



Department of **Treasury and Finance**

Annual Report 2018 | 19



Treasury
and Finance

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Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Treasury and Finance Annual Report for the year ending 30 June 2019.



David Martine
Secretary

19 September 2019

About DTF

Our vision

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

Our purpose

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

DTF's role and objectives

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

This includes:

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

DTF's objectives are to:

- optimise Victoria's fiscal resources;
- strengthen Victoria's economic performance;
- improve how Government manages its balance sheet, commercial activities and public sector infrastructure;
- deliver efficient whole of government common services to the Victorian public sector; and
- ensure DTF and its people have the capability to serve Government.

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

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

Our Ministers

Treasurer – Tim Pallas MP

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

Tim Pallas MP commenced as Minister for Economic Development in November 2018.

The Treasurer is the minister with oversight of government revenue and expenditure, including:

- preparing and delivering the annual State Budget;
- promoting economic growth across the State of Victoria;
- developing the fiscal objectives and strategy for the State of Victoria;
- overseeing the economic policy and economic strategy of the Government;
- driving wages policy, which operates in conjunction with the industrial relations policies as developed and administered by the Minister for Industrial Relations;
- overseeing the planning and delivery of major infrastructure projects undertaken across government;
- administering the Market-led Proposals Guideline, which provides the State with the means to access new and innovative ideas from the private sector;
- revenue policy and collection for the State of Victoria, including stamp duty, payroll tax and land tax;
- borrowing, investment and financial arrangements to hedge, protect and manage the State's financial interests; and
- providing investment and fund management services to the State and its statutory authorities.

As the Minister for Economic Development, Tim Pallas MP oversees commercial developments to boost investment and jobs in Victoria, as well as:

- promoting and encouraging investment into Victoria to underpin longer term economic growth for the State; and
- leading investment attraction strategies and developing Victoria's offering through enhancing government levers and identifying opportunities to boost Victoria's business investment environment.

Minister Pallas is also Minister for Industrial Relations.

Assistant Treasurer – Robin Scott MP

Robin Scott MP commenced as Assistant Treasurer in November 2018.

Robin Scott MP was previously the Minister for Finance from December 2014 to November 2018.

The Minister's primary responsibilities are:

- the State's financial reporting and accountability framework;
- whole of Victorian government financial management and risk management frameworks;
- whole of Victorian government purchasing and procurement arrangements including oversight of the Victorian Government Purchasing Board;
- the Victorian Government's data access and intellectual property policies;
- overseeing superannuation policy for State schemes, including oversight of the Emergency Services Superannuation Scheme;
- the Victorian Government's motor vehicle fleet;
- whole of Victorian government landholding policy and coordination of government land sales;
- whole of Victorian government accommodation planning and policies through the Shared Service Provider;
- the Essential Services Commission, the independent economic regulator of the State's essential services; and
- the Registrar of Housing Agencies, who regulates Victoria's registered community housing agencies.

Minister Scott is also Minister for Veterans.

Senior Executive Group

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

David Martine

Secretary, DTF

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

David joined DTF as Secretary in February 2014. Prior to this David held a number of senior roles in the Commonwealth public sector, particularly in the Commonwealth Treasury and the Department of Finance and Deregulation.

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

Amy Auster

Deputy Secretary, Economic Division

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

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

Jamie Driscoll

Deputy Secretary, Budget and Finance Division

Jamie commenced as Deputy Secretary, Budget and Finance in February 2019 and is responsible for providing advice on the State's fiscal resources, financial management and consolidated reporting, and providing financial advice on public sector workplace agreements.

Immediately prior to joining DTF, Jamie was the Director, Strategy for the Major Transport Infrastructure Program in the Office of the Coordinator-General. He has previously held various roles in the ACT and Victorian Governments and was an Associate Director in Deloitte's economics practice.

Gayle Porthouse

Deputy Secretary, Corporate and Government Services Division

Gayle is responsible for the efficient delivery of financial, people, information, legal, planning, procurement and technology services to DTF, which supports the Department to achieve its objectives and capacity to serve government. Gayle is also responsible for the management of whole of Victorian government services provided to departments and agencies, including the development of policies and initiatives to achieve continuous improvement in facilities and real estate management; and whole of government procurement operations, policy and reform. This includes management of state purchase contracts, the development and implementation of Victoria's first Social Procurement Framework, operational management for the Victorian Government Purchasing Board and management of the Standard Motor Vehicle policy and VicFleet operations.

Gayle joined the Department in July 2014. Gayle has more than 30 years' experience in the public service across several government departments, including the Department of Premier and Cabinet.

Jason Loos

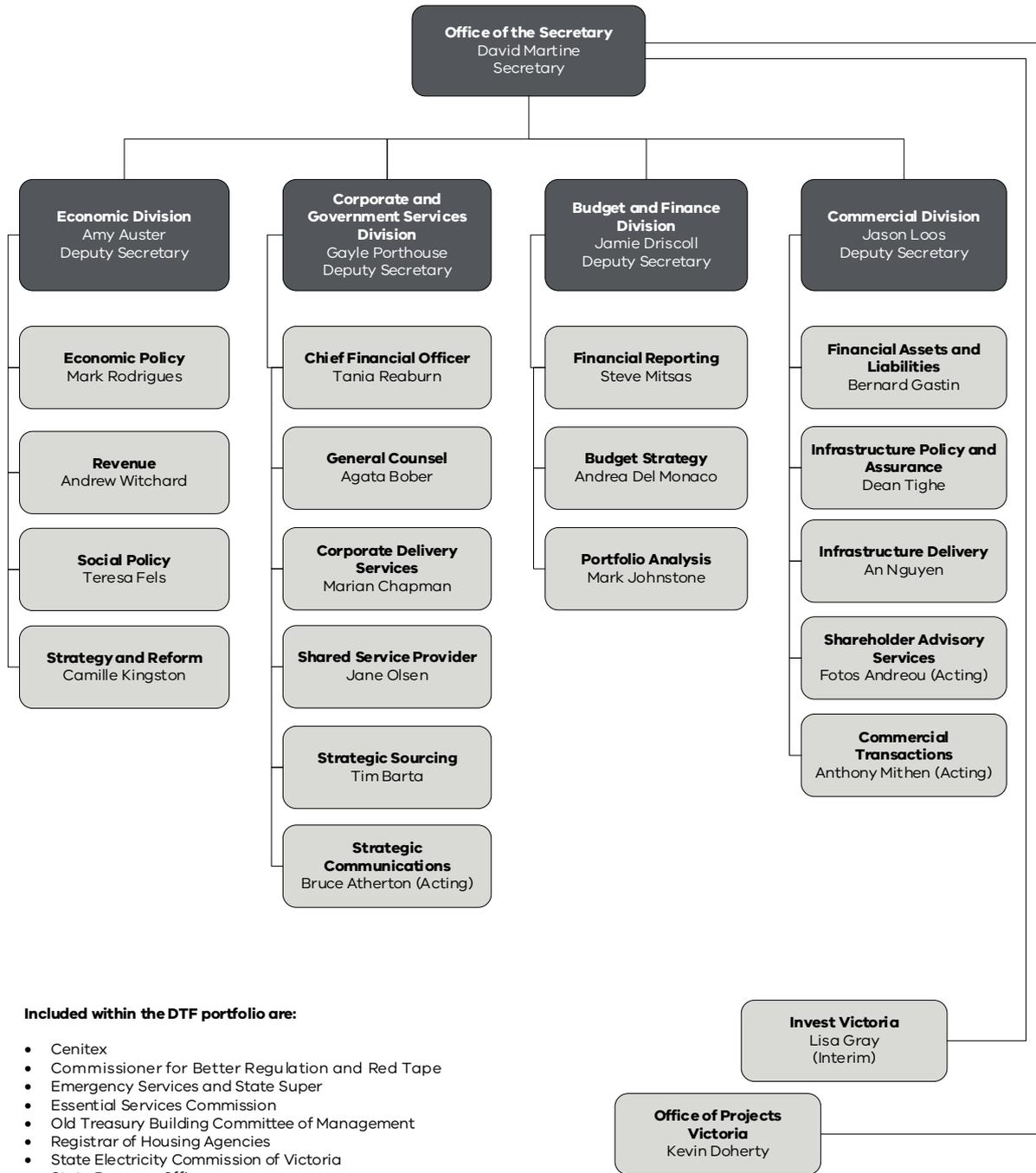
Deputy Secretary, Commercial Division

Jason is responsible for providing strategic commercial, financial and risk management advice to the Victorian Government. Activities include managing the State's balance sheet, prudential supervision of public financial corporations, public private partnerships, market-led proposals, infrastructure procurement and investment, commercial and property transactions and the monitoring and governance of the State's major government business enterprises.

Prior to this role, Jason was the Executive Director, Infrastructure Delivery (Partnerships Victoria) where he was responsible for providing strategic commercial, financial and structuring advice to the Victorian Government on major infrastructure projects.

Jason has been with the Department of Treasury and Finance for more than 20 years, during which time he has overseen a number of policy initiatives and major projects.

Organisational chart, 30 June 2019



Included within the DTF portfolio are:

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

Functions and services

The Office of the Secretary and four divisions, as outlined below, carried out the functions and services of DTF during 2018-19.

Office of the Secretary

The Office of the Secretary supports the Secretary.

Economic Division

Economic Policy

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

Revenue

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

Social Policy

Provides analysis and policy advice on outcome-based funding, health and human services, housing, demand forecasting and insurance policy.

Strategy and Reform

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

Corporate and Government Services Division

Corporate Delivery Services

Ensures DTF has the capability, tools and systems to support a flexible workforce and to effectively service government. The group includes responsibility for DTF's people, accommodation needs, Information Communications Technology (ICT), planning, audit and risk, integrity, Cabinet services and freedom of information. The group also manages responses to Public Accounts and Estimates Committee inquiries. A number of our teams also have whole of government responsibilities, including supporting the State Resource Information Management System and the whole of Victorian Government Intellectual Property Policy.

Corporate Finance

Provides corporate financial services to the Department, DPC and a number of agencies, including statutory and external reporting, management reporting, budgeting, asset management and management of various trusts.

Legal Services

Provides internal legal and advisory services to the Department and its Ministers. The group also supports the Department in engaging and managing the provision of external legal services.

Shared Service Provider

Delivers strategic, efficient, fit-for-purpose and effective accommodation management, car pool and government library shared services that deliver value to the Victorian Government.

Strategic Communications

Provides issues management and strategic communications advice and services to effectively plan and implement projects and programs. The group manages the Department's various websites, intranet, internal communications and social media channels.

Strategic Sourcing

Provides whole of government procurement, policy and strategic sourcing solutions; procurement policy and reform leadership through supporting the Victorian Government Purchasing Board; and management of the Standard Motor Vehicle policy, VicFleet operations and the vehicle finance lease facility for government departments and agencies. It provides internal governance and operational support for the Department's procurement activities.

