 1982*
* brief details of the contractors and the purpose of contracts that have not been disclosed and the date when it will be disclosed
* where the details of contracts that have been disclosed are publicly available.

Guidance

In complying with these requirements, the Accountable Officer should have regard to the following documents and other relevant material:

* Ensuring Openness and Probity in Victorian Government Contracts: A policy statement (11 October 2000)
* Ensuring Openness and Probity in Victorian Government Contracts: Implementation guidelines
* Victorian Government Purchasing Board Contract management and contract disclosure policy and guidance.

The mandated disclosure above is a minimum requirement. The policy requires that all other public sector entities document their policies on disclosure, having regard to the Government’s policy on openness and probity.

## Freedom of information [REVISED]

The *Freedom of Information Act 1982* (Vic) (the Act) allows the public a right of access to documents held by the Department. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act. [FRD 22]

An applicant has a right to apply for access to documents held by a department. This comprises documents both created by the department or supplied to the department by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Department is available on the Department’s website under its Part II Information Statement.

The Act allows a department to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to a department in-confidence and information that is confidential under another Act.

Under the Act, the FOI processing time for requests received is 30 calendar days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, a 15 day automatic extension applies. Processing time may also be extended by periods of up to 30 days, in consultation with the applicant. With the applicant’s agreement this may occur any number of times. However, obtaining an applicant’s agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by the Department, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

### Making a request

FOI requests can be lodged online at online.foi.vic.gov.au. An application fee of $32.70 applies. Access charges may also be payable if the document pool is large and the search for material time consuming.

When making an FOI request, applicants should ensure requests are in writing, clearly identify what types of material/documents are being sought and be accompanied by the application fee to be a valid request.

If you are unable to make a request online, you can request documents in the possession of the Department of Technology by writing to:

Freedom of Information Team
Department of Technology
1 Victoria Place
Melbourne VIC 3000

Enquiries can be made to the Department’s FOI Unit via email at [provide the relevant email address].

Requests for documents held by the Department’s portfolio statutory bodies that are subject to FOI, such as xxx should be sent directly to the relevant statutory body. A list of the Department’s statutory bodies that are subject to FOI can be found at [provide the location of the list].

### FOI statistics/timeliness

During , the Department received 100 applications. Of these requests, 20 were from Members of Parliament, 10 from the media, and the remainder from the general public.

The Department made 95 FOI decisions during the 12 months ended 30 June .

There were xxx decisions made within the statutory time periods. Of the decisions made outside time, xxx were made within a further 45 days and xxx decisions were made in greater than 45 days. Of the total decisions made, xxx granted access to documents in full, xxx granted access in part and xxx denied access in full. XXX decisions were made after mandatory extensions had been applied or extensions were agreed upon by the applicant. Of requests finalised, the average number of days over/under the statutory time (including extended timeframes) to decide the request was xxx days.

During , five requests were subject to a complaint/internal review by OVIC. Two requests progressed to the Victorian Civil and Administrative Tribunal (VCAT).

### Further information

Further information regarding the operation and scope of FOI can be obtained from the Act, regulations made under the Act and [ovic.vic.gov.au](https://ovic.vic.gov.au/).

Guidance – Freedom of Information

Legislative and documented references

FRD 22 states that a Department’s annual report should include a ‘summary of the application and operation of the *Freedom of Information Act 1982* (the Act)’.

Guidance

This section should provide the reader with context of how the Act operates and the department’s application of the requirements under the Act, including:

* a description of what types of requests are handled by the department and what are outside its scope (e.g. requests for information belonging to a portfolio agency)
* guidance on how a member of the public can make an FOI request, what format it should be in and any costs associated with making the request
* contact details for the department’s FOI officer(s)
* details of how the Act has been applied for the reporting period, including the entity’s application of the publication requirements prescribed in s7(4) of the Act
* a summary of the types of requesters (e.g. ‘six were from Members of Parliament, three from the media and the remainder were from the general public’) and the outcome of the requests in brief detail
* further information on where readers may find out more information about FOI may also be included (FOI website, FOI Act etc.).

Please note that entities should refer to the FOI Act for the detailed requirements. **The Model should not be used as a substitute for the actual legislation or specific requirements.**

## Compliance with the *Building Act 1993*

The Department does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993* [for publicly owned buildings controlled by the Department]. [FRD 22]

Guidance – Compliance with the *Building Act 1993*

Legislative and documented references

FRD 22 states that a department’s annual report must include a ‘statement on compliance with the building and maintenance provisions’ of the *Building Act 1993*. This reference to the Building Act should be taken to refer to the regulations made under the *Building Act 1993* as well as the relevant provisions of the National Construction Code.

Audit of government-owned and leased buildings for the presence of combustible cladding

Departments should be aware that an audit of government-owned and leased buildings has been undertaken. Audit outcomes that demonstrate non-compliance which may need to be considered when making statements relating to compliance with the building and maintenance provisions of the *Building Act 1993*.

Guidance

If your department or entity does not own or control any government buildings, you still need to include a statement to that effect, identifying that it is exempt from notifying its compliance with the building and maintenance provisions of the Act.

Where a department does own or control buildings, it should disclose:

* mechanisms to ensure that buildings conform with the building standards
* major works projects (greater than $50 000 as a guide)
* the number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the department or entity
* mechanisms for inspection, reporting, scheduling and carrying out of maintenance works on existing buildings
* the number of emergency orders and building orders issued in relation to buildings
* the number of buildings that have been brought into conformity with building standards during the reporting period.

## Competitive neutrality policy [REVISED]

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any net advantage arising from government ownership is accounted for if it is not in the public interest. Government businesses that undertake significant business activities are required to implement competitive neutrality measures (such as setting competitive neutral prices), which accounts for any net advantage that comes from public ownership. Competitive neutrality policy supports fair competition between public and private businesses and 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 removing resource allocation distortions.

The Department ensures Victoria fulfils its requirements on competitive neutrality reporting as required under the **Competition Principles Agreement** and **Competition and Infrastructure Reform Agreement**.

Guidance – National Competition Policy [REVISED]

Legislative and documented references

FRD 22 states that a department’s annual report must include a ‘statement to the extent applicable, on the implementation and compliance with National Competition Policy (NCP), including compliance with the requirements of the policy statement, *Competitive Neutrality Policy Victoria* and any subsequent reforms’.

The *Competitive Neutrality Policy* (2012) requires Government departments and agencies (including local governments) to demonstrate compliance with competitive neutrality policy. The Policy also states that Chief Executives or Department Secretaries are required to affirm compliance with the requirements under competitive neutrality policy.

Guidance

The Victorian Government requires that an assessment of significant proposed legislation or regulation against the NCP requirements be included in the Legislative Impact Assessments (LIA), which are prepared for primary legislation, and Regulatory Impact Statements (RIS), which are prepared for regulations and other instruments.

Departments may wish to include some background information in this section, outlining the basis upon which NCP was implemented and where relevant, subsequent reviews as part of the National Reform Agenda, most notably the preparation of LIA and RIS.

This section should also include details of compliance with competitive neutrality policy and background information on the application of competitive neutrality to the extent that this has altered since the previous year. Where a competitive neutrality complaint has been made against a department, this section should also include a brief description of the complaint, the results of any investigation and steps taken to comply with the competitive neutrality policy. An issue raised with a department is only recognised as a ‘complaint’ once Better Regulation Victoria has formally advised it falls within scope of the Victorian competitive policy framework and warrants further investigation.

The [Better Regulation Victoria website](http://www.betterregulation.vic.gov.au) provides further information on policy.

## Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures 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. [FRD 22]

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 may be made to any of the following departmental personnel:

* Secretary of the Department
* Public Interest Disclosure Coordinator or Public Interest Disclosure Officer
* manager or supervisor of the discloser
* manager or supervisor of the person who is the subject of the disclosure
* a person acting in any of the above roles.

Alternatively, disclosures may also be made directly to the Independent Broad-based Anti-corruption Commission: [FRD 22]

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

Phone: 1300 735 135
Internet: [www.ibac.vic.gov.au](https://www.ibac.vic.gov.au)

Email: [see the website above for the secure email disclosure process, which also provides for anonymous disclosures]

### Further information

The Public Interest 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* Public Interest Disclosures Act 2012

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | *number* | *number* |
| The number of disclosures made by an individual to the Department and notified to the Independent Broad‑based Anti‑corruption Commission  |  |  |
| Assessable disclosures | 0 | n.a. |

Guidance – Compliance with *Public Interest Disclosures Act 2012*
(formerly the *Protected Disclosure Act 2012*, *Whistleblowers Protection Act 2001*)

Legislative and documented references

FRD 22 states that a department’s annual report should include a ‘summary of the application and operation of the *Public Interest Disclosures Act 2012* (the Act), including disclosures required by the Act’.

The Act commenced operation on 10 February 2013 and replaced the former *Whistleblowers Protection Act 2001*.

Guidance

Similar to the former legislation, the applicable disclosures of the current Act may be presented in a table format.

Illustration under the Act has been prepared for departments only. **Agencies should seek their own advice regarding reporting requirements that may apply to them**.

The application could be supported by a short message from a department’s Secretary, outlining the department’s commitment to the aims and objectives of both Acts and its own process for applying the Acts.

## Compliance with the *Carers Recognition Act 2012*

The Department has taken all practical measures to comply with its obligations under the Act. These include [insert or remove whatever is applicable]:

* promoting the principles of the Act to people in care relationships who receive our services and to the wider community [e.g. distributing printed material about the Act at community events or service points; providing links to state government resource materials on our website; providing digital and/or printed information about the Act to our partner organisations]
* ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act [e.g. developing and implementing a staff awareness strategy about the principles in the Act and what they mean for staff; induction and training programs offered by the organisation include discussion of the Act and the statement of principles therein]
* considering the care relationships principles set out in the Act when setting policies and providing services [e.g. reviewing our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act; developing a satisfaction survey for distribution at assessment and review meetings between workers, carers and those receiving care]
* implementing priority actions in Recognising and supporting Victoria’s carers: Victorian carer strategy 2018-22.

## Compliance with the *Disability Act 2006*

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Department has complied with its obligations under the Disability Act to prepare a Disability Action Plan for the purpose of reducing barriers to access goods, services and facilities; reducing barriers to a person with a disability obtaining and maintaining employment; and promoting inclusion and participation in the community and achieving tangible changes in attitudes and practices that discriminate against people with a disability as outlined below.

### Reducing barriers to accessing goods, services and facilities

[An example of a relevant initiative could be the implementation of an asset management strategy that builds accessibility into core business and includes detailed audits to assess disability access for customers and staff across all office locations, with clear documentation of the works required to fix identified access issues.]

### Reducing barriers to persons with a disability obtaining and maintaining employment

[An example of a relevant initiative could be the development of an organisational disability employment strategy, developed in partnership with employees with disability, including actions to ensure an inclusive and disability equitable workplace, increased career pathways, and access to development and advancement opportunities.]

### Promoting inclusion and participation in the community

[An example of a relevant initiative could be establishing a partnership with a user-led organisation to work on a joint communications campaign to change attitudes and perceptions about people with disability in leadership positions.]

### Achieving tangible changes in attitudes and practices that discriminate against people with a disability

[An example of a relevant initiative could be having a senior disability champion within the organisation who is active in promoting access and inclusion and removing barriers.]

As required by the Disability Act, the Department reports annually on the implementation of its Disability Action Plan in its annual report.

Guidance – Additional departmental information available on request [UPDATED]

Legislative and documented references

Section 38 of the *Disability Act 2006* requires that public sector bodies (including all government departments) develop and implement a disability action plan under four outcomes and report annually on their progress:

* reducing barriers to people with a disability accessing goods, services and facilities
* reducing barriers to persons with a disability obtaining and maintaining employment
* promoting inclusion and participation in the community of people with a disability
* achieving tangible changes in attitudes and practices which discriminate against people with a disability.

Guidance

Public sector bodies are required to provide an update on their disability action plan in their annual report. This could take the form of a summary of achievements to demonstrate progress against the actions in their plan. A summary of achievements should profile practical examples of relevant initiatives and related outcomes for people with disability and other stakeholders. Examples provided should demonstrate delivery against the four outcomes areas of the *Disability Act 2006*.

Disability action plans are an important tool to reduce barriers, promote inclusion and change attitudes and practices. Disability action plans are a mechanism to take a planned approach to addressing discrimination and to set a broader agenda of inclusion and participation for people with disability in the community. Disability action plans build the capacity of organisations to be accessible and responsive to people with disability.

Public sector bodies have continuing responsibility to prepare and implement disability action plans to ensure their organisations are accessible and responsive to the 1.1 million people with disability in Victoria.

*Inclusive Victoria: state disability plan 2022-2026* provides a commitment to reinvigorate disability action plans across the public sector including in all Victorian government departments. For guidance on preparing a disability action plan and annual reporting requirements, please contact the Office for Disability by email: ofd@dffh.vic.gov.au.

Further information on *Inclusive Victoria: state disability plan 2022-2026* is available on the [Victorian Government website](https://www.vic.gov.au/state-disability-plan).

## Compliance with other legislation [FRD 22]

### Compliance with *Technology Act 1991* [Fictitious act]

Under section 4(a) of the *Technology Act 1991*, the Minister of Technology is required to ensure a continuous assessment of technology research programs in relation to the use of animal tissues. As per section 16(c) of the Act, the following disclosures were made in respect of research activities undertaken in :

* the technology research register indicates that 42 research programs during the financial year involve the use of animal tissues
* three out of the 42 research programs were completed during the year
* no new research programs involving the use of animal tissues commenced.

Guidance – Compliance with other legislation

Legislative and documented references

There may be other legislative disclosures that entities are required to disclose that are not covered by the Model.

Guidance

Entities may wish to include some background information in this section, outlining the basis upon which the legislation was implemented.

This section should include details of compliance with the relevant Act and any reporting required as outlined in that Act.

## Disclosure of Emergency Procurement [FRD 22]

In 20X1- 20X2 the Department activated Emergency Procurement on one occasion in accordance with the requirements of government policy and accompanying guidelines. Three new contracts, each valued at or more than $100 000 (GST inclusive), were awarded in connection with the emergency. Details of the Department’s emergency procurements are shown below. [FRD 22]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Nature of emergency | Date of activation | Summary of goods and services procured under new contracts | Total spend on goods and services in response to the emergency | Number of new contracts awarded valued at $100 000 (incl. GST) or more. |
| COVID-19 pandemic  | 1 July 2021 | * Call centre services for pandemic support/information line
* Laptop supplies to set up working from home for employees
* Increased remote server security for online document storage (content manager)
 | $750 000 (a)  | 3 |

Note:

(a) This is the total of all expenditure, including contracts under and over $100 000.

Guidance – Disclosure of Emergency Procurement

**Legislative and documented references**

FRD 22 applies to entities that are within the scope of the Victorian Government Purchasing Board (VGPB) goods and services supply policies.

Entities must report activation of emergency procurement in their annual report including details related to each activation.

**Guidance**

Details to be disclosed are:

* the nature of the emergency
* the date the emergency procurement policy was activated
* a summary of the goods and services procured under the new contracts
* total spend on goods and services(a)
* the number of new contracts awarded valued at $100 000 (GST inclusive) or more.(b)

Notes:

(a) **Total spend on goods and services** refers to all expenditures incurred by an entity in response to the emergency, following activation of emergency procurement. This includes new procurements, variations and purchases made under pre-existing contractual arrangements.

(b) **The number of new contracts** valued at $100 000 or more (GST inclusive) includes those new contracts entered into by the entity to respond to an emergency during the emergency procurement activation period. A summary description of the goods and services procured under each of these new contracts is to be provided.

Contracts awarded by the entity that are not in response to the emergency (routine procurements) are excluded.

If an entity’s activation of emergency procurement spans more than one financial year, the entity must report emergency procurement activities for the year in which they occur. Entities should note in their reporting if activation of emergency procurement did not cease by the end of the financial year or continued from activation in the previous financial year.

The reporting requirements above are the minimum required to be included in the entity’s annual report. Entities may include additional details, as appropriate, to assist with transparency in their reporting of emergency procurement.

In complying with these requirements, the Accountable Officer should have regard to the following documents and other relevant material:

* VGPB Governance Policy – Emergency Procurement
* VGPB Develop an emergency procurement plan – Goods and services guide.

Nil report statement

An explicit statement of ‘nil reports’ is required where emergency procurement was not activated, resulting in nil spending for emergency procurements. The ‘nil reports’ statement is to be included in the same section as activation of emergency procurement would be reported in the model report.

## Disclosure of social procurement activities under the Social Procurement Framework [NEW] [FRD 22 Revised Paragraph 5.19]

The Social Procurement Framework governs how the Victorian Government undertakes social procurement. The framework applies to the procurement of all goods, services and construction undertaken by, or on behalf of, entities subject to the Standing Directions 2018 under the *Financial Management Act 1994*.

The Department leverages its buying power to deliver social, economic and environmental outcomes benefiting the Victorian community, the economy and the environment — above and beyond the goods, services and construction works procured.

### Social Procurement Framework

The Department’s Social Procurement Strategy prioritises the following Social Procurement objectives:

* Opportunities for Victorian Aboriginal people
* Opportunities for Victorians with disability
* Opportunities for Victorian priority jobseekers
* Sustainable Victorian regions
* Sustainable Victorian social enterprises and Aboriginal business sectors.

### Social procurement achievements

During , the Department:

* engaged 67 social benefit suppliers with a total spend of $1.86 million with certified social enterprises, Aboriginal businesses and disability enterprises
* increased the proportion of suppliers that are Victorian Aboriginal businesses from 0.85 per cent in to 1.05 per cent in , engaging 13 Aboriginal businesses
* established 17 contracts with Victorian Government suppliers that include social procurement commitments.

During , the Department also implemented several initiatives to support its Social Procurement Strategy which included:

* introducing a requirement in the Department’s internal procurement policy and process to search available databases for social benefit suppliers
* incorporating social and sustainable evaluation criteria into procurement documentation (e.g. Requests for Tender) to ensure purchases align with the Department’s Social Procurement Strategy
* providing education and training to procurement staff to increase awareness of social procurement.

Guidance – Disclosure of social procurement activities under the Social Procurement Framework

**Legislative and documented references**

FRD 22 requires all entities subject to the Standing Directions 2018 under the *Financial Management Act 1994* to report their activities under the Social Procurement Framework.