Budget and Finance Division

Budget Strategy

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

Financial Reporting

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

Portfolio Analysis

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

Commercial Division

Financial Assets and Liabilities

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

Infrastructure Policy and Assurance

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

Infrastructure Delivery

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

Shareholder Advisory Services

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

Commercial Transactions

Provides transaction advisory services and advice to Government on whole of State negotiations. This includes identifying reform opportunities to ensure capital is efficiently deployed for the benefit of the entire Victorian community as well as leading and implementing complex commercial transactions.

Office of Projects Victoria

The Office of Projects Victoria (OPV) is an administrative office of DTF that aims to improve outcomes across Victorian Government projects.

OPV is responsible for providing the Victorian Government with assurance through project portfolio monitoring and oversight; providing technical and engineering advice to major projects; supporting the coordination between delivery agencies to improve the overall system of project delivery including building capability and skills and engaging the engineering profession to enhance its impact in Victoria.

Invest Victoria

Invest Victoria is the Victorian Government's lead investment attraction function that plans, coordinates, and executes whole of government Foreign Direct Investment strategies and activities for the State. Invest Victoria aims to ensure the State's investment attraction efforts drive long-term economic performance, particularly through innovation and export led growth. Invest Victoria works with government and other stakeholders to ensure that Victoria is a competitive destination for business, innovation and talent globally.

DTF also supports the following portfolio agencies:^(a)

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

Note:

(a) In December 2018, machinery of government changes transferred parts of the Transport Accident Commission and Worksafe Victoria to the Department of Transport and Department of Justice and Community Services.

Governance of DTF

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

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

The Board's primary function is to set and monitor overall strategic direction, provide effective guidance and leadership, and ensure the sound financial management and compliance of the Department. The Board also provides high level monitoring and oversight of the Department's people management and organisational strategies.

The Board met eight times in 2018-19.

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

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

DTF Audit and Risk Committee membership and roles

The Audit and Risk Committee comprised the following members as at 30 June 2019.

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

The main responsibilities of the audit committee are to:

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

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

Report of operations

Secretary's foreword

I am pleased to present the 2018-19 Annual Report for the Department of Treasury and Finance (DTF), outlining a year of achievement for the Department in supporting and delivering Government policy and core functions of the Department's work.

The Department has made significant progress against our objectives this year, continuing to provide robust analysis and advice to inform Government policy development and service delivery. The 2019-20 Victorian Budget was delivered on 27 May, with the Department presiding over a Budget process that provided \$11.4 billion in output initiatives and up to \$34.5 billion in new capital investment. The Department has also undertaken significant change this year with the addition of the economic development function to the Department's portfolio and the onboarding of new staff as part of Invest Victoria transferring to DTF following machinery of government changes announced in December 2018.

The Department's major achievements for 2018-19 included:

- delivering the 2019-20 Victorian Budget;
- producing key publications including the *2017-18 Financial Report*, the *2018-19 Budget Update* and the *2018 Pre-Election Budget Update*;
- for the *2019-20 Budget*, supporting the implementation of significantly changed financial reporting requirements from new Australian Accounting standards with major impacts on the State's budget fiscal aggregates;
- implementing the machinery of government changes following the election, including onboarding Invest Victoria to the Department;
- developing the Department's *2019-23 Corporate Plan*;
- developing DTF's *Internal Communications Strategic Plan 2019-22* and *Internal Communications Best Practice Guide*;
- supporting the Treasurer through intergovernmental forums, including at the Council on Federal Financial Relations, to ensure no state or territory was worse off from the Commonwealth's changes to the goods and services tax (GST) distribution system;
- developing and publishing election commitment costings in the lead-up to the State election;
- supporting Victoria's negotiations with the Commonwealth Government on the National School Reform Agreement;
- developing the Victorian Government Purchasing Board's Guide to procuring Uniforms and Personal Protective Equipment, supporting local and ethical procurement;
- negotiating two Partnerships Addressing Disadvantage programs;
- launching the Department's Social Procurement Strategy;
- coordinating publication of Volume 2 and 3 of the *Victorian Economic Bulletin*, a bi-annual publication releasing economic research relevant to Victoria;
- supporting relief and recovery efforts following significant bushfires in Victoria;
- commencing the Government's 2019-20 Base and Efficiency Review program;
- working with departments to improve the quality of their Departmental Performance Statements reported in Budget Paper No. 3;
- implementing the *HomesVic* shared equity scheme;
- supporting the delivery of major infrastructure projects including the West Gate Tunnel, Metro Tunnel and North East Link;
- early planning work for the Suburban Rail Loop;
- supporting implementation of the National Disability Insurance Scheme, including the negotiation of the full scheme bilateral agreement between Victoria and the Commonwealth; and
- supporting international business investment into Victoria including Kaufland and Uber Elevate.

Future challenges

In 2019-20, the priorities outlined in the Department's *2019-2023 Corporate Plan* will continue to drive our agenda. In particular the Department will be focusing on helping the Victorian public sector deliver better services more efficiently, ensuring a sustainable financial position for the Victorian government and delivering value-for-money commercial activities and infrastructure investment. To do so we will continue to focus on remaining a competitive and well-respected employer, to attract and retain the talent required to deliver on Victorian government priorities.

Significant projects for 2019-20 include:

- delivering the annual 2020-21 Victorian Budget;
- finalising the Government's 2019-20 Base and Efficiency Review program and review of the Departmental Funding Model;
- strengthening public sector accountability through amendments to the financial management frameworks;
- managing the funding and financing for the development of the Suburban Rail Loop;
- overseeing the commercial structuring of all PPP projects, particularly the Footscray Hospital and North East Link;
- collaborating across government on expiring and new intergovernmental agreements including the renegotiation of the National Health Reform Agreement, and reforms in the vocational education and training sector;
- launching two new Partnerships Addressing Disadvantage to improve social outcomes for disadvantaged cohorts;
- introducing new processes to strengthen front end engineering and design within the Victorian Government's Gateway Project Assurance Framework;
- overseeing the commercial structuring of all public private partnership projects, particularly Footscray Hospital and North East Link;
- partnering with the community housing sector to contract up to 1200 new social dwellings and providing access to longer term, low interest loans to community housing agencies to facilitate the delivery of additional social housing;
- leading reforms to optimise Victoria's infrastructure program;
- identifying opportunities to strengthen the State's balance sheet;
- implementing the Market-led Proposals Guideline and leading stage one and two assessments;
- implementing a Social Procurement Framework and increasing procurement benefits for Victorian Government departments and agencies;
- expanding Shared Service Provider (SSP) advisory services to clients and Government including space management, asset management and security services;
- developing an investment attraction strategy that contributes to an overarching economic development strategy; and
- supporting delivery of the Victorian Hydrogen Energy Supply Chain Pilot Project.

Our people

This year the Department has continued to deliver against our key focus areas aligned with our People Matter Survey results, including promoting and enhancing flexible work practices, diversity and inclusion, leadership, wellbeing and respectful workplace culture. This has included training on mental health and wellbeing for staff, and the delivery of a leadership development program for 40 staff in management or executive roles.

We have also developed a number of strategies to support a more inclusive and flexible workplace such as the Diversity and Inclusion Framework, including an Aboriginal Employment Action Plan and an All Abilities Action Plan. We continued to make progress on achieving gender balance in leadership roles within the Department and working to remove unconscious bias in recruitment outcomes.

We have welcomed into the Department a total of 70 new staff members, transitioning from the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR). These staff members form Invest Victoria, supporting the Treasurer in his new Economic Development portfolio.

This year has seen significant upgrades to the technology used by Department staff to support the work they deliver each day. These upgrades have contributed to the efficiency of our workforce, improving staff mobility and supporting flexible work arrangements. The Mobility Project has provided staff across the Department with laptop devices, incorporating the roll-out of Office 356 products. We have also introduced a new cloud-based, all-in-one finance and procurement system, providing significant efficiencies and functionality improvements for staff.

I would like to thank staff for their contributions to the work of the Department over the past financial year. Your efforts to provide the highest standard of advice and service delivery continue to make a positive contribution to the lives of all Victorians.



David Martine
Secretary

2018-19 performance

DTF continues to perform strongly in the delivery of its core business objectives, as a provider of advice and services to Government. DTF also performed well in meeting its outputs as specified in the State's 2018-19 Budget Paper No. 3. *Service Delivery*. Of the Department's 60 quantity, quality and timeliness output performance targets that are available, 85 per cent were met or exceeded.

Departmental objectives, indicators and outputs

The Department's objectives, associated indicators, and linked outputs as set out in the 2018-19 Budget Paper No. 3 *Service Delivery* are shown below.

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

Departmental objective

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

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

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

Deliver efficient whole of government common services

Under this objective, the Department delivers whole of government common services through working with business partners.

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

Indicators

High-value high-risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope.

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

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

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

Low vacancy rates for government office accommodation maintained.

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

Outputs

Commercial and Infrastructure Advice

Services to Government

Note:

(a) Output transferred to DTF from the Department of Economic Development, Jobs, Transport and Resources as a result of machinery of government change and effective 1 January 2019.

Changes to the Department during 2018-19

Objectives

Changes to outputs are reflected in the table below.

2018-19 departmental objective	2017-18 departmental objective	Reason for change
No change		

Output structure

Changes to the Department's output structure for 2018-19 are reflected in the table below:

2018-19 outputs	2017-18 outputs	Reason for change
Invest Victoria	Jobs and Investment	Transferred departmental output resulting from machinery of government change effective 1 January 2019.

Reporting progress towards achieving Departmental objectives and indicators

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

Objective 1: Optimise Victoria's fiscal resources

Objective indicators

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

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

The general government sector net operating result for 2018-19 is \$1.38 billion.

The general government operating surplus (net result from transactions) is estimated to be \$1.0 billion in 2019-20. Surpluses averaging \$3.4 billion a year are expected across the forward estimates. This net operating result is consistent with maintaining net debt at a sustainable level over the medium term.

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

The ratio of net debt to GSP as at 30 June 2019 is 5.0 per cent. General government net debt as a percentage of GSP is expected to be maintained at a sustainable level over the medium term.

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

DTF continued to provide ongoing oversight and support to public sector agencies in maintaining robust financial management governance in line with the 2016 Standing Directions. Agencies made the first ever public attestation of compliance with the Standing Directions in the 2017-18 annual reporting process. Overall compliance was positive as agencies became increasingly familiar with requirements, with only a small number of departments and agencies reporting material compliance deficiencies, mainly related to asset management, internal controls and systems and business continuity planning.

DTF continues to work with departments to strengthen the oversight of small agency compliance with the Standing Directions, which is assisting to reduce the administrative burden for these agencies.

In 2018-19 the Standing Directions were revised to establish requirements and governance over a new Central Banking System across the Victorian Public Sector.

Objective Indicator 4: Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria’s fiscal resources.