**Guidance**

The following information is to be disclosed:

* The [Social Procurement Framework](https://www.buyingfor.vic.gov.au/social-and-sustainable-procurement-objectives-and-outcomes) objectives and outcomes prioritised in the entity’s Social Procurement Strategy
* A summary of activities to support the entity’s Social Procurement Strategy during the reporting period (e.g. capability building, changes to processes or systems to support social procurement, supplier engagement activities)
* A summary of key achievements in delivering the Social Procurement Framework outcomes during the reporting period, including social procurement direct spend (excl. GST). [FRD 22 Revised Paragraph 5.19].

Reporting on achievements under the Social Procurement Framework is intended to be broad and flexible, rather than prescriptive. This reflects that the Social Procurement Framework does not establish prescriptive whole of government targets, benchmarks, or other performance measures.

The Social Procurement Framework requires entities to develop a Social Procurement Strategy that, among other things, outlines which social and sustainable objectives they prioritise. The Social Procurement Framework requires entities to report on their achievements for the reporting period, focusing on the social procurement objectives prioritised in their social procurement strategy. This includes a high-level summary of activities that support implementation of the Social Procurement Strategy (e.g. initiatives that build social procurement capability) and key achievements in delivering social and sustainable outcomes (e.g. spend with social benefit suppliers).

Entities may set their own targets, benchmarks and performance measures in their Social Procurement Strategy, based on their priorities, capability, and procurement profile. Developing a baseline and a target or standard for performance in the entity’s Social Procurement Strategy facilitates the communication of performance progress. In some cases, the ability to quantify and provide data may not be possible or relevant; and therefore, entities may need to disclose any other relevant information or supporting evidence where applicable.

***Notes****:*

* TheSocial Procurement Framework requiresall entities to develop a Social Procurement Strategy. An entity is not required to develop a Social Procurement Strategy if:
	+ its total annual procurement spend is less than $10 million
	+ all procurement activities are valued less than $50,000
	+ it follows its lead department’s procurement policies and practices.

These Agencies must complete a social procurement commitment instead and report a summary of key achievements in delivering Social Procurement Framework outcomes during the reporting period, including social procurement direct spend.

* Refer to the *‘SPF Measurement and Reporting Guidelines’* for additional guidance on how to prepare your entity’s social procurement reporting, including definitions and complete reporting templates. Contact social.procurement@dgs.vic.gov.au for these guidelines.

## Disclosure of procurement complaints [FRD 22 Revised Paragraph 5.20]

Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), the Department must disclose any formal complaints relating to the procurement of goods and services received through its procurement complaints management system.

The Department received one formal complaint through its procurement complaints management system in , relating to an open market procurement in which the supplier queried the Department’s adherence to its advertised evaluation process. A departmental review found that all procurement policies and processes had been adhered to and the complaint has been resolved. [FRD 22 Revised Paragraph 5.20]

Guidance – Disclosure of procurement complaints

Legislative and documented references

FRD 22 applies to all entities that are within the scope of the Victorian Government Purchasing Board (VGPB) goods and services supply policies.

Under the VGPB Governance Policy, entities must disclose in their annual report key details in relation to each complaint received.

Guidance

The details to be disclosed in relation to each complaint received are:

* the procurement activity to which the complaint relates to; and
* the status of the complaint confirming whether it:
	+ was resolved
	+ is still under investigation
	+ could not be resolved.

Nil report statement

An explicit statement of ‘nil reports’ is required where no procurement complaints were received. The ‘nil reports’ statement is to be included in the same section as the disclosure of procurement complaints would be reported in the annual report.

## Reporting of environmental data [REVISED] [FRD 24]

The Department is committed to environmental sustainability in its operations. Sustainability and greenhouse gas emissions reduction form core parts of the Department’s corporate strategy [FRD 24.4.1]. The Department supports the Victorian public sector in adopting new technology that reduces emissions and delivers environmental sustainability.

Guidance – Reporting of environmental data

The Victorian Government’s commitment to sustainability in its own operations is reflected in legislation, policies, and strategies, including the [*Climate Change Act 2017*](https://www.legislation.vic.gov.au/in-force/acts/climate-change-act-2017/), [Victoria’s Climate Change Strategy](https://www.climatechange.vic.gov.au/victorias-climate-change-strategy), [Whole of Victorian Government emissions reduction pledge](https://www.climatechange.vic.gov.au/__data/assets/pdf_file/0034/522799/WoG-sector-pledge-full-colour.pdf), [Victorian Renewable Energy Target](https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-and-storage-targets), [Recycling Victoria](https://www.vic.gov.au/victorias-plan-circular-economy), and the [Sustainable Investment Guidelines](http://www.opv.vic.gov.au/files/sharedassets/public-opv/publications/opv-sustainable-investment-guidelines.docx). In addition, the General Environmental Duty under the *Environment Protection Act 2017* requires all Victorian Government entities to minimise risks of harm to human health or the environment from pollution or waste, so far as is reasonably practicable.

FRD 24 *Reporting of environmental data by government entities* specifies the environmental performance indicators that must be reported by relevant entities across the Victorian Government in annual reports. FRD 24 establishes reporting tiers, which have different reporting requirements. Public sector entities within each tier are listed in the *Guidance on the application of reporting tiers under FRD 24*, available on the [DTF website](https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance). A department is required to report on Tier 1 indicators as specified in Appendix 2 of FRD 24. Other public entities have different reporting requirements and should refer to FRD 24 Appendix 2 and the accompanying Guidanceto understand their own obligations.

Guidance

The following illustrative disclosure is a mix of narrative and quantitative data tables presenting the Department of Technology’s environmental performance, achievements and targets. It includes commentary on the progress towards achieving departmental objectives, performance measures and concrete initiatives. The disclosure also contains examples where the data availability requirements of FRD 24 are applied, including the use of estimates and explanatory notes on planned activities to improve data collection for future periods.

Public sector entities must report data for all indicators and include all indicator segmentation where there is non-zero data. Reports do not need to include segments where the value is zero, especially where this may result in the inclusion of a large number of rows or zero values, such as with vehicle fleet. Guidance to FRD 24 provides information on the full segmentation for the reporting department or entity.

In general, accompanying context (see paragraph 4.6 in FRD 24) should be in prose ahead of each relevant table. Contextual information that relates to specific data including where data is included from other entities within the organisational boundary (see paragraph 4.3 in FRD 24) and commentary in relation to the data availability requirements (see paragraph 4.4 in FRD 24), should be included in the table footnotes.

This section contains [references] to paragraphs of FRD 24 and the indicator designations to identify which elements of the illustrative disclosure correspond to the FRD 24 requirements.

### The Department’s Environmental Management System [FRD 24 paragraph 4.6]

The Department’s Environmental Management System (EMS) is a structured approach to managing the Department’s environmental impacts and improving its environmental performance. It is based on the national standard *AS/NZS ISO 14001:2016: Environmental Management Systems* and provides a framework for the Department to improve its environmental sustainability.

The EMS objectives include:

* reducing greenhouse gas emissions resulting from the Department’s operational activities
* reducing the amount of waste and maximising the amount of reused and recycled resources in procurement
* ensuring new capital works are built as all-electric and incorporate environmentally sustainable principles in design, construction and operation
* improving the energy performance of existing assets and facilities
* encouraging staff to reduce environmental impacts through behaviour change
* communicating environmental performance through regular internal and public reporting.

The EMS was last audited in [year] and was reported to have no significant findings. The Department has established and maintained procedures to conform with *AS/NZS ISO 14001:2016* which included:

* identifying the environmental aspects of its activities and operations
* defining and documenting roles and responsibilities to facilitate effective environmental management
* identifying training needs and establishing a training program to equip personnel with environmental management knowledge
* monitoring and measuring the key operations and activities that can have a significant impact on the environment
* establishing and maintaining procedures for defining responsibility and authority for handling non-conformance in relation to environmental management
* having regular and documented management review over the EMS to ensure its continuing sustainability and effectiveness.

### Reporting boundary for environmental data [FRD 24 paragraph 4.3]

All the operations and activities of the Department are included within the organisational boundary for this reporting period. Select data are included for the three entities which are consolidated into the Department’s financial statements. Where consolidated data of the following entities have been included, this is noted in the footnotes of the corresponding tables:

* Gene Sciences Victoria
* The Office of the Commissioner of New Technology
* Innovation Victoria

Guidance – Reporting boundary

Organisational boundary

The organisational boundary of the reporting entity must be documented including any other entities, leases and service concessions that are included within the entity’s reporting. Where consolidated entities are included in an organisation’s annual report, for example under section 53 of the *Financial Management Act 1994*, these should be noted in this section. Consolidated entities will belong to a different reporting tier than the reporting department and thus have reduced reporting requirements. Only those indicators required for the relevant tier of the consolidated entity need to be included in the department’s reporting.

Reporting period

The reporting period for environmental data should follow the financial year (1 July to 30 June). If this is not possible due to data availability, alternative reporting periods can be implemented. If an alternative reporting period is adopted, it should be noted in this section.

Normalisation

Certain indicators require data to be normalised to generate an average figure for analysis of trends over multiple reporting periods. Where a reporting entity chooses to use FTE or another quantity disclosed elsewhere in this report, no further disclosure is necessary. If a different normalisation factor is used, it should be disclosed in this section.

For illustration, FTE is the normalisation used in this disclosure.