The State’s 2019–20 Budget was released in May 2019. During the 2019–20 Budget process, DTF supported Government decision-making by providing detailed analysis of budget proposals across all departmental portfolios, and provided advice on fiscal strategy, expenditure and savings options to the Government. DTF also supported Government decision-making by providing advice on the impact of the transition to the new suite of accounting standards, in particular net debt, as part of the 2019–20 Budget process.

DTF contributed to the design, and will support implementation of, the Government’s 2019–20 Base and Efficiency Review program. The program will

support the identification of a range of efficiency measures to be delivered over the next four years to ensure funding is best focused to achieve the Government’s priority policy outcomes. DTF contributed to funding reviews across multiple portfolios, supporting the effective and efficient delivery of government services.

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

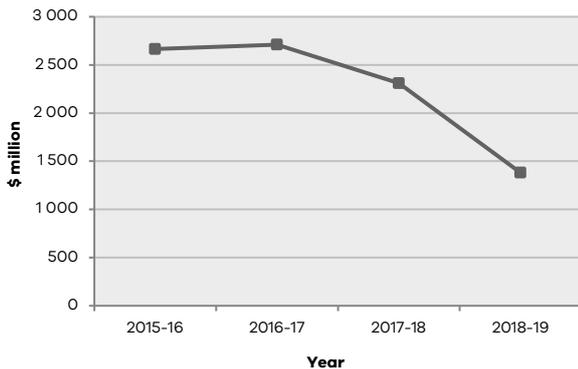
Table 1 – Progress towards objective – Sound financial management of Victoria’s fiscal resources

Indicator	Unit of measure	2015-16 actual	2016-17 actual	2017-18 actual	2018-19 actual
A net operating surplus consistent with maintaining general government net debt at a sustainable level.	\$ billion	2.66	2.71	2.31	1.38
General government net debt as a percentage of GSP to be maintained at a sustainable level.	per cent	5.8	3.9	4.7 ^(a)	5.0

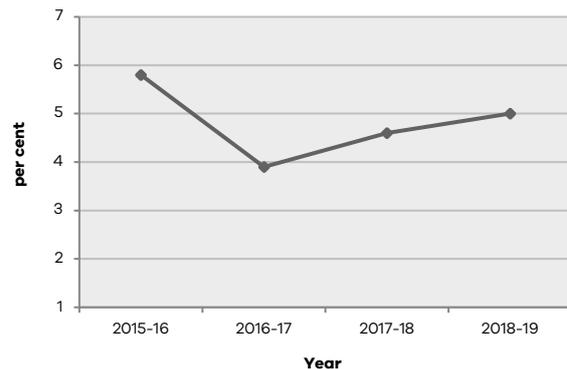
Note:

(a) The ratio to GSP may vary from publications year to year due to revisions to the Australian Bureau of Statistics (ABS) data.

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



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



Objective 2: Strengthen Victoria’s economic performance

Objective indicators

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

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

Economic data to assess this objective indicator is scheduled for release by the Australian Bureau of Statistics in November 2019.

Invest Victoria has contributed to strengthening economic growth in Victoria by attracting and facilitating private sector investment, prioritising innovative, emerging and high-growth sectors of the economy.

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

Victoria’s labour market continued to perform strongly in 2018-19, leading to above-trend employment growth of 110 000 or 3.4 per cent.

Invest Victoria has contributed to Victoria’s employment growth by attracting and facilitating private sector investment and directly creating jobs.

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

In 2018-19, DTF briefed the Treasurer on economic and financial market conditions. DTF provided forecasts for the economy and labour market that informed the outlook for tax revenue and the budget’s fiscal position.

DTF briefed the Treasurer on the Commonwealth’s proposed response to the Productivity Commission’s Inquiry into Horizontal Fiscal Equalisation including advice for Board of Treasurers and Council of Federal Financial Relations discussions. DTF provided advice on the Commonwealth Grants Commission’s 2020 Methodology Review. DTF was involved in the ongoing negotiation of new National Agreements, including the National School Reform Agreement, and the National Health Reform Agreement.

In October 2018, DTF entered into negotiations for two potential Partnerships Addressing Disadvantage (formerly Social Impact Bonds pilot). One partnership seeks to focus on early intervention for vulnerable children and the other is focused on disengaged youth.

DTF worked with the Department of Health and Human Services (DHHS) to implement the Social Housing Growth Fund, which funds the New Rental Development program and the Build and Operate program to grow social and affordable housing. In addition, DTF and DHHS implemented the Building the Financial Capability of Housing Association program which provides low interest loans and government guarantees to support growth in social and affordable housing.

DTF worked on the implementation of *HomesVic*, a shared equity scheme to support low income earners into home ownership. To date, more than 172 homes have been settled under the scheme.

In 2018-19, DTF continued to support the Victorian Secretaries’ Board to understand and mitigate whole of government, state significant risks, including through a series of projects on climate change and population growth/demographic change.

DTF led the development of advice to the Government on the progress of a number of reforms

themed around improving productivity, job creation and economic inclusion, supported by regular reporting to Ministers based on a dashboard of economic indicators tracking Victoria’s economic performance and the impacts of the reform program.

DTF provided strategic advice on opportunities to improve the performance of the education sector, including reform priorities for the TAFE sector and on the negotiations with the Commonwealth on the National School Reform Agreement and the associated bilateral agreement. DTF supported the Treasurer on waste and recycling issues, including responses to market instability and the management of contaminated sites.

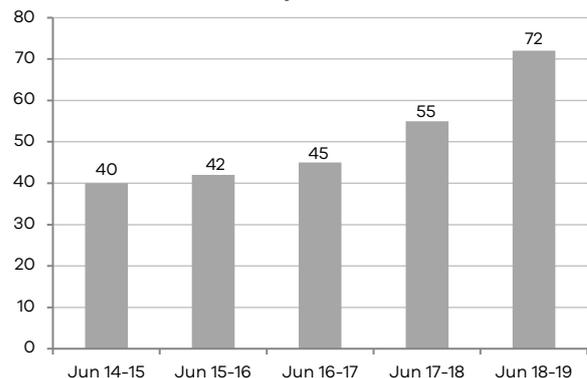
DTF worked with DHHS and the Department of Premier and Cabinet (DPC) to negotiate a bilateral agreement with the Commonwealth for the implementation of the NDIS full scheme, which included the State receiving its DisabilityCare Australia Fund (DCAF) entitlement. DTF also supported DHHS and DPC to finalise contracts with five providers to transfer Supported Independent Living and Short Term Accommodation Assistance services to the non-government sector.

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

Objective indicators

1. HVHR projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope.
2. Government business enterprises performing against agreed financial and non-financial indicators.
3. Advice contributes to the achievement of Government policies and priorities relating to Victoria’s balance sheet, commercial activities and public sector infrastructure.

Number of major capital projects monitored by DTF



Objective Indicator 1: HVHR projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope.

DTF has continued to improve the HVHR assurance process through the establishment of tailored and project specific assurance plans that better focus assurance effort, and the establishment of project assurance reviews that are designed to augment the standard Gateway reviews with a more flexible review when needed. The Treasurer approved 12 tailored project assurance plans for HVHR projects to increase the likelihood that projects are completed within agreed timeframes, budget and scope. This requires projects to seek the Treasurer's approval to release tender documentation, select a preferred bidder and undertake Gateway reviews. These reviews provide advice to the HVHR projects' Senior Responsible Owner to help projects succeed and review projects' progress against best practice.

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

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

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

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

DTF published additional guidance on its website to support the implementation of the Asset Management Accountability Framework (AMAF) for intangible assets, to improve the way Victoria's public assets are planned, used and maintained. DTF supported departments and agencies to finalise their 2017-18 public attestations with guidance on the concept of materiality and through its AMAF implementation working group. The AMAF strengthens accountability for asset management by requiring departmental Secretaries and agency boards to attest each year that they have applied the framework.

In 2018-19, DTF strengthened its Gateway review process to ensure it continued to provide significant value for Government. Review enhancements included:

- increasing the use of industry leaders and experts as Gateway reviewers;
- actively promoting the use of DTF experts as reviewers to enhance public sector capabilities;
- increasing training and feedback forums; and
- introducing bespoke reviews to complement the formal Gateway process.

In 2018-19, project development activities for major infrastructure projects included:

- North East Link release of expressions of interest (EOI) and EOI evaluation, with continuing work on State toll company structure and proposed legislation;
- Suburban Roads Upgrade EOI release, announcement of shortlist and Request for Proposal released;
- Citylink Act legislative amendments for West Gate Tunnel project were enacted;
- Footscray Hospital expressions of interest released;
- Suburban Rail Loop development of funding and financing options; and
- multiple PPP refinancing transactions completed.

In 2018-19, the Government endorsed further work to be undertaken on DTF's proposed infrastructure reform program. The broad scope of work included:

- fostering better partnerships with industry to create a larger, more sustainable industry and lift the performance of government as a client;
- improving program-wide decision making across Victoria's unprecedented infrastructure pipeline;
- refining the way we commission and manage projects to improve project certainty; and
- building in-house analytics models to better influence long-term decision making.

DTF will continue to work with departments and agencies to begin to deliver this reform program by the 2020-21 Budget.

Throughout 2018-19, DTF met monthly with departments to help evolve their cash-flow forecasting to achieve greater insight and accuracy. Work has continued with Treasury Corporation of Victoria (TCV) to agree the management of Consolidated Building Services Victoria (CBS) and some big milestones have been achieved in agreeing the flow of funds between the Public Account and the CBS to ensure an efficient allocation of the State's surplus funds.

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

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

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

Objective 4: Deliver efficient whole of government common services

Objective indicators

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

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

DTF manages 18 common use whole of Victorian government goods and services categories (non- ICT) state purchase contracts (SPCs) totalling about \$1.2 billion of expenditure and generating 5.6 per cent in savings for 2018-19.

SPCs reviewed were: portfolio of energy categories, Fleet Disposals, and the Motor Vehicles Register. The focus for SPC reviews for 2019-20 will be Natural Gas Small Sites; Banking and financial services, Staffing Services, Language Services, Professional Advisory Services, and Fuel and Associated Products.

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

The vacancy rate for government office accommodation remained low due to the effective management of property and was 1.3 per cent at June 2019. There is one property that is temporarily included in the vacancy register as part of the process to sell the property for redevelopment. Excluding this property, the vacancy rate would have been 0.21 per cent. This would be consistent with the vacancy rate in June 2018 of 0.24 per cent.

The vacancy rate for government office accommodation remains very low when compared to the broader market. In 2018, the vacancy rate for the whole of the Melbourne CBD fell to a 10-year low of 3.2 per cent.

Under Centralised Accommodation Management, in partnership with its property outsourced provider, SSP will implement space management tools across the portfolio to ensure optimal use of office space and support ongoing strategic accommodation planning.

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

In 2018-19, VicFleet started work on developing a Client Access System (CAS) to streamline ordering of vehicles. CAS will enable agencies to browse the vehicle pricing catalogue, create lease quotations, seek internal approval and complete the vehicle receipt process online. CAS is expected to be in production by the end of 2019.

A key focus for Strategic Sourcing has been implementing the procurement reform program. This is being delivered across five key workstreams:

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

The key achievements from the five work streams in 2018-19 include:

- developing a comprehensive suite of guidance material to support buyers with the introduction of the Social Procurement Framework (SPF), effective from 1 September 2018. Supporting all Victorian departments with the development of their initial Social Procurement Strategy and developing a measurement and reporting framework to report on the impacts of the new policy. Planning is underway to publish the inaugural SPF annual report in November 2019;

- confirming the preferred mechanism to expand the Victorian Government Purchasing Board scope to about 150 agencies, and developing the expansion framework and compliance mechanism;
- developing and launching the Guide to Procuring Uniforms and Personal Protective Equipment (PPE), with buyer and supplier engagement, capability uplift and compliance monitoring progressing. The Ethical Supplier Register (Uniforms and PPE) currently has 16 approved suppliers, with applications continuing to be received;
- undertaking initial discovery activities to identify opportunities to harmonise goods and services and construction procurement, to simplify processes and practices for buyers and suppliers;
- launching the Buying for Victoria website to provide a central site for buyers and suppliers to access all government procurement policy;
- developing the e-procurement strategy to provide a long-term vision for whole of Victorian government investment in technology to support procurement decision-making. An initial pilot project is progressing using procurement expenditure data from DPC, DTF and Victoria Police;
- developing an Introduction to Government Procurement pilot micro-credential module in partnership with DPC and RMIT University; and
- developing a Procurement Capability Strategy and commencing the development of a Procurement Capability Framework and Skills Matrix in partnership with representatives from the major Departments, for release in late 2019.

In 2018-19, SSP experienced a 20 per cent increase in the accommodation portfolio under management since the 2017-18 financial year, representing an additional 174 286 square metres to take the total net lettable area to 1 032 557 square metres.

While the client satisfaction result was still strong, it was slightly below target this year. Client satisfaction decreased to 74.4 from an overall satisfaction score of 76.3 using the weighted average methodology. Some factors that may have contributed to the result include stakeholder reaction to the on-boarding of new vendors in facilities management. During the year, SSP implemented new accommodation facilities management vendors across all Melbourne CBD, metropolitan and rural regions in the areas of cleaning, waste, heating, ventilation, air conditioning, cooling, general maintenance contractor (including handyman, electrical and plumbing) and fire services.

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

Indicator	Unit of measure	2015-16 actual	2016-17 actual	2017-18 actual	2018-19 actual
Low vacancy rates for government office accommodation maintained	per cent	0.35	0.44	0.24	1.31
Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs	per cent	8.1	6.0	5.5	5.6

Performance against output performance measures

The following sections outline details of the outputs provided by the Department to the Government, including performance measures and costs for each output, and the actual performance results against budgeted targets by output for the Department over the full year ending 30 June 2019.

Legend of symbols

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

- ✓ performance target achieved – both within 5 per cent variance and exceeds 5 per cent variance
- performance target not achieved – within 5 per cent variance
- performance target not achieved – exceeds 5 per cent variance

Optimise Victoria's fiscal resources

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

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

The departmental objective indicators are:

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

Budget and Financial Advice

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

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

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

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

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

- enhancing key frameworks to drive performance;
- monitoring Victorian public sector (VPS) agencies' compliance;
- advising Government and key stakeholders on financial and resource management and compliance issues;
- ensuring that financial and resource management frameworks are established and complied with;
- promoting continuous improvement in Victorian public sector resource allocation and management through regular reviews and updates to ensure the frameworks represent good practice; and
- promoting awareness of financial management accountabilities and roles.

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

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Quantity					
Number of funding reviews contributed to by DTF <small>The higher 2018-19 actual is due to the Government commencing eight base reviews, one on each department, which DTF is contributing to.</small>	number	8	3	166.7	✓
Quality					
Accuracy of the revised estimate of State Budget expenditure	per cent	≤5.0	≤5.0	–	✓
Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements	number	2	2	–	✓
Recommendations on financial management framework matters made by the Public Accounts and Estimates Committee and the Victorian Auditor-General's Office and supported by Government are actioned	per cent	100	100	–	✓
VPS stakeholder feedback indicates delivery of advice and information sessions supported the financial reporting framework across the VPS and supported the VPS to understand the financial management framework <small>The higher 2018-19 outcome reflects a greater than expected satisfaction from stakeholders across the VPS as measured through a stakeholder survey.</small>	per cent	89.7	80	12.1	✓
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Timeliness					
Delivery of advice to Government on portfolio performance within agreed timeframes	per cent	100	100	–	✓
Annual Budget published by date agreed by Treasurer <small>The 2019-20 Budget, which was originally scheduled for 30 April 2019, was deferred until 27 May 2019.</small>	date	May 2019	May 2019	–	✓
Budget Update, Financial Report for the State of Victoria, Mid-Year Financial Report, and Quarterly Financial Reports are transmitted by legislated timelines	per cent	100	100	–	✓
Annual financial management compliance report for the previous financial year is submitted to the Minister for Finance <small>This performance measure was renamed to 'Annual financial management compliance report for the previous financial year is submitted to the Assistant Treasurer' in 2019-20 to accurately reflect Ministerial portfolio responsibilities.</small>	date	13 Dec 2018	By end Feb 2019	–	✓
Cost					
Total output cost <small>The higher 2018-19 actual reflects one-off funding for the whole of government resource information management system and cost allocation relating to DTF ICT uplift.</small>	\$ million	31.9	26.1	(22.2)	■

Revenue Management and Administrative Services to Government

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

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Quantity					✓
Revenue assessed from compliance projects meets estimates	per cent	116	≥95	-	✓
Revenue collected as a percentage of budget target	per cent	99	≥99	-	✓
Cost to collect \$100 of tax revenue raised is less than the average of State and Territory Revenue Offices	achieved/ not achieved	achieved	achieved	-	✓
Quality					
Customer satisfaction level	per cent	96	≥85	-	✓
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	-	✓
Ratio of outstanding debt to total revenue (monthly average)	per cent	1.27	<2	-	✓
Objections received to assessments issued as a result of compliance projects	per cent	1.6	<4	-	✓
Timeliness					
Revenue banked on day of receipt	per cent	100	≥99	-	✓
Timely handling of objections (within 90 days)	per cent	85	≥80	-	✓
Timely handling of private rulings (within 90 days)	per cent	88	≥80	-	✓
Cost					
Total output cost	\$ million	135.1	128.8	(4.9)	○
<p>The lower 2018-19 actual is mainly relating to the transition of bi-annual municipal land valuations to an annual valuation cycle. A Treasurer's advance of up to \$8 million was provided to cover the anticipated transition year costs. Costs for both the Council valuations (2019 Land Tax assessments) and the Valuer-General valuations (2020 Land Tax assessments) were lower than budgeted.</p>					

Strengthen Victoria’s economic performance

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

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

The departmental objective indicators are:

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

Economic and Policy Advice

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

- medium and longer-term strategies to strengthen productivity, participation and the State’s overall competitiveness;
- State tax and revenue policy and insurance policy;
- intergovernmental relations, including the distribution of Commonwealth funding to Australian states and territories (including representation on various inter jurisdictional committees);
- production of the economic and revenue forecasts that underpin the State Budget;
- economic cost benefit analysis, demand forecasting and evaluation of best practice regulatory frameworks; and
- approaches for innovative, effective and efficient delivery of government services, including social services.

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

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

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
<p>Quantity</p> <p>Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy</p> <p>The higher 2018-19 actual is due to more research projects being undertaken and published as part of Victoria’s Economic Bulletin during the reporting period to meet the needs of the Senior Executive Group and Ministers.</p>	number	8	5	60.0	✓

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Advice on adequacy of final Regulatory Impact Statements and Legislative Impact Assessments prepared by departments The lower 2018-19 result is due to the number and timing of Regulatory Impact Statements (RIS) and Legislative Impact Assessments (LIA) reviewed by the Office of the Commissioner for Better Regulation (OCBR) being determined by the Government's legislative priorities, when regulations sunset, and completion of drafting by the Office of the Chief Parliamentary Counsel (OCPC). As at 1 July 2019, the OCBR was reviewing more than 10 RISs and LIAs. Most of these RISs and LIAs were anticipated to be signed off in Q4 2018-19 but were delayed and will now be signed off in 2019-20.	number	13	35	(62.9)	■
High level engagement with non-Victorian public service stakeholder groups that contributes to public policy debate The higher 2018-19 actual reflects an enhanced focus on engaging external stakeholders as part of the policy development process.	number	86	20	330	✓
Quality					
Conduct biannual surveys to assess the impact of changes to Victorian regulations on business The lower 2018-19 actual is due to a decision made to undertake the survey annually. While the annual survey has commenced this quarter, reporting will not occur until Q1 of the next financial year.	number	1	2	(50)	■
Accuracy of estimating State taxation revenue in the State Budget	percentage variance	≤5.0	≤5.0	–	✓
Accuracy of estimating the employment growth rate in the State Budget Victoria's employment growth was stronger than forecast in the 2018-19 Budget mostly due to a larger than expected drop in the unemployment rate.	percentage point variance	1.5	≤1.0	50.0	■
Accuracy of estimating the GSP rate in the State Budget The gross state product growth estimate is not yet available. The estimate will be available when the ABS State Accounts are released in November 2019.	percentage point variance	n/a	≤1.0	n/a	n/a
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Timeliness					
Briefings on key Australian Bureau of Statistics economic data on day of release	per cent	100	100	–	✓
Respond to correspondence within agreed timeframes The higher 2018-19 actual result reflects a commitment to meeting the agreed timeframes for responding to correspondence.	per cent	92	85	8.0	✓
Completion of assessment of RISs and LIAs within agreed timeframes	per cent	100	100	–	✓
Cost					
Total output cost The higher 2018-19 actual reflects one-off funding for the review of building and planning process and system functions, cost allocation relating to DTF ICT uplift and internal reprioritisation of resources from other outputs.	\$ million	31.0	27.1	14.4	✓

Economic Regulatory Services

This output provides economic regulation of utilities and other specified markets in Victoria to protect the long-term interests of Victorian consumers with regard to price, quality, reliability and efficiency of essential services. By providing these services, this output contributes to the Departmental objective to strengthen Victoria's economic performance.