### Climate-related risk disclosure statement [FRD 24 paragraph 4.6]

Climate change has the potential to directly and indirectly impact the services and programs that the Department delivers on behalf of the Victorian Government. This requires ongoing effort to understand and respond to risks, develop opportunities, and build resilience to climate impacts.

The Department seeks to lead the Victorian public sector in adopting new technology to deliver services to the community in ways that support Victoria’s transition to net zero emissions and a climate resilient state. Through this statement, the Department aims to:

* communicate its actions to understand the impact of climate change on its assets, operations and services
* demonstrate that its environmental impacts are responsibly managed and mitigated
* support the efficient allocation of resources to transition operations to net zero emissions and improve environmental performance over time.

#### Climate-related risk governance

The Department’s Executive Board leads its risk management framework and is the collective owner of the Department’s strategic risks. The Board monitors risk mitigation activities through quarterly executive risk management reporting.

The Executive Board established the Climate Risk Management Committee, a senior executive committee, in to integrate consideration of climate risks and opportunities across the Department’s operations and activities. The Committee is responsible for:

* commissioning a whole of Department climate-related risks assessment
* overseeing the development and delivery of a climate change strategy for the Department
* increasing capability to identify and respond to climate risks and opportunities across the Department, including undertaking a risk assessment
* overseeing capacity and capability of the Department to deliver on portfolio responsibilities with respect to climate action, including delivery of Adaptation Action Plans, and emissions reductions
* overseeing progress on climate action commitments relating to the Department's own operations including portfolio emissions reduction planning and actions to build resilience of its assets and operations
* monitoring the Department’s overall climate risk maturity, integrating effective management of climate risk as part of operations
* monitoring the regulatory environment with respect to climate risk management, ensuring evolving standards with respect to reporting and disclosure are reflected and maintained as part of the overall management approach.

The Department’s Risk and Audit Committee provides independent assurance to the Secretary that the Department's risk and control environment is operating effectively and efficiently. The committee actively monitors the Department’s risk profile, including climate-related risks, and assesses the risk management strategies adopted.

#### Climate-related risk strategy

The Department is continuing to build on its understanding of climate-related risks and opportunities, and assess and monitor their relative potential impacts. To support this, the Department has established a climate risk management committee and completed its first whole of Department climate-related risk assessment.The Department is currently monitoring and managing several key strategic climate-related physical and transition risks and opportunities including:

* impact of increased temperatures and extreme heat on Department operations, including the health and safety of staff operating outdoors
* impact of bushfires and extreme weather events on exposed Departmental assets
* reducing greenhouse gas emissions resulting from the Department’s operations in line with Victorian Government commitments
* increasing energy efficiency and demand management capabilities of the Department’s data centres
* aligning procurement to circular economy principles
* improving environmental performance monitoring, evaluation and reporting
* supporting the continuing uptake of renewable energy and other low emissions technologies across Victoria
* increasing climate risk maturity across the department, supporting effective management of climate-related risks.

The Department is leading the investigation of advanced energy management systems across the Victorian Government’s asset portfolio. This will improve energy performance, support the uptake of electric vehicles, and strengthen the resilience of Victoria’s electricity grid through on-site battery storage and flexible demand management. This initiative is designed to complement the Victorian Government’s transition to 100 per cent renewable electricity by 2025 under the Whole of Victorian Government emissions reduction pledge for 2021-25.

Consistent with Victorian Government policy, the Department has developed a first Technology portfolio emissions reduction plan in consultation with its portfolio agencies this year. This plan includes identifying key emissions sources, opportunities and challenges for emissions reduction and an initial prioritisation of actions for emissions reduction. The plan will be further refined in the coming years to assist the portfolio’s transition to net zero emissions. The portfolio emission reduction plan will also be used to develop portfolio contributions to the 2026-30 Whole of Victorian Government emissions reduction pledge under the *Climate Change Act 2017*.

#### Climate-related risk management

The Department’s risk management framework requires the Department to consider its operating context, including climate change, and identify, assess and manage risks and opportunities. The framework is aligned to the Victorian Government Risk Management Framework and provides guidance for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Department.

Climate-related risks are assessed and managed at the strategic, operational and program/project levels, including through operational risk management activities and the delivery of climate-related programs.

#### Climate-related metrics and targets

The Department reports climate-related metrics in line with requirements under Financial Reporting Direction 24. The environmental data captured in 2019-20 are mostly used as baseline for reporting of these indicators.

The Department formed a Climate and Sustainability Working Group to identify opportunities to improve the Department’s environmental performance for operations and asset management and to coordinate environmental reporting. The working group is comprised of managers and team leaders across the Department and portfolio entities, reporting quarterly to the Climate Risk Management Committee. Environmental data for this report is captured in the Department’s Environmental Data Management System (EDMS) from suppliers, equipment metering, reports and surveys. Environmental data is reported to the Climate and Sustainability Working Group on a quarterly basis, to support the evaluation of environmental performance initiatives, and reported to the Risk Management Committee.

The Department has achieved its target to double renewable energy generation capacity on its sites with the installation of a 100kW solar system at its data centre and completed a whole of Department climate risk assessment. The Department has established the following targets to drive improvements to its understanding and management of climate-related risks and support better environmental performance across its portfolio:

* complete a feasibility assessment within two years for the transition of key department assets to low emissions or net zero technologies on replacement or renewal
* install efficient LED lighting and water-efficient taps at all sites within two years
* reduce by half total energy use per FTE within three years compared to 2019-20
* replace at least 50 per cent of natural gas heating systems with efficient electric systems within six years
* increase the recycling rate to 85 per cent within six years
* transition 100 per cent of the Department’s car and van fleet to zero emissions vehicles within ten years.

The Department monitors its climate risk maturity, reporting to the Victorian Secretaries Board (VSB) on its approach and key activities with respect to climate risk management. The Department has continued to build maturity in management of climate-related risk, through development and implementation of key climate initiatives. These initiatives have included establishment of the Climate Risk Management Committee, implementation of programs to build the capacity and capability of staff to identify and respond to climate-related risks, and completion of the first whole of Department climate risk assessment.

Guidance – Climate-related risk disclosure

Tier 1 entities are to illustrate the organisations approach to understanding and managing climate-related risks and opportunities, drawing on information and examples across the four key areas of – Governance, Strategy, Risk Management, Metrics and Targets. Across these four areas, entities should describe:

* Governance: describe the organisations governance structures in place relating to climate-related risks and opportunities. This should include reference to the Board and/or executives’ and their role in relation to risks, as well as any specific groups, committees or individuals with responsibilities for climate-related risks and opportunities
* Strategy: describe activities and/or structures in places to consider the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning. This should include a description of any key climate-related risks and opportunities the organisation has identified for its strategic objectives, work undertaken to assess the impacts of these risks and opportunities, as well as the resilience of the organisation to them
* Risk Management: describe the processes the organisation uses to identify, assess, and manage climate-related risks. This may include frameworks, systems, processes, and policies in place to support risk management, and should include a description as to how any specific processes for climate-related risk identification, are integrated with broader risk management practices
* Metrics and Targets: Describe metrics and targets used by the organisation to assess and manage relevant climate-related risks and opportunities. This should include a description of the relevant metrics used, targets in place, and any information as to how the organisation is tracking in relation to those targets.

### Greenhouse gas emissions

The Department reports its greenhouse gas emissions broken down into emissions ‘scopes’ consistent with national and international reporting standards. Scope 1 emissions are from sources that the Department owns or controls, such as burning fossil fuels in its vehicles or machinery. Scope 2 emissions are indirect emissions from the Department’s use of electricity from the grid, which still uses coal and gas-fired power generation. Scope 3 emissions are indirect emissions from sources the Department does not control but does influence. The Department reports only scope 3 emissions from corporate air travel and waste disposal.

The Department’s scope 1 greenhouse gas emissions decreased by 1.2 per cent from 20XX-X0 to and by 2.8 per cent from to . This decrease has largely been driven by replacement of gas consuming boilers with electric heat pumps.

The Department’s scope 2 greenhouse gas emissions decreased by 1.8 per cent from 20XX-X0 to and decreased by 25.3 per cent from to . These decreases have been driven through the installation of 100kW of rooftop solar at the Department’s data centre, decreasing grid sourced electricity consumption in this facility and energy efficiency improvements across the Department’s sites.

The Department’s scope 3 greenhouse gas emissions from corporate air travel and waste disposal decreased an average of 3.2 per cent per annum from 20XX-X0 to due to decreases in air travel and reductions in waste to landfill.

The Department is aiming to reduce its greenhouse gas emissions through energy efficiency and renewable energy projects. These include the installation of efficient electric heating and cooling systems, LED lights, solar panels, and waste reduction program across all sites.

| *Indicator*  |  *20X1‑X2*  | *20X0‑X1* |  *20XX-X0*  |
| --- | --- | --- | --- |
| Total Scope 1 greenhouse gas emissions (Tonnes CO2-e) [Indicator G1] | 359.9  | 370.3  | 374.8  |
| Total Scope 2 greenhouse gas emissions (Tonnes CO2‑e) [Indicator G2] | 258.9  | 346.6  | 353.0  |
| Total Scope 3 greenhouse gas emissions from commercial air travel and waste disposal (Tonnes CO2-e) [Indicator G3] | 2.9  | 3.0  | 3.1  |

### Electricity production and consumption

Electricity consumption has reduced by 3.7 per cent since the 20XX-X0 reporting period, as the Department has continued to improve energy efficiency across its sites. The Department has installed a 100kW solar system at its data centre in which resulted in a decrease in the use of grid sourced electricity and an increase in solar PV generation. Longer term replacement of gas consuming assets with electric heat pump and cooling systems may result in a small increase in electricity consumption.