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Quantity					
New or revised regulatory instruments issued The 2018-19 actual result is higher than target due to a higher number of new or revised regulatory instruments being issued than originally anticipated.	number	16	6	166.7	✓
Performance reports for regulated businesses or industries The 2018-19 actual result is higher than expected because of the introduction of quarterly water performance reports.	number	10	7	42.9	✓
Performance reviews and compliance audits of regulated businesses	number	143	144	(0.7)	○
Price approvals of regulated businesses The lower 2018-19 actual is due to a lesser requirement to perform local government fee capping applications than anticipated.	number	25	39	(35.9)	■
Registration and accreditation decisions /approvals in relation to the Victorian Energy Efficiency Target Scheme The 2018-19 actual is lower than target as activities in the year were at fewer, but larger and more complex, business sites than anticipated.	number	4 076	6 000	(32.1)	■
Reviews, investigations or advisory projects The 2018-19 actual is higher than target due to the requirement for the Essential Services Commission to develop a Victorian Default Offer (VDO). The VDO is a fair price for energy that all Victorian electricity retailers will be required to offer to all residential and small business customers. Reviews were also undertaken of Domestic Building Insurance, towing and storage fees, local government rate capping and electricity connections.	number	5	1	400	✓
Compliance and enforcement activities – energy	number	15	15	–	✓
Quality					
Decisions upheld where subject to review, appeal or disallowance	per cent	100	100	–	✓
Timeliness					
Delivery of major milestones within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost The lower 2018-19 actual is due to a delay in recruitment due in part to a restructure of the Essential Services Commission's three divisions into one division during the year. There have also been delays to system upgrade relating to Victorian Energy Efficiency website.	\$ million	23.9	26.5	(3.8)	○

Invest Victoria

This output contributes to the Department's objective to strengthen Victoria's economic performance through facilitating private sector investment in Victoria. This is achieved through a focus on investments that strengthen innovation, productivity, job creation and diversification of Victoria's economy.

This output also provides support and advice to Government regarding growth by:

- attracting new investment and encouraging additional investment by companies already operating in Victoria;
- working with priority industry sectors; and
- supporting innovation opportunities for businesses.

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Quantity					
Jobs resulting from government investment facilitation services and assistance In 2018-19 there were a number of projects that contributed considerably large job outcomes (several projects with over 200 FTE). There were also a number of industry grant projects that contributed small job numbers.	number	7 192	5 000	43.8	✓
New Australian/international regional headquarters of firms and/or research development centres attracted to Victoria In 2018-19 there was a focused effort towards the attraction of new headquarters to Victoria, which aligned with the Government's Investment Attraction Strategy. Many headquarters are associated with technology companies that have decided to establish in Victoria.	number	20	9	122.2	✓
New investment resulting from government facilitation services and assistance The higher 2018-19 actual is due to a number of high value capital investment claims made in relation to the Victorian Renewable Energy Auction Scheme (VREAS).	\$ million	2 410	2 300	4.8	✓
Visits to the Invest Victoria website The higher 2018-19 actual is due to the technology campaign in the United States generating significantly more traffic to the site than was anticipated in the original target.	number	140 967	100 000	41.0	✓
Cost					
Total output cost Invest Victoria is a new output resulting from machinery of government changes. As such, there is no 2018-19 target.	\$ million	45.4	n/a		

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

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

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

The departmental objective indicators are:

- HVHR projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope;
- Government business enterprises performing against agreed financial and non-financial indicators; and
- advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure.

Commercial and Infrastructure Advice

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

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

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
<p>Quantity</p> <p>Develop and implement policy guidance and training, and infrastructure investment frameworks to govern and build capability to deliver infrastructure</p> <p>The 2018-19 actual result reflects higher than expected demand for the commercial capability training course across the whole of Victorian government.</p>	number	104	83	25.3	✓
<p>Gateway reviews undertaken</p> <p>The 2018-19 actual result is lower than expected as some reviews will be completed in 2019-20 to align with revised project schedules.</p>	number	62	70	(11.4)	■

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Revenue from sale of surplus government land including Crown land The lower 2018-19 actual is due to the deferral of planned land sales to 2019-20.	\$ million	66.1	200	(67)	■
Provision of public non-financial corporations/ public financial corporations financial estimates and actuals, along with commentary and analysis, for the State Budget papers and financial reports	number	6	6	–	✓
Number of HVHR project assurance plans in place The 2018-19 actual result is lower than expected as some plans are now expected in 2019-20 to align with project schedules.	number	14	15	(6.7)	■
Quality					
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Percentage of registered housing agencies assessed annually as meeting performance standards The higher 2018-19 actual is due to continuous improvement by agencies and capacity building.	per cent	95	90	5.6	✓
Credit agencies agree that the presentation and information provided support annual assessment The higher 2018-19 actual is due to the high quality of the presentation in terms of content, context, transparency and detail.	per cent	94	70	34.3	✓
Senior responsible owner agrees Gateway review was beneficial and would impact positively on project outcomes The senior responsible owner satisfaction rate is measured through a feedback survey. Response rates have been lower than anticipated but feedback has been positive for all responses received. DTF is introducing a new feedback process to improve response rates to better inform this new measure.	per cent	100	90	11.1	✓
Timeliness					
Advice provided to Government on board appointments at least three months prior to upcoming board vacancies	per cent	100	100	–	✓
Analysis and review of corporate plans within two months of receipt Analysis and review of all corporate plans completed within two months of receipt.	per cent	100	90	11.1	✓
Dividend collection in accordance with budget decisions	per cent	100	100	–	✓
Cost					
Total output cost The lower 2018-19 actual reflects the transfer of capital asset charges to Services to Government and internal reprioritisation of resources to other outputs.	\$ million	61	79.1	(22.9)	■

Deliver efficient whole of government common services

Under this objective, the Department delivers whole of government common services through working with business partners.

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

The departmental objective indicators are:

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

Services to Government

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

- developing and maintaining a framework of whole of government policies, standards and guidelines which promote the efficient and effective use of common services including procurement, fleet and accommodation;
- managing a program of whole of government procurement contracts to ensure optimum benefit to government;
- supporting the operations of the Victorian Government Purchasing Board;
- providing whole of government accommodation; and
- providing of efficient fleet leasing and management services.

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Quantity					
Total accommodation cost Office accommodation was delivered below the estimated cost per square metre for the 2018-19 financial year. The positive result may be attributed to the 20 per cent increase in portfolio net lettable area, where rent expense includes lease incentives such as rent free periods and rent reduction.	\$ per square metre per year	350	395	(11.4)	✓
Workspace ratio The 2018-19 actual result was sourced from the annual workspace ratio audit that was conducted in May 2019. Twelve Melbourne CBD and fringe properties were included in the audit. The result is in line with the Victorian Office Accommodation Guidelines, which recommends a maximum workspace density ratio of 12 sqm per FTE. The 2019-20 target has been changed to 12 sqm per FTE accordingly.	square metre per FTE	11.9	14.4	(17.4)	✓
Quality					
Client agencies' satisfaction with the service provided by the Shared Service Provider While the client satisfaction result was still strong, it was slightly below target this year. Some factors that may have contributed to the result include stakeholder reaction to the on-boarding of new vendors in facilities management. A significant proportion of the qualitative feedback related to facilities management.	per cent	74.4	78	(4.6)	○

Performance measures	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	-	✓
Cost					
Total output cost The higher 2018-19 actual mainly reflects the transfer of capital asset charges from Commercial and Infrastructure Advice.	\$ million	75.5	60.6	(24.6)	■

Discontinued operations

There were no discontinued operations in 2018-19.

Victorian Transport Fund^(a)

Balance of the trust as at 30 June 2019

	2018-19 actual \$m
Opening balance	5 358
Receipts into the trust	
Interest revenue	80
Commonwealth funding ^(b)	446
State Appropriations ^(c)	129
Total funding available	6 013
Payments from the trust	
Level Crossing Removal Program	774
Caulfield to Dandenong conventional signalling and power infrastructure upgrade	169
North East Link	131
Airport Rail Link	10
Metro Tunnel	203
Regional Rail Revival	306
Regional Rolling Stock	57
Major Periodic Maintenance	86
Wyndham Vale Stabling Yard	65
Movement in accounts payable and provisions	267
Total payments from the trust	2 068
Closing balance	3 945

Notes:

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

(b) Reflects the Commonwealth's contribution to the Regional Rail Revival program.

(c) Reflects the State Appropriations relating to North East Link.

Budget portfolio outcomes

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

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

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office. They are not prepared on the same basis as the Department's financial statements as they include the consolidated financial information of the Essential Services Commission and Cenitex in addition to that of the Department. The Essential Services Commission and Cenitex are not consolidated in the Department's audited financial statements enclosed within this annual report, as they prepare separate annual reports for tabling in Parliament. Further, the Department's audited financial statements include certain whole of government transactions, as referred to in note 4.2. Otherwise, albeit in a different format, the following statements are reflective of the audited financial statements.

Budget portfolio outcomes

Comprehensive operating statement for the year ended 30 June 2019

Controlled	2018–19 budget	2018–19 actual	Variation
	\$m	\$m	\$m
Income from transactions			
Output appropriations ^(a)	349.2	402.6	53.4
Interest	1.1	2.1	1.0
Sale of goods and services	188.3	189.2	0.9
Grants	2.9	4.9	2.0
Fair value of assets and services received free of charge or for nominal consideration	–	0.3	0.3
Other income	32.2	38.1	5.9
Total income from transactions	573.7	637.2	63.5
Expenses from transactions			
Employee benefits ^(a)	225.7	242.9	17.2
Depreciation	37.4	29.0	(8.4)
Interest expense	0.2	0.1	(0.1)
Grants and other transfers ^(a)	42.6	51.1	8.5
Capital asset charge	63.0	63.0	–
Other operating expenses ^(b)	196.7	234.5	37.8
Total expenses from transactions	565.6	620.6	55.0
Net result from transactions	8.1	16.6	8.5
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	(20.1)	(1.4)	18.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.1)	0.1	0.2
Other gains/(losses) from other economic flows	–	(4.0)	(4.0)
Total other economic flows included in net result	(20.2)	(5.3)	14.9
Net result	(12.1)	11.3	23.4
Other economic flows – other comprehensive income	–	(2.9)	(2.9)
Comprehensive result	(12.1)	8.4	20.5

Notes:

(a) Variances mainly due to the machinery of government transfer of Invest Victoria from the former DEDJTR in January 2019.

(b) Variance is driven by a number of factors including the transfer of Invest Victoria, SRO expenditure on the Municipal Properties Valuation Services from the Valuer-General Victoria and other initiatives.

Budget portfolio outcomes

Balance sheet as at 30 June 2019

Controlled	2018–19 budget	2018–19 actual	Variation
	\$m	\$m	\$m
Financial assets			
Cash and deposits ^(a)	111.1	78.9	(32.2)
Receivables ^(b)	297.3	342.6	45.3
Other financial assets	15.0	16.4	1.4
Total financial assets	423.4	437.9	14.5
Non-financial assets			
Inventories	8.9	11.6	2.7
Property, plant and equipment ^(c)	800.2	824.2	24.0
Intangible assets	16.4	14.5	(1.9)
Other assets	21.5	33.4	11.9
Total non-financial assets	847.0	883.7	36.7
Total assets	1 270.4	1 321.6	51.2
Liabilities			
Payables ^(d)	105.6	93.2	(12.4)
Borrowings	4.3	5.4	1.1
Provisions ^(e)	105.1	131.5	26.4
Total liabilities	215.0	230.1	15.1
Net assets	1 055.4	1 091.5	36.1
Equity			
Contributed capital	367.4	365.4	(2.0)
Reserves	561.0	556.9	(4.1)
Accumulated surplus	127.0	169.2	42.2
Total equity	1 055.4	1 091.5	36.1

Notes:

(a) The variance is driven by the reclassification of part of the Finance Agency Trust from a controlled trust to an administered trust in June 2018 after the budget was prepared.

(b) The variance is due to a higher receivable from government resulting from the transfer of Invest Victoria and delays on spending against provisions.

(c) The variance is due to budget was understated.

(d) The variance reflects the reclassification of the FAT trust to administered items partially offset by increases due to the transfer of Invest Victoria.

(e) The variance reflects land remediation projects not progressing as budgeted.

Budget portfolio outcomes

Cash flow statement for the year ended 30 June 2019

Controlled	2018-19 budget	2018-19 actual	Variation
	\$m	\$m	%
Cash flows from operating activities			
Receipts from government ^(a)	367.5	380.2	12.7
Receipts from other entities ^(b)	2.4	13.3	10.9
Goods and Services Tax recovered from the ATO	–	0.1	0.1
Interest received	1.1	2.1	1.1
Other receipts	226.8	220.0	(6.8)
	597.7	615.7	17.9
Payments of grants and other transfers	(48.8)	(50.1)	(1.3)
Payments to suppliers and employees ^(a)	(443.8)	(455.7)	(11.9)
Goods and Services Tax paid to the ATO	(0.1)	(4.1)	(4.0)
Capital asset charge	(63.0)	(63.0)	–
Interest and other finance costs	(0.2)	(0.1)	0.1
	(555.9)	(573.0)	(17.1)
Net cash flows from operating activities	41.8	42.7	0.8
Cash flows from investing activities			
Net investment	0.3	(1.1)	(1.4)
Net payments for non-financial assets	(36.6)	(33.3)	3.3
Proceeds from sale of non-financial assets	–	1.2	1.2
Net loans to other parties	–	–	–
Net cash flows used in investing activities	(36.3)	(33.2)	3.1
Cash flows from financing activities			
Owner contributions by State government	3.6	–	(3.6)
Net borrowings	(6.3)	4.0	10.3
Net cash flows from financing activities	(2.7)	4.0	6.7
Net increase/(decrease) in cash held	2.8	13.4	10.6
Cash at the beginning of the financial year	108.3	65.4	(42.9)
Cash at the end of the financial year	111.1	78.9	(32.2)

Notes:

(a) The variances mainly due to the machinery of government transfer of Invest Victoria from the former DEDJTR in January 2019.

(b) The variance reflects the increase on cash received from unearned revenue.

Budget portfolio outcomes

Statement of changes in equity for the year ended 30 June 2019

Controlled	Reserves	Accumulated surplus	Contributed capital	Total
	\$m	\$m	\$m	\$m
2018-19 original budget				
Balance at 1 July 2018	561.0	139.1	367.4	1 067.5
Net result for the year	–	(12.1)	–	(12.1)
Transfer to accumulated surplus	–	–	–	–
Capital appropriations	–	–	–	–
Balance at 30 June 2019	561.0	127.0	367.4	1 055.4
2018-19 actuals				
Balance at 1 July 2018	559.8	157.9	365.4	1 083.1
Net result for the year	–	11.3	–	11.3
Transfer to accumulated surplus	–	–	–	–
Revaluation decrement (net)	(2.9)	–	–	(2.9)
Balance at 30 June 2019	556.9	169.2	365.4	1 091.5
Variance to original budget				
Balance at 1 July 2018	(1.2)	18.8	(2.0)	15.6
Net result for the year	–	23.4	–	23.4
Transfer to accumulated surplus	–	–	–	–
Revaluation decrement (net)	(2.9)	–	–	(2.9)
Balance at 30 June 2019	(4.1)	42.2	2.0)	36.1

Budget portfolio outcomes

Administered items statement for the year ended 30 June 2019

	2018–19 budget	2018–19 actual	Variation
	\$m	\$m	\$m
Administered income from transactions			
Appropriations - payments made on behalf of the State ^(a)	6 302.1	3 885.2	(2 416.9)
Special appropriations ^(b)	2 325.4	2 840.7	515.3
Interest	184.3	97.7	(86.6)
Sales of goods and services	33.7	19.1	(14.6)
Grants	25 724.3	25 786.5	62.2
Other income	26 724.4	26 294.0	(430.4)
Total administered income from transactions	61 294.2	58 923.2	(2 371.0)
Administered expenses from transactions			
Expenses on behalf of the State	453.7	207.0	(246.7)
Employee benefits ^(a)	1 960.7	1 217.2	(743.5)
Grants and other transfers	4 620.3	4 580.0	(40.3)
Interest expense	1 306.2	1 188.5	(117.7)
Payments into Consolidated Fund ^(f)	51 332.5	54 842.3	3 509.8
Total administered expenses from transactions	59 673.4	62 035.0	2 361.6
Net result from transactions	1 620.8	(3 111.8)	(4 732.6)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	23.3	26.5	3.2
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	–	1.3	1.3
Net gain/(loss) on financial instruments and statutory receivables/payables	–	(30.1)	(30.1)
Other gains/(losses) from other economic flows	–	108.6	108.6
Total other economic flows included in net result	23.3	106.3	83.0
Net result	1 644.1	(3 005.5)	(4 649.6)
Other economic flows – other non-owner changes in equity			
Remeasurement of superannuation defined benefit plans ^(d)	1 014.5	(3 370.9)	(4 385.4)
Other	–	2.7	2.7
Total other economic flows – other non-owner changes in equity	1 014.5	(3 368.2)	(4 382.7)
Comprehensive result	2 658.6	(6 373.7)	(9 032.3)
Administered assets			
Cash and deposits ^(c)	1 242.8	2 063.0	820.2
Receivables	8 489.2	5 597.0	(2 892.2)
Other financial assets	621.0	705.3	84.3
Property, plant and equipment ^(e)	309.8	–	(309.8)
Other non-financial assets	(1.9)	(0.6)	1.3
Investments accounted for using the equity method	12.5	–	(12.5)
Total administered assets	10 673.5	8 364.7	(2 308.8)

	2018–19 budget	2018–19 actual	Variation
	\$m	\$m	\$m
Administered liabilities			
Payables	4 070.1	4 253.3	183.2
Borrowings	26 697.4	27 754.5	1 057.1
Provisions	0.9	70.1	69.2
Superannuation ^(d)	23 194.9	28 631.3	5 436.4
Total administered liabilities	53 963.3	60 709.2	6 745.9

Notes:

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

(b) Appropriation for refinancing of borrowings was required to a greater extent than budgeted.

(c) The variations on cash and deposits and receivables mainly reflects the increase in short term placements with TCV.

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

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

(f) The variance reflects the reduction on receivables and increase on borrowings.

Financial performance

Overview

The Department recorded a surplus of \$5.6 million in 2018-19 compared to \$1.5 million in 2017-18.

Total assets of the Department remained at \$1.2 billion. The major assets of the Department at 30 June 2019 are land and buildings (\$785 million), the Department's receivable from the State Administration Unit (\$306 million), and funds held in trust (\$42 million).

Total liabilities increased from \$166 million to \$192 million. The Department's major liabilities are accounts payable, provision for land remediation and employee provisions.

Core operations

Total revenue paid by Government for DTF output has increased this year to \$403 million, from \$300 million in 2017-18. The increase is attributable to the machinery of government transfer of Invest Victoria from the former DEDJTR in January 2019 and an increase in the capital asset charge appropriation to match the asset values of the Department.

The following table details operational revenue by output group.

Revenue from the provision of outputs^(a)

Output group	2018-19 \$m	2017-18 \$m	Change \$m
Optimise Victoria's fiscal resources	214	136	78
Strengthen Victoria's economic performance	55	52	3
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	62	72	8
Deliver efficient whole of government common services	72	40	14
Total	403	300	103

Note:

(a) Includes only Parliamentary appropriations.

Five year financial summary: Departmental (controlled) activities

	2018-19 ^(a) \$m	2017-18 \$m	2016-17 ^(b) \$m	2015-16 \$m	2014-15 \$m
Government output appropriations income	403	300	353	255	251
Other income	61	58	57	52	51
Total income from transactions	464	358	410	307	302
Total expenses from transactions	(454)	(356)	(406)	(305)	(295)
Net result from transactions	10	2	4	2	7
Total other economic flows included in net result	(2)	-	1	(1)	(1)
Net result	8	2	5	1	6
Net cash flow from operations	31	21	29	23	25
Total assets	1 184	1 154	1 145	863	771
Total liabilities	195	166	159	138	112

Notes:

(a) On 1 January 2019, Invest Victoria was transferred from the former DEDJTR following machinery of government changes.

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

Capital projects/asset investment programs

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

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

No major projects with a total estimated investment of \$10 million or greater were completed during the year.

Style conventions

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

The notation used in the tables is as follows:

–	zero, or rounded to zero
1 billion	1 000 million
200x	year period
200x-0x	year period
n/a	not available or not applicable
(xxx.x)	negative numbers

Financial statements

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Declaration in the financial statements

The attached financial statements for the Department of Treasury and Finance have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of the Department as at 30 June 2019.

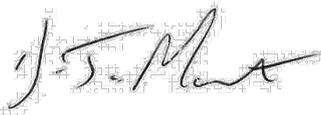
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 19 September 2019.