The Department continues to implement a range of policies across its sites to reduce electricity use and increase the proportion of renewable electricity consumed. These measures include:

* purchasing GreenPower for 25 per cent of purchased electricity consumption, with a planned increase to 50 per cent next year
* the installation of LED lighting across all Department sites within two years
* switching to efficient electric appliances, for example, minimum 7-star energy efficient refrigerators when they are replaced
* encouraging staff to switch off electrical equipment when not in use through the Eco-Friendly Workplace Campaign
* heating and cooling systems are tuned to a room temperature of 25 degrees in summer and 20 degrees in winter to optimise electricity savings.

Total electricity use has also been monitored and reported to the Climate and Sustainability Working Group on a quarterly basis to help track and understand the Department’s effort in electricity consumption.

| Indicator  |  |  |  20XX-X0  |
| --- | --- | --- | --- |
| Total electricity consumption (MWh) [Indicator EL1] | 577.5  | 586.2 | 599.7  |
| Purchased Electricity – Consolidated | 375.4  | 419.9  | 428.6  |
| Department Offices (a) | 57.7  | 58.9  | 60.1  |
| R&D Facilities | 19.5  | 19.9  | 20.5  |
| Depot (b) | 18.3  | 18.7  | 19.3  |
| Data Centre | 258.2  | 300.3 | 306.4  |
| Laboratory | 21.6  | 22.1  | 22.3  |
| Not directly purchased but from outside the organisation (MWh) | 68.1  | 69.5  | 70.2  |
| Department Offices (a) | 68.1  | 69.5  | 70.2  |
| Self-generated (MWh)  | 134.0  | 96.7 | 100.9 |
| On-site electricity generated (MWh) [Indicator EL2] | 266.8 | 111.6 | 115.8  |
| Solar PV (c) | 223.4  | 74.5  | 74.5  |
| Consumption behind-the-meter | 178.7  | 59.6  | 59.6  |
| Exports  | 44.7  | 14.9  | 14.9  |
| Other non-renewable (Diesel backup generator) (d) | 43.4 | 37.2 | 41.3 |
| On-site installed generation capacity (MW) [Indicator EL3] | 5.15  | 5.05  | 5.05  |
| Solar PV (c) | 0.15  | 0.05  | 0.05  |
| Diesel backup generator | 5.0  | 5.0  | 5.0  |
| Total electricity offsets (MWh) [Indicator EL4] | 40.0  | 40.0  | 40.0  |
| LGC’s voluntarily retired by the Entity  | 20.0  | 20.0  | 20.0  |
| Greenpower | 87.7  | 20.0  | 20.0 |

Notes:

(a) These include the offices of the Department, Gene Sciences Victoria and The Office of the Commissioner of New Technology.

(b) The Depot was under the management of the Department and had been used for shared activities with Gene Sciences Victoria and The Office of the Commissioner of New Technology.

(c) Included within the Department’s rooftop solar portfolio is 15kW of legacy solar systems which are not separately metered. The electricity produced by these systems is not captured in the on-site electricity generated. When these systems are replaced or upgraded appropriate monitoring instruments will be installed.

(d) Diesel backup generation is not separately metered and electricity generated is estimated based on manufacturer supplied factors for operation under full load. All electricity generated is assumed to be used on site.

Guidance – Segmentation and Data availability requirements

An example of segmentation that is encouraged by FRD 24 guidance is shown underneath the required purchased electricity segment of the table. This example of segmentation is for a relatively small organisation like the Department of Technology. Larger organisations may aggregate facilities into groups for reporting.

The electricity generated by legacy rooftop solar systems has not been included. The explanatory note describes that monitoring systems will be installed when the systems are replaced or upgraded.

Electricity generated by the backup diesel generator has not been directly measured. An estimate is provided based on the emissions factors for normal full load operation supplied by the manufacturer.

### Stationary fuel use

Sources of emissions from stationary fuel include natural gas used in some buildings’ heating systems and diesel back‑up generators for critical facilities. The Department collected data primarily through billing information from fuel suppliers.

Stationary fuel use decreased by 4.0 per cent from 20XX-X0 to . Changes in fuel use were influenced by replacement gas boilers at or near end of life with electric head pump applications, fluctuations in employees working on site and resultant heating demand, and variation in the need for backup diesel generation.

The Department aims to replace at least 50 per cent of current natural gas heating systems with efficient electric systems within the next seven years as part of strategic asset management and asset renewal to reduce the greenhouse gas emissions from stationary fuel use.

| Indicator  | 20X1‑X2 |  20X0-X1  |  20XX-X0  |
| --- | --- | --- | --- |
| Total Fuels used in buildings and machinery (MJ) [Indicator F1] | 1 137 115.8 | 1 168 669.9 | 1 184 062.7 |
| Buildings (a) | 739 125.3 | 759 635.5 | 769 640.8 |
| Natural gas | 739 125.3 | 759 635.5 | 769 640.8 |
| Machinery (b) | 397 990.5 | 409 034.4 | 414 421.9 |
| Diesel | 397 990.5 | 409 034.4 | 414 421.9 |
| Greenhouse gas emissions from stationary fuel consumption (Tonnes CO2-e) [Indicator F2] | 66.1 | 67.9 | 68.8 |

Notes:

(a) Gas powered clothes dryers are used at the Department’s depot, which are not separately metered and have been included in the buildings rather than machinery subtotal. The Department will explore sub-metering options when these dryers are replaced at the end of their useful life.

(b) The Department operates a backup generator at its data centre.

Guidance – Data availability requirements

In the above table, equipment that runs on natural gas is included in the buildings segment rather than the machinery segment, with an explanatory note that sub-metering options will be examined when the machinery is replaced. This is an example of using estimates (aggregating data in another section) and providing explanatory notes on future actions per the FRD 24 data availability requirements.

#### Transportation

The Department’s fleet comprised of 205 vehicles essential to the Department’s provision of technology support services that require on-site visits for installation and maintenance. Sixty-four per cent of these were goods vehicles including vans and large trucks that were used to transfer and deliver technologies and services to government sites across Victoria, and the remainder were passenger vehicles for pool use. Of the goods vehicles, 69 per cent were internal combustion engine vehicles and 31 per cent were hybrid vehicles.

Energy used in transport fuels decreased by 3 per cent from 20XX-X0 to while greenhouse gas emissions from transport decreased by 3.3 per cent and commercial air travel by 4.2 per cent. These decreases have been driven by increased use of telepresence and remote meeting technologies.

The Department is planning to transition to 100 per cent zero emissions vehicles for the shared passenger vehicle fleet within the next 10 years consistent with the Victorian Government’s commitment as a signatory to the COP26 declaration on accelerating the transition to 100 per cent zero emissions cars and vans. The Department added 12 battery electric vehicles to its passenger fleet in for a total of 18 battery electric vehicles and will pilot introduction of up to 6 battery electric goods vans over the next two years.

| Indicator  |  | %  |  | %  |  20XX-X0  | %  |
| --- | --- | --- | --- | --- | --- | --- |
| Number and proportion of vehicles [Indicator T2] | 205  | 100 | 200 | 100 | 200 | 100 |
| Road Vehicles | 205  | 100 | 200  | 100 | 200  | 100 |
| Passenger vehicles (a) | 74  | 36 | 70  | 35 | 70  | 35 |
| Internal combustion engines  | 31  | 15 | 42  | 21 | 49  | 25 |
| Petrol | 6  | -  | 8  | -  | 14  | -  |
| Diesel/ Biodiesel | 25  | -  | 35  | -  | 35  | -  |
| Hybrid  | 25  | 12 | 21  | 11 | 21  | 11 |
| Plug-in Hybrid Electric Vehicle (PHEV)  | 15  | -  | 13  | -  | 13  | -  |
| Range-extended electric vehicle  | 10  | -  | 8  | -  | 8  | -  |
| Electric propulsion | 18 | 9 | 6 | 3 | - | - |
| Battery Electric Vehicle (BEV) | 18 | - | 6 | - | - | - |
| Goods Vehicles (b) | 131  | 64 | 130  | 65 | 130  | 65 |
| Internal combustion engines | 91  | 44 | 91  | 46 | 91  | 46 |
| Petrol | 26  | -  | 26  | -  | 26  | -  |
| Diesel/ Biodiesel | 65  | -  | 65  | -  | 65  | -  |
| Hybrid  | 40 | 20 | 39  | 20 | 39 | 20 |
| Plug-in Hybrid Electric Vehicle (PHEV)  | 24  | -  | 23  | -  | 23  | -  |
| Range-extended electric vehicle  | 16  | -  | 16  | -  | 16  | -  |

Notes:

(a) Passenger vehicles include the shared fleet of the Department, Gene Sciences Victoria, The Office of the Commissioner of New Technology, and Innovation Victoria.