Tania Reaburn
Chief Financial Officer
Department of Treasury and Finance

Melbourne
19 September 2019



David Martine
Secretary
Department of Treasury and Finance

Melbourne
19 September 2019

Independent auditor's report



Independent Auditor's Report

To the Secretary of the Department of Treasury and Finance

Opinion	<p>I have audited the financial report of the Department of Treasury and Finance (the Department) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• Accountable Officer's and Chief Financial Officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the department as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

Independent auditor's report (continued)

Key audit matter	How I addressed the matter
<p>Valuation of defined benefit superannuation liability</p> <p>Refer to Note 4.2.2 <i>Administered assets and liabilities as at 30 June 2019</i> of the financial report</p> <p>Defined benefit superannuation liability: \$28.6 billion.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the defined benefit superannuation liability is financially significant the underlying model (the model) used to value the liability is complex a significant degree of management judgement is required to determine the method, the model and key assumptions used in valuing the liability a small adjustment to an assumption may have a significant effect on the total value of the liability. <p>Management engage an actuary to value the liability as at 30 April, then adjust the value of the liability to 30 June to account for actual market performance and movements in key assumptions since that date.</p>	<p>My key procedures included:</p> <ul style="list-style-type: none"> assessing and testing the operating effectiveness of the key controls supporting the membership data used in the model. I relied on the work completed within my audit of the Emergency Services Superannuation Scheme (ESSS) for this assessing the completeness and accuracy of the membership data used in the model by reconciling this data to underlying membership data in the ESSS system obtaining management's actuarial report and year-end adjustments, and engaging an appropriately qualified independent actuary to assist in obtaining sufficient appropriate audit evidence, which included: <ul style="list-style-type: none"> assessing the appropriateness of management's selection and application of the method, significant assumptions and data used in valuing the liability assessing the appropriateness of the model used to value the liability challenging the reasonableness of key assumptions by comparing against accepted industry benchmarks assessing the reasonableness of the reported liability value. assessing the adequacy of financial report disclosures against the requirements of applicable Australian Accounting Standards.
<p>Secretary's responsibilities for the financial report</p>	<p>The Secretary of the Department is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial report

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

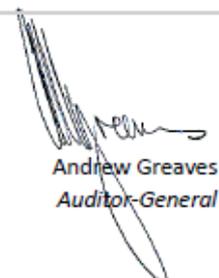
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

From the matters communicated with the Secretary, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MELBOURNE
20 September 2019



Andrew Greaves
Auditor-General

Comprehensive operating statement

for the year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
Income from transactions			
Output appropriations	2.3	402 649	299 794
Other income	2.5	61 480	57 621
Total income from transactions		464 129	357 415
Expenses from transactions			
Employee expenses	3.1.1	154 010	140 960
Depreciation and amortisation	5.1.1	17 726	34 759
Interest expense	8.1.1	126	86
Grants expense	3.2	76 056	31 771
Capital asset charge	3.3	62 896	21 998
Supplies and services	3.4	140 700	119 908
Land remediation costs	3.5	864	620
Payments to Consolidated Fund		1 237	5 886
Total expenses from transactions		453 615	355 988
Net result from transactions		10 514	1 427
Other economic flows included in net result			
Net (loss)/gain on non-financial assets	9.1	(48)	78
Net (loss) on financial instruments	9.1	(7)	(8)
Net (loss)/gain from revaluation of leave liabilities	9.1	(2 210)	50
Total other economic flows included in net result		(2 265)	120
Net result		8 249	1 547
Other economic flows – other comprehensive income			
Changes in physical asset revaluation surplus		(2 579)	–
Comprehensive result		5 670	1 547

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

Balance sheet

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Financial assets			
Cash and deposits	7.2	42 333	30 200
Receivables	6.1	325 011	301 060
Total financial assets		367 344	331 260
Non-financial assets			
Prepayments		4 250	4 419
Non-financial assets classified as held for sale	6.3	7 049	11 681
Property, plant and equipment	5.1	790 977	792 026
Intangible assets	5.2	14 348	14 277
Total non-financial assets		816 624	822 403
Total assets		1 183 968	1 153 663
Liabilities			
Payables	6.2	79 222	52 847
Employee related provisions	3.1.2	47 182	40 187
Provision for land remediation	3.5	59 900	65 000
Unearned income	6.4	3 646	3 340
Borrowings	7.1	5 388	4 732
Total liabilities		195 338	166 106
Net assets		988 630	987 557
Equity			
Contributed capital		230 977	235 574
Asset revaluation surplus		556 939	559 518
Accumulated surplus		200 714	192 465
Total equity		988 630	987 557

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

Statement of changes in equity

for the year ended 30 June 2019

	Notes	Contributed capital \$'000	Asset revaluation surplus \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 July 2017		236 186	559 518	190 918	986 622
Capital appropriations – Additions to net asset base appropriation	7.3	50 000			50 000
Capital transfers to administered trusts	7.3	(50 000)			(50 000)
Return of capital	5.1.2	(612)			(612)
Net result for the year				1 547	1 547
Balance at 30 June 2018		235 574	559 518	192 465	987 557
Revaluation decrement (net)			(2 579)		(2 579)
Return of capital		(4 597)			(4 597)
Net result for the year				8 249	8 249
Balance at 30 June 2019		230 977	556 939	200 714	988 630

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

Cash flow statement

for the year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from government		446 308	318 715
Receipts from other entities		30 960	46 177
Goods and services tax recovered from the ATO		23 068	17 411
Total receipts		500 336	382 303
Payments to suppliers and employees		(330 781)	(307 756)
Grants paid		(75 716)	(31 184)
Capital asset charge paid		(62 896)	(21 998)
Interest and other finance costs paid	8.11	(126)	(86)
Total payments		(469 519)	(361 024)
Net cash flows from operating activities	7.2.1	30 817	21 279
Cash flows from investing activities			
Payments for property, plant and equipment		(13 584)	(12 726)
Proceeds from sale of property, plant and equipment		1 363	804
Payments for intangible assets		(4 036)	(9 192)
Net cash flows used in investing activities		(16 257)	(21 114)
Cash flows from financing activities			
Owner contributions by State Government	7.3	–	50 000
Capital transfers to administered trusts	7.3	–	(50 000)
Repayment of finance lease liabilities		(2 484)	(1 829)
Net cash flows used in financing activities		(2 484)	(1 829)
Net increase/(decrease) in cash and cash equivalents		12 076	(1 664)
Cash and cash equivalents at the start of the year		30 101	31 765
Cash and cash equivalents at the end of the year	7.2	42 177	30 101
Non-cash financing and investing activities	7.2.2		

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

1 About this report

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

Its principal address is: 1 Treasury Place
Melbourne VIC 3002

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

Basis of preparation

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

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

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Department. Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners. Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in the application of Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Judgement required'.

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

On 1 January 2019, the Department assumed Invest Victoria from the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR) due to the machinery of government changes. The financial statements reflect the transactions of Invest Victoria from that date. The machinery of government changes are further described in notes 4.1.3 and 9.8.

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

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

Compliance information

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

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

2 Funding delivery of our services

Introduction

The Department's overall objective is to pursue its mission of providing leadership in economic, financial and resource management. This leadership focus is reflected in the Department's long-term operational objectives, which guide its policy directions:

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

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

Structure

2.1	Summary of income that funds the delivery of our services	49
2.2	Appropriations	49
2.3	Summary of compliance with annual Parliamentary appropriations	50
2.4	Annotated income agreements	51
2.5	Other income	52

2.1 Summary of income that funds the delivery of our services

	Notes	2019 \$'000	2018 \$'000
Income from transactions			
Output appropriations	2.3	402 649	299 794
Other income	2.5	61 480	57 621
Total income from transactions		464 129	357 415

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

2.2 Appropriations

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

Output appropriations

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

2.3 Summary of compliance with annual Parliamentary appropriations

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

	Appropriation Act			Financial Management Act 1994			Total Parliamentary authority	Appropriations applied	Variance
	Annual appropriations – as published	Advance from Treasurer	Transfers from other departments administrative restructuring	Section 29	Section 30	Section 32			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
2019									
Controlled									
Provision of outputs	340 637	14 704	50 185	23 913	–	2 333	431 772	402 649	29 123
Additions to net assets	3 590						3 590	–	3 590
Administered									
Payments made on behalf of the State	4 153 679	21 138					4 174 817	3 885 180	289 637
2019 total	4 497 906	35 842	50 185	23 913	–	2 333	4 610 179	4 287 829	322 350
2018									
Controlled									
Provision of outputs	286 857	13 764		8 353	(1 000)	3 822	311 796	299 794	12 002
Additions to net assets	52 590				1 000		53 590	50 000	3 590
Administered									
Payments made on behalf of the State	5 434 337	33 855					5 468 192	5 395 686	72 506
2018 total	5 773 784	47 619		8 353	–	3 822	5 833 578	5 745 480	88 098

Explanation of key variances between total Parliamentary authority and appropriations applied – year ended 30 June 2019:

- **Provision of outputs**

\$7 million was not drawn down due to lower depreciation costs for government-owned buildings, \$5 million was not drawn down mainly due to lower expenditure incurred for centralised municipal valuations and housing initiatives, and \$5 million was not drawn down due to lower grant expenditure. The Department has applied to carry over \$10.3 million mainly due to the timing of grant expenses \$5.5 million and professional services \$4.8 million.

- **Additions to net assets**

The Department was required to firstly utilise accumulated depreciation equivalent funding for the purchase of infrastructure, plant and equipment and \$1.0 million is to be carried over to complete the procurement review project.

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

\$400 million was not required due to lower payables for the State's dedicated transport investment fund, and \$105 million was not required due to lower borrowings required for the State. This is partially offset by \$197 million of additional payments for the National Disability Insurance Scheme.

2.4 Annotated income agreements

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

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

	2019	2018
	\$'000	\$'000
Section 105 land tax certificates	4 555	3 917
Construction supplier register	706	602
Government land and property	634	954
Public financial corporations risk management and reporting framework	116	193
Government bodies gymnasium	130	187
Victorian Energy and Efficiency Target expansion	2 500	2 500
ERP implementation project	4 043	–
Invest Victoria	10 000	–
Office of Projects Victoria	1 229	–
Total annotated income agreements	23 913	8 353

2. Funding delivery of our services

2.5 Other income

	2019	2018
	\$'000	\$'000
Provision of services	19 136	18 555
Rental accommodation income	35 375	31 665
Other income	6 969	7 401
Total other income	61 480	57 621

Provision of services

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

Rental accommodation income

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

Other income

Other income includes grants income and rebates earned. Income from grants (other than contributions by owners) is recognised when the Department obtains control over the contribution. Where grants are reciprocal (i.e. equal value is given by the Department to the provider), the Department is deemed to have assumed control when it has satisfied its performance obligations under the terms of the grant. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

3 The cost of delivering services

Introduction

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

Judgement required

Judgement has been applied in the calculations of employee benefits provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

Structure

3.1	Expenses incurred in delivery of services	53
3.2	Grants expense	55
3.3	Capital asset charge	55
3.4	Supplies and services	56
3.5	Land remediation costs	56

3.1 Expenses incurred in delivery of services

	Notes	2019 \$'000	2018 \$'000
Employee expenses	3.1.1	154 010	140 960
Grants expense	3.2	76 056	31 771
Capital asset charge	3.3	62 896	21 998
Supplies and services	3.4	140 700	119 908
Land remediation costs	3.5	864	620

3.1.1 Employee expenses – comprehensive operating statement

	2019 \$'000	2018 \$'000
Salaries, wages, annual and long service leave		
• Salaries and wages	118 015	108 119
• Annual and long service leave expense	15 960	14 640
Superannuation		
• Defined contribution plans	10 875	9 746
• Defined benefits expense	1 321	1 402
On-costs	7 839	7 053
Total employee expenses	154 010	140 960

3. The cost of delivering services

Employee expenses comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation expenses represent the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Department discloses, on behalf of the State as the sponsoring employer, the net defined benefit cost and the defined benefit liability related to the members of these plans as administered items (note 4.2).