(b) Goods vehicles include the combined fleet of the Department, Gene Sciences Victoria, The Office of the Commissioner of New Technology, and Innovation Victoria.

|  |  |  |  |
| --- | --- | --- | --- |
| Indicator  |   |  |  20XX-X0  |
| Total energy used in transportation (MJ) [Indicator T1] | 5 360 143.1 | 5 480 718.9 | 5 541 677.4 |
| Road Vehicles | 5 360 143.1 | 5 480 718.9 | 5 541 677.4 |
| Passenger vehicles (a) | 359 800.2 | 367 893.9 | 371 985.7 |
|  Petrol | 169 312.2 | 173 120.9 | 175 046.4 |
| Diesel | 78 276.9 | 80 037.7 | 80 927.9 |
| Electricity (MWh) | 71 | 34.4 | 16.1 |
| Goods vehicles (b) | 5 000 342.9 | 511 2825.1 | 5 169 691.7 |
| Petrol | 2 787 803.5 | 28 50514.8 | 2 882 219.2 |
| Diesel | 1 288 864.4 | 1 317 857.2 | 1 332 514.9 |
| Electricity (MWh) | 3 | 2 | 265.3 |
| Greenhouse gas emissions from vehicle fleet (Tonnes CO2‑e) [Indicator T3] | 300.6 | 307.4 | 310.8 |
| Road Vehicles | 300.6 | 307.4 | 310.8 |
| Passenger vehicles (a) | 17.0 | 17.4 | 17.6 |
| Petrol | 11.5 | 11.8 | 11.9 |
| Diesel | 5.5 | 5.6 | 5.7 |
| Electricity | 0.1 | 0.1 | 0.1 |
| Goods vehicles (b) | 283.6 | 290.0 | 293.2 |
| Petrol | 189.0 | 193.3 | 195.4 |
| Diesel | 90.4 | 92.5 | 93.5 |
| Electricity | 0.9 | 0.9 | 0.9 |
| Total distance travelled by commercial air travel (Passenger km) [Indicator T4] | 1 982.8 | 2 027.4 | 2 068.8 |

Notes:

(a) Passenger vehicles include the shared fleet of the Department, Gene Sciences Victoria, The Office of the Commissioner of New Technology, and Innovation Victoria.

(b) Goods vehicles include the combined fleet of the Department, Gene Sciences Victoria, The Office of the Commissioner of New Technology, and Innovation Victoria.

### Total energy use

Total energy used by the Department has decreased by 6 per cent from to driven by decreases in the use of stationary and transport fuels. While the Department’s overall energy use has decreased, a reduction in staff during has largely driven the 23 per cent increase in the energy used per full-time-equivalent staff member.

The Department’s use of renewable energy has increased by 87.2 per cent driven by the installation of 100kW of rooftop solar on the Department’s data centre and purchase of 25 per cent GreenPower. To mitigate growing energy needs, the Department has been taking several actions as set out under the electricity use, stationary fuel use and transport fuel use sections. The Department also has its Eco-Friendly Workplace Campaign to reduce environmental footprints and is aiming to halve total energy use per FTE within three years compared to 2019-20.

| Indicator  |   |   |  20XX-X0  |
| --- | --- | --- | --- |
| Total energy usage from fuels (stationary and transportation) (MJ) [Indicator E1] | 6 327 576.3 | 6 591 225.3 | 6 725 740.1 |
| Total energy used from electricity (MJ) [Indicator E2] | 1 891 125.4 | 1 969 922.3 | 2 010 124.8 |
| Total energy used segmented into renewable and non-renewable sources (MJ) [Indicator E3] | 8 218 701.7  | 8 561 147.6 | 8 735 864.9 |
| Renewable | 1 302 229.7 | 695 635.5 | 705 190.6 |
| Non-renewable | 6 916 472.0 | 7 865 512.1 | 8 030 674.3 |
| Units of energy used normalised by FTE [Indicator E4] | 23 729.8 | 18 260.1 | 18 587.0 |

### Sustainable buildings and infrastructure

Australia’s harsh climate and scarce water resources mean the development of sustainable buildings is an economic and environmental necessity. Recent extreme weather events demonstrate the importance of addressing climate change risk across the Department’s operations, including when it comes to the design and management of buildings and infrastructure assets.

The Department established its Sustainable Building Policy in 20X1. This policy has been set up to ensure the design, budgeting and delivery of buildings used by the Department incorporate best practice sustainable design principles and resource efficient features. The policy sets minimum sustainable building standards to guide the Department’s decisions about new buildings, building maintenance, upgrades, demolition and lease renewal. [Indicator B1]

Aligned with this policy, the Department has adjusted lighting levels, temperature and other building systems to avoid unnecessary consumption of energy while maintaining safety and comfort of occupants. The Department has implemented measures in its data centre to improve the energy efficiency of cooling and IT equipment and upgraded to efficient LED lighting.

The Department’s Sustainable Building Policy also requires that new leases preference buildings with higher energy efficiency ratings and those covered by a Green Lease Schedule, consistent with commitments in the Whole of Victorian Government emissions reduction pledge 2021-25. Eight of the Department’s leases are now covered by a Green Lease Schedule. [Indicator B2]

#### Environmentally Sustainable Design in new buildings and infrastructure

In , the Department received a 6-star NABERS Energy rating for its office building, Building Emporium. This building is located in Central Melbourne and was completed during 20X0. [Indicator B3]

The Department also had a major upgrade of $1.5 million to its largest data centre, Building Aurora, which resulted in its NABERS energy rating increasing from 4.5-star to 5-star. The building is located in West Melbourne and the upgrade was completed in 20X1. The data centre uses new low-power servers resulting in lower energy use and has a 100kW solar rooftop array. The upgrade involved streetscaping works that used low-carbon concrete which incorporated recycled plastic fibres and reduced construction emissions by 32 per cent. A feasibility study will be conducted next year to assess options to increase the Building Orbit data centre from a 3-star to 5-star NABERS energy rating. [Indicator B4]

Four of the Department’s buildings have received environmental performance ratings: [Indicator B5]

|  |  |  |  |
| --- | --- | --- | --- |
| Name of building | Building type | Rating Scheme | Rating |
| Building Emporium  | General Office Building  | NABERS – Energy | 6 |
| Building Aurora  | Data Centre | NABERS – Energy | 5 |
| Building Orbit | Data Centre | NABERS – Energy | 3 |
| Building Mountain Ash | General Office Building  | Green Star Buildings | 6 |

Guidance – Reporting on Sustainable Buildings and Infrastructure

Reporting entities should note that, with the exception of indicator B3 (NABERS Energy ratings of newly completed/occupied entity-owned office buildings and substantial tenancy fit outs), there is no requirement for departments to obtain environmental performance ratings for their built assets. The requirement for indicators B4 and B5 are to disclose ratings only where those ratings have already been obtained.

For this illustrative disclosure, the following approach has been implemented.

For B1, departments may refer to their procurement or construction policy, any certification schemes they utilise, how the Sustainable Investment Guidelines are implemented, and any relevant quantitative indicators elsewhere in this section. Where the Department constructs buildings for other organisations, they should also report relevant ESD policy at this indicator.

Buildings under B3 and B4 should be documented per item.

In the illustrative disclosure for B5, the Department only has a small number of fixed physical assets (buildings and other infrastructure). As such, the information for B5 is presented as a list of individual facilities (as shown above). For departments with a large number of rated assets, summary tables outlining the number of facilities at each rating value may be a more appropriate means of presenting this information.

### Sustainable procurement

The Department considers sustainable procurement objectives through its implementation of the Social Procurement Framework, which establishes requirements that apply to Victorian Government departments and agencies when they procure goods, services and construction. More details of the Department's implementation of the Social Procurement Framework are contained in the relevant section of the Annual Report.

### Water consumption

Water use increased by 1.9 per cent from 20XX-X0 to , and then decreased by 5.1 per cent from . The decrease was driven by water use efficiency projects which have been implemented by the Department since [20XX]. These include installation of water-efficient taps with an aerator or flow restrictor and installation of lever or mixer taps across some Department sites. Across all sites there are regular checks to fix leaking taps and replace washers to reduce water waste. Smart water meters were installed in all Department sites in [year] that allow the Department to identify leaks and other anomalies. In , the Department estimated that this helped save around 5 per cent of potable water. On average, 60 per cent of the Department’s water needs are met with recycled water. While water consumption has decreased, a reduction in staff in has driven the 29 per cent increase in water consumption per full-time equivalent employee.

The Department aims to install water-efficient taps at all its sites within two years. The Department is also aiming to increase reusable water consumption to be 80 per cent of total water consumption within three years.

|  |  |  |  |
| --- | --- | --- | --- |
| Indicator  |  |  |  20XX-X0  |
| Total water consumption by an Entity (kilolitres) [Indicator W1] | 3 322.2 | 3 501.8 | 3 436.0 |
| Potable water consumption | 1 328.8 | 1 400.7 | 1 374.4 |
| Metered reused water consumption | 1 993.3 | 2 101.1 | 2 061.6 |
| Units of metered water consumed normalised by FTE [Indicator W2] | 9.4 | 7.3 | 7.3 |

### Waste and recycling

Waste management and recycling are key priorities for the Department. Focus areas include efforts to eliminate single‑use plastics, as well as maximise recycling and minimise waste sent to landfill. The Department collected waste data from invoices and reports from its waste management providers. The Department’s waste management and recycling actions have resulted in a 3 per cent decrease in units from 20XX-X0 to . While waste disposal has decreased, a reduction in staff has driven the 20 per cent increase in units of waste per full-time equivalent employee from to .

The Department has increased the number of its sites that have dedicated collection services for e-waste, printer cartridges, batteries and soft plastics. The e-waste disposal program supports the repurposing of electronic hardware that can no longer be deployed within regular operations. Once data is cleansed, hardware is either offered to employees at market value or provided to a charity.

The Department is aiming to increase its recycling rate to 85 per cent within seven years by increasing dedicated collection services, the use of multi-bin systems at each of its sites and the implementation of circular economy principles into Departmental procurement.

| Indicator  |  | % |  | % | 20XX-X0 | % |
| --- | --- | --- | --- | --- | --- | --- |
| Total units of waste disposed (kg and %) [Indicator WR1] | 7 986.4 | 100.0 | 8 124.5 | 100.0 | 8 077.0 | 100.0 |
| Landfill (disposal) | 2 167.8 | 27.4 | 2 205.3 | 27.1 | 2 192.3 | 27.1 |
| Recycling/recovery (disposal) | 5 818.7 | 72.6 | 5 919.3 | 72.9 | 5 884.6 | 72.9 |
| Food and garden organics (FOGO) | 1 757.3 |  | 1 787.7 |  | 1 775.5 |  |
| Cardboard | 4 061.4 |  | 4 131.7 |  | 4 109.1 |  |
| Percentage of office sites which are covered by dedicated collection services for [Indicator WR2] |  |  |  |  |  |  |
| Printer cartridges  |  | 83.3 |  | 83.3 |  | 66.7 |
| Batteries  |  | 75.0 |  | 75.0 |  | 58.3 |
| E-waste  |  | 83.3 |  | 83.3 |  | 66.7 |
| Soft plastics |  | 100.0 |  | 100.0 |  | 83.3 |
| Total units of waste disposed of normalised by FTE (kg/FTE) [Indicator WR3] | 20.6 |  | 17.2 |  | 17.2 |  |
| Recycling Rate (%) [Indicator WR4] |  | 72.6 |  | 72.9 |  | 72.9 |
| Greenhouse gas emissions associated with waste disposal (Tonnes CO2-e) [Indicator WR5] | 2.8 |  | 2.9 |  | 2.8 |  |
| Landfill  | 2.8 |  | 2.9 |  | 2.8 |  |

### Additional departmental information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by the Department and are available on request, subject to the provisions of the *Freedom of Information Act 1982*. [FRD 22]

* A statement that declarations of pecuniary interests have been duly completed by all relevant officers of the Department.
* [Insert relevant financial information item, where available]
* [Insert relevant financial information item, where available]

The information is available on request from:

Director of Portfolio Services
Strategic Policy Advice Division
Phone: (03) 9xxx xxxx
Email: information@dot.vic.gov.au

[Refer to FRD 22 for the latest detailed list of information required to be retained and made available on request to complete the list in the table above.]

Guidance – Additional departmental information available on request

Legislative and documented references

FRD 22 lists the relevant information, in relation to the financial year, that is to be retained by the Accountable Officer and made available to the relevant minister, Members of Parliament and the public on request, subject to the provisions of the *Freedom of Information Act 1982*. Refer to FRD 22 for the latest detailed list of information required to be retained and made available on request.

Entities can refer to the [Guidance note for FRD 22](https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance) for further guidance to assist entities to comply with any request for this information.

## Attestation for financial management compliance with Standing Direction 5.1.4

The Responsible Body’s compliance attestation under Direction 5.1.4 must appear in the Annual Report in the following form:

**[Name of the Agency] Financial Management Compliance Attestation Statement**

[Where the Agency has not identified a Material Compliance Deficiency in relation to the relevant year:]

1. I [name of member of the Responsible Body], on behalf of the Responsible Body[[4]](#footnote-5), certify that the [name of the Agency] has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

or

[Where the Agency has identified one or more Material Compliance Deficiencies in relation to the relevant year:]

1. I [name of member of the Responsible Body], on behalf of the Responsible Body[[5]](#footnote-6), certify that the [name of the Agency] has the following Material Compliance Deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.
2. [Insert reference to relevant Direction or Instruction, e.g. Direction 3.2.1.2(b)]
3. [Insert brief summary of the reasons for/circumstances of the Material Compliance Deficiency]
4. [Insert details of planned and completed remedial actions]

Guidance – Attestation for financial management compliance with Standing Direction 5.1.4 [REVISED]

Legislative and documented references

The Standing Directions include an attestation of financial management compliance in an agency’s annual report. The Directions aim to improve compliance through the increased accountability and transparency of a public attestation and strengthened audit committee and internal audit function roles. [SD 5.1.2 to 5.1.4]

The below annual assessment process and detailed reviews by the internal audit function support the public attestation.

Annual assessment of financial management compliance [SD 5.1.2]

* The Responsible Body must conduct an annual assessment of compliance with all applicable requirements in the *Financial Management Act 1994*, the Directions and the Instructions.
* The Audit Committee must review the assessment.

Detailed periodic review of financial management compliance [SD 5.1.3]

* The Responsible Body must ensure that the internal audit function conducts a detailed review of the agency’s compliance with all requirements in the *Financial Management Act 1994*, these Directions and the Instructions over the period specified (three or four years).
* The period of review must be the same as the period of the strategic internal audit plan.
* A plan for the review must be included in the strategic internal audit plan.

Financial management compliance attestation[[6]](#footnote-7) [SD 5.1.4]

* The Responsible Body, or a member of the Responsible Body, must, in the agency’s annual report, in relation to the relevant financial year, attest to the extent of compliance with applicable requirements in the *Financial Management Act 1994*, the Directions and the Instructions, and disclose all Material Compliance Deficiencies.
* The compliance attestation must relate to compliance for the entire period of the relevant financial year.
* The Audit Committee must review the attestation.

Guidance

From 2018-19, a public attestation to the extent of compliance with all applicable Standing Directions and Instructions are required in each agency’s annual report.

The Responsible Body of an agency (department or public body) is responsible for the accuracy and completeness of attestation and must utilise audit committees or other internal governance bodies, where available, to support the view expressed. For a department, the Secretary/Accountable Officer is the Responsible Body. For public bodies, it is the board or the person with ultimate decision-making authority.

Attestation to the extent of compliance should be made annually in the report of operations and the person making the attestation, usually the Secretary/Accountable Officer of a department or member of the Responsible Body (for example the Chair of the Board) of a public body, should not make the attestation unless the Audit Committee agrees that such an assurance can be given.

An agency must only complete one attestation and the format will depend on whether a Material Compliance Deficiency has been identified (see attached templates).

## Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the [insert relevant department name] made [insert number] data sets available on the DataVic website in . Information included in this Annual Report will also be available at [www.data.vic.gov.au](https://www.data.vic.gov.au) in electronic readable format. [Note: suitable formats are CSV, Excel, and XML. PDF and Word are not suitable formats.]

Guidance – DataVic Access Policy [REVISED]

Entities are encouraged to include the above statement in their annual report if applicable.

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of government data at no cost 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.

Agencies are also encouraged to incorporate DataVic Access Policy achievements into their annual report. Suggested items include:

* outcomes achieved from the previous year’s program of works
* requests received for datasets to be released and the outcome of those requests, including FOI requested data
* feedback received on datasets released and the outcome of the feedback
* any known benefits of making datasets available achieved to date
* proactive open data plans for the coming year, including potential open data candidates for release. Organisations can now use the [Public Records Office Information management maturity measurement tool (IM3)](https://prov.vic.gov.au/recordkeeping-government/learning-resources-tools/information-management-maturity-measurement-tool-im3) to support best practise.

Departments can access and manage their published datasets via the [VPS Data Directory](https://directory.data.vic.gov.au/) or contact the DataVic team for assistance at datavic@dpc.vic.gov.au.

For further information, please see the [DataVic Access Policy and Guidelines](http://www.data.vic.gov.au/datavic-access-policy).

## Asset Management Accountability Framework (AMAF) maturity assessment [FRD 22]

The following sections summarise the Department's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the [DTF website](https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

The Department's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Target |   |  | Overall |   |

|  |  |
| --- | --- |
| **Legend** |  |
| **Status** | **Scale** |
| Not Applicable | N/A |
| Innocence | 0 |
| Awareness | 1 |
| Developing | 2 |
| Competence | 3 |
| Optimising | 4 |
| Unassessed | U/A |

### Leadership and Accountability (requirements 1-19)

The Department has met or exceeded its target maturity level under most requirements within this category.

The Department did not comply with some requirements in the areas of allocating asset management responsibility and other requirement. There is no material non-compliance reported in this category. A plan for improvement is in place to improve the Department's maturity rating in these areas.

### Planning (requirements 20-23)

The Department has met or exceeded its target maturity level in this category.

### Acquisition (requirements 24 and 25)

The Department has met or exceeded its target maturity level in this category.

### Operation (requirements 26-40)

The Department has met or exceeded its target maturity level under most requirements within this category. The Department did not comply with some requirements in the areas of monitoring and preventative action and information management. Monitoring and preventative action is an area of material non-compliance. The Department is developing a plan for improvement to establish processes to proactively identify potential asset performance failures and identify options for preventive action.

### Disposal (requirement 41)

The Department has met its target maturity level in this category.

Guidance – Asset Management Accountability Framework [REVISED]

Departments are required to summarise the results of the maturity assessments at least every three years. A rating scale is outlined in the AMAF Guidance Note: Adopting a risk-based approach to AMAF compliance assurance and maturity assessments, which departments should use unless an alternative assessment tool has been discussed with DTF in advance.

A department may summarise its results using the graph as shown above, as an extract of the [Maturity Rating Tool on the DTF website](https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework). A department may describe its performance against the target maturity within the five category areas of leadership and accountability, planning, acquisition, operation, and disposal. Details should be provided on areas of non-compliance and material non-compliance including the nature of the requirements and can include details for specific asset classes. A department may provide details of the reason for non-compliance, and the plan for and status of improvement. Agencies are encouraged to follow the same disclosure. For agencies with no asset base, refer to Standing Direction 1.5 for guidance.

# Disclosure index [Revised]

[The disclosure index is best disclosed as the first appendix of an entity’s annual report.]

The annual report of the Department is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Department’s compliance with statutory disclosure requirements. [FRD 10]

Click on a requirement or legislation title (Ctrl+click in Microsoft Word) to refer to the relevant requirements for the corresponding disclosure requirements, or alternatively, refer to the corresponding page references.

|  |  |  |
| --- | --- | --- |
| Legislation | Requirement | Page reference |
| *Standing Directions and Financial Reporting Directions* |
| *Report of operations*  |
| **Charter and purpose** |
| FRD 22 | [Manner of establishment and the relevant Ministers](#Report_Section1) |  |
| FRD 22 | [Purpose, functions, powers and duties](#INDEXPurposeFunc)  |  |
| FRD 8  | [Departmental objectives, indicators and outputs](#INDEXDeptObj) |  |
| FRD 22 | [Key initiatives and projects](#INDEXKeyInitiatives) |  |
| FRD 22 | [Nature and range of services provided](#Report_Section1) |  |
| **Management and structure** |
| FRD 22 | [Organisational structure](#INDEXOrgStructure)  |  |
| **Financial and other information** |
| FRD 8 | [Performance against output performance measures](#INDEXPerfAgainstOutp)  |  |
| FRD 8  | [Budget portfolio outcomes](#INDEXBudgetportfoliooutcomes) |  |
| FRD 10  | Disclosure index |  |
| FRD 12 | [Disclosure of major contracts](#INDEXmajorcontract) |  |
| FRD 15  | [Executive disclosures](#_Executive_data) | 78 |
| FRD 22 | [Employment and conduct principles](#INDEXemploymentconductprinciples) |  |
| FRD 22 | [Occupational health and safety policy](#INDEX_OHS_policies) |  |
| FRD 22 | [Summary of the financial results for the year](#INDEX_Sum_Fin_Result)  |  |
| FRD 22 | [Significant changes in financial position during the year](#INDEX_Sig_change_finposition)  |  |
| FRD 22 | [Major changes or factors affecting performance](#INDEX_Sig_change_finposition)  |  |
| FRD 22 | [Subsequent events](#INDEX_SubsequentEvent) |  |
| FRD 22 | [Application and operation of *Freedom of Information Act 1982*](#INDEX_FOI) |  |
| FRD 22 | [Compliance with building and maintenance provisions of *Building Act 1993*](#INDEX_BuildingAct) |  |
| FRD 22 | [Statement on National Competition Policy](#INDEX_CompetitiveNeutralityPolicy)  |  |
| FRD 22 | [Application and operation of the *Public Interest Disclosures Act 2012*](#INDEX_ProtectedDisclosure) |  |
| FRD 22 | [Application and operation of the *Carers Recognition Act 2012*](#INDEX_CarersRecogAct) |  |
| FRD 22 | [Details of consultancies over $10 000](#_Details_of_consultancies)  |  |
| FRD 22 | [Details of consultancies under $10 000](#_Details_of_consultancies_1)  |  |
| FRD 22 | [Disclosure of government advertising expenditure](#INDEX_AdvertisingExp) |  |
| FRD 22 | [Disclosure of ICT expenditure](#INDEX_ICTexp) |  |
| FRD 22 | [Reviews and studies expenditure](#INDEX_ReviewsAndStudiesExp) |  |
| FRD 22 | [Statement of availability of other information](#INDEX_AdditionalInfo)  |  |
| FRD 22 | [Asset Management Accountability Framework (AMAF) maturity assessment](#_Asset_Management_Accountability) |  |
| FRD 22 | [Disclosure of emergency procurement](#INDEX_EmergencyProcurement) |  |
| FRD 22 | [Disclosure of social procurement activities under the Social Procurement Framework](#_Disclosure_of_social) | 63 |
| FRD 22 | [Disclosure of procurement complaints](#_Disclosure_of_procurement) |  |
| FRD 24 | [Reporting of environmental data](#INDEX_EnvironmentalReporting) |  |
| FRD 25 | [Local Jobs First](#INDEX_VIPP) |  |
| FRD 29 | [Workforce Data disclosures](#Report_Section3) |  |
| SD 5.2 | [Specific requirements under Standing Direction 5.2](#RequirementsUnderSD5_2) |  |
| **Compliance attestation and declaration** |
| SD 5.4.1 | [Attestation for compliance with Ministerial Standing Direction](#INDEX_AttestationSD) |  |
| SD 5.2.3 | [Declaration in report of operations](#DeclarationInRoO) |  |
| *Financial statements* |  |
| **Declaration** |  |  |
| SD 5.2.2 | [Declaration in financial statements](#INDEX_ComplianceMinDirection) |  |

|  |  |  |
| --- | --- | --- |
| Legislation | Requirement | Page reference |
| *Standing Directions and Financial Reporting Directions* |
| **Other requirements under Standing Directions 5.2** |
| SD 5.2.1(a) | [Compliance with Australian accounting standards and other authoritative pronouncements](#RequirementsUnderSD5_2) |  |
| SD 5.2.1(a) | [Compliance with Standing Directions](#RequirementsUnderSD5_2) |  |
| SD 5.2.1(b) | [Compliance with Model Financial Report](#RequirementsUnderSD5_2) |  |
| **Other disclosures as required by FRDs in notes to the financial statements (a)(b)** |
| FRD 9 | [Departmental Disclosure of Administered Assets and Liabilities by Activity](#INDEX_DeptAdminAssetsNLiabilities) |  |
| FRD 11 | [Disclosure of Ex gratia Expenses](#INDEX_ExGratia) |  |
| FRD 13 | [Disclosure of Parliamentary Appropriations](#INDEX_ParApprop) |  |
| FRD 21 | [Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report](#INDEX_ResponsiblePersons) |  |
| FRD 103 | [Non‑Financial Physical Assets](#INDEX_NonFinAssets)  |  |
| FRD 110  | [Cash Flow Statements](#INDEX_CFStats) |  |
| FRD 112 | [Defined Benefit Superannuation Obligations](#INDEX_DBPObligation) |  |
| FRD 114  | [Financial Instruments – general government entities and public non-financial corporations](#INDEX_FinancialInstruments) |  |
|  |
| *Legislation* |  |
| [*Freedom of Information Act 1982 (Vic) (FOI Act)*](#INDEX_FOI)  |  |
| [*Building Act 1993*](#INDEX_BuildingAct) |  |
| [*Public Interest Disclosures Act 2012*](#INDEX_ProtectedDisclosure) |  |
| [*Carers Recognition Act 2012*](#INDEX_CarersRecogAct) |  |
| [*Disability Act 2006*](#INDEX_CompliianceDisabilityAct) |  |
| [*Local Jobs Act 2003*](#INDEX_VIPP) |  |
| [*Financial Management Act 1994*](#INDEX_ComplianceAASB) **(b)** |  |

Notes:

1. References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure.
2. Refer to the Model financial statements section (Part two) for further details.

Guidance – Disclosure Index

**FRD 10** *Disclosure index* requires entities to include a disclosure index in their annual report that reports the following:

* A list identifying the relevant clauses of Victorian legislation with statutory disclosure requirements that the entity must comply with
* A short description of the relevant requirements
* The page in the annual report where the disclosure for each requirement is made.

The disclosure index is usually presented as the first appendix at the end of the annual report.

The Model Report is based on information at a point in time before 30 June and may not reflect the latest AASs and FRDs. Therefore, it is the responsibility of the preparer to refer back to the [DTF website](https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance) for the most up-to-date references when finalising their annual reports.

1. DTF provides the State’s consolidated financial data to the ABS based on the Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 (Catalogue No. 5514.0), published by the ABS. [↑](#footnote-ref-2)
2. FRDs are located on the DTF website at: <https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance> [↑](#footnote-ref-3)
3. The System of National Accounts 2008 was released under the auspices of the Commission of the European Communities, the International Monetary Fund, the Organisation for Economic Cooperation and Development, the United Nations and the World Bank. [↑](#footnote-ref-4)
4. The words ‘on behalf of the Responsible Body’ should be removed if the Responsible Body is the Accountable Officer
e.g. the department Secretary. [↑](#footnote-ref-5)
5. The words ‘on behalf of the Responsible Body’ should be removed if the Responsible Body is the Accountable Officer
e.g. the department Secretary. [↑](#footnote-ref-6)
6. This attestation should take into account the advice from the Audit Committee. [↑](#footnote-ref-7)