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

3.1.2 Employee-related provisions – balance sheet

	2019 \$'000	2018 \$'000
Provisions		
Current		
<i>Annual leave</i>		
• unconditional and expected to be settled within 12 months	7 868	7 599
• unconditional and expected to be settled after 12 months	2 688	2 416
<i>Long service leave</i>		
• unconditional and expected to be settled within 12 months	4 202	2 783
• unconditional and expected to be settled after 12 months	23 734	19 893
On-costs	4 665	4 037
Performance bonus	254	213
Total current employee-related provisions	43 411	36 941
Non-current		
Long service leave	3 379	2 921
On-costs	392	325
Total non-current employee-related provisions	3 771	3 246
Total provisions	47 182	40 187

3.1.3 Reconciliation of movement in on-costs provisions

	2019 \$'000
Opening balance	4 362
Additional provisions recognised	1 737
Reductions arising from payments/other sacrifices of future economic benefits	(1 141)
Unwind of discount and effect of changes in the discount rate	99
Closing balance	5 057
Current	4 665
Non-current	392

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

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

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits, which are not expected to be wholly settled within 12 months, are measured as the present value

of the estimated future cash outflows to be made by the Department in respect of services provided by employees up to the reporting date. The liability is classified as a current liability where the Department does not have an unconditional right to defer settlement for at least 12 months after the reporting date. The long service leave liability is classified as non-current where the Department has an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

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

3.2 Grants expense

Grants expense

Victorian Government entities

Other government entities

Other organisations

Total grants expense

	2019	2018
	\$'000	\$'000
Victorian Government entities	26 256	26 311
Other government entities	14 003	5 459
Other organisations	35 797	1
Total grants expense	76 056	31 771

Grants to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

3.3 Capital asset charge

Capital asset charge

	2019	2018
	\$'000	\$'000
Capital asset charge	62 896	21 998

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

3. The cost of delivering services

3.4 Supplies and services

	2019	2018
	\$'000	\$'000
Rental and property outgoings	34 651	28 072
Purchases of services	80 318	62 377
Information and communication technology expenses	17 816	16 760
Other	7 915	12 699
Total supplies and services	140 700	119 908

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

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

3.5 Land remediation costs

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

The land remediation provision of \$59.9 million is to remediate a site intended for residential and commercial development. The Department has provided for the restoration of the site to an acceptable environmental standard.

4 Disaggregated financial information by output

Introduction

The Department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs. This section provides a description of the departmental outputs delivered during the year ended 30 June 2019 along with the objectives of those outputs.

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

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

Judgement required

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

4.1 Departmental outputs

4.1.1 Descriptions and objectives

Objectives and outputs of the Department

A description of departmental objectives and outputs during the year ended 30 June 2019 are summarised below.

Optimise Victoria's fiscal resources

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

Strengthen Victoria's economic performance

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

Distinction between controlled and administered items

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

Structure

4.1 Departmental outputs	57
4.2 Administered items	60

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

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

Deliver efficient whole of government common services

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

4. Disaggregated financial information by output

4.1.2 Departmental outputs schedule

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance ^(a)	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Controlled income and expenses for the year ended 30 June 2019				
Income from transactions				
Output appropriations	213 842	136 265	54 976	52 250
Other income	1 427	1 416	703	719
Total income from transactions	215 269	137 681	55 679	52 969
Expenses from transactions				
Employee expenses	85 793	76 617	23 275	21 535
Depreciation and amortisation	4 288	21 644	192	104
Interest expense	15	12	6	8
Grants expense	49 627	5 309	25 437	24 658
Capital asset charge	518	47	262	39
Supplies and services	71 565	32 730	6 923	6 436
Land remediation costs				
Payments to Consolidated Fund				
Total expenses from transactions	211 806	136 359	56 095	52 780
Net result from transactions	3 463	1 322	(416)	189
Other economic flows included in net result				
Net (loss)/gain on non-financial assets	15	(18)	26	1
Net (loss) on financial instruments	(7)	(8)		
Net (loss)/gain from revaluation of leave liabilities	(1 427)	31	(225)	5
Total other economic flows included in net result	(1 419)	5	(199)	6
Net result	2 044	1 327	(615)	195
Total other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus				
Comprehensive result	2 044	1 327	(615)	195
Controlled assets and liabilities as at 30 June 2019				
Assets				
Financial assets	6 728	3 512	986	890
Non-financial assets	18 163	17 938	1 474	1 292
Total assets	24 891	21 450	2 460	2 182
Liabilities				
Total liabilities	74 981	35 057	25 847	25 211
Net assets/(liabilities)	(50 090)	(13,607)	(23 387)	(23 029)

Notes:

(a) Based on the Administrative Arrangements Order (No. 229) 2018, figures for the assets and liabilities for the Invest Victoria's output for the current financial year are as at 30 June 2019. Figures for the assets and liabilities of the output for the comparative year are reported by the former Department of Economic Development, Jobs, Transport and Resources.

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

4.1.3 Changes to outputs

The Department has made changes to its output structure due to machinery of government changes that took effect on 1 January 2019 as described in note 9.8. The investment component of the Jobs and

Investment output has been transferred to the Department from the former DEDJTR and renamed Invest Victoria.

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable ^(b)		Departmental total	
2019	2018	2019	2018	2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
62 367	71 519	71 464	39 760			402 649	299 794
3 613	4 297	55 737	51 189			61 480	57 621
65 980	75 816	127 201	90 949	-	-	464 129	357 415
27 111	26 656	17 831	16 152			154 010	140 960
252	168	12 994	12 843			17 726	34 759
17	6	88	60			126	86
852	1 640	140	164			76 056	31 771
13 581	5 124	48 535	16 788			62 896	21 998
17 471	38 651	44 741	42 091			140 700	119 908
864	620					864	620
-	1 569	1 237	4 317			1 237	5 886
60 148	74 434	125 566	92 415	-	-	453 615	355 988
5 832	1 382	1 635	(1 466)	-	-	10 514	1 427
(147)	18	58	77			(48)	78
(344)	9	(214)	5			(7)	(8)
(491)	27	(156)	82	-	-	(2 210)	50
5 341	1 409	1 479	(1 384)	-	-	8 249	1 547
(2 579)	-		-			(2 579)	-
2 762	1 409	1 479	(1 384)	-	-	5 670	1 547
4 787	7 166	51 574	33 454	303 269	286 238	367 344	331 260
387 518	387 446	409 469	415 727			816 624	822 403
392 305	394 612	461 043	449 181	303 269	286 238	1 183 968	1 153 663
73 030	84 287	21 480	21 551			195 338	166 106
319 275	310 325	439 563	427 630	303 269	286 238	988 630	987 557

Invest Victoria contributes to the *Strengthen Victoria's economic performance* output by facilitating private sector investment in Victoria to strengthen innovation, productivity, job creation and diversification of Victoria's economy.

There were no other material changes to the output structure for 2018-19.

4. Disaggregated financial information by output

4.2 Administered items

In addition to the specific departmental operations which are included in the balance sheet, comprehensive operating statement and cash flow statement, the Department administers, but does not control, certain resources and activities on behalf of the State. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for its own benefit or for the achievement of its objectives.

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

4.2.1 Administered income and expenses for the year ended 30 June 2019

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered income from transactions				
Payments on behalf of the State appropriations	512 838	242 488	545 311	409 046
Special appropriations	152 898	151 191	7 291	–
Commonwealth grants			16 719 910	15 594 841
Taxation	19 092 863	18 542 489		
Dividends				
Capital asset charge				
Interest				
Other income	116 632	101 113	112 014	1 479
State revenues received into Consolidated Fund, net of appropriations applied within government departments				
Total administered income from transactions	19 875 231	19 037 281	17 384 526	16 005 366
Administered expenses from transactions				
Grants expense	618 114	332 945	374 821	129 104
Interest expense	806	793		
Superannuation – non-departmental				
Contribution to GST administration costs			155 397	162 793
Ex-gratia payments	10 944	4 056		
Other expenses	24 316	22 575	2 071	1 017
Payments to Consolidated Fund	18 947 683	18 144 178	16 831 924	15 596 320
Total administered expenses from transactions	19 601 863	18 504 547	17 364 213	15 889 234
Administered net result from transactions	273 368	532 734	20 313	116 132
Other economic flows included in net result				
Net gain on non-financial assets				
Net gain/(loss) on financial instruments	(30 129)	(25 970)		
Share of net profits/(losses) of associates, excluding dividends				
Total other economic flows included in net result	(30 129)	(25 970)	–	–
Administered net result	243 239	506 764	20 313	116 132
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans				
Changes in financial assets available for sale reserve				
Administered comprehensive result	243 239	506 764	20 313	116 132

4. Disaggregated financial information by output

Accordingly, transactions and balances relating to these administered resources are not recognised as departmental income, expenses, assets or liabilities within the body of the financial statements, but are disclosed separately in notes 4.2.1 and 4.2.2. Except as otherwise disclosed, administered transactions are accounted for on an accrual basis using the same accounting policies adopted for recognition of departmental items in the financial statements.

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable		Departmental total	
2019	2018	2019	2018	2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2 825 523	4 744 095	1 508	57			3 885 180	5 395 686
1 530 241	44 533			1 150 316	1 105 058	2 840 746	1 300 782
26 252	22 563			8 739 203	7 034 123	25 485 365	22 651 527
476 771	444 530					19 569 634	18 987 019
652 180	457 953					652 180	457 953
5 864 524	5 406 374					5 864 524	5 406 374
91 727	122 887	5 961	4 217			97 688	127 104
283 224	12 002	1 087	823			512 957	115 417
				5 792 880	128 247	5 792 880	128 247
11 750 442	11 254 937	8 556	5 097	15 682 399	8 267 428	64 701 154	54 570 109
				3 595 407	3 580 619	4 588 342	4 042 668
1 181 823	1 150 355	5 907	4 910			1 188 536	1 156 058
				1 217 234	1 164 265	1 217 234	1 164 265
						155 397	162 793
						10 944	4 056
14 118	9 197	144	150			40 649	32 939
13 901 355	10 457 483	1 643	1 055	5 143 796	3 453 504	54 826 401	47 652 540
15 097 296	11 617 035	7 694	6 115	9 956 437	8 198 388	62 027 503	54 215 319
(3 346 854)	(362 098)	862	(1 018)	5 725 962	69 040	2 673 651	354 790
21 921	1,490					21 921	1,490
108 614	1 520 013					78 485	1 494 043
1 311	(5 459)					1 311	(5 459)
131 846	1 516 044	-	-	-	-	101 717	1 490 074
(3 215 008)	1 153 946	862	(1 018)	5 725 962	69 040	2 775 368	1 844 864
				(3 370 909)	(258 099)	(3 370 909)	(258 099)
247 654	(5 263)					247 654	(5 263)
2 967 354	1 148 683	862	(1 018)	2 355 053	(189 059)	(347 887)	1 581 502

4. Disaggregated financial information by output

Administered income and expenses

Payments on behalf of the State (POBOS) Appropriations

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

Special appropriations

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

Authority	Purpose	Appropriations applied	
		2019 \$'000	2018 \$'000
<i>Constitution Act, No. 8750 of 1975 – Governors' Pensions</i>	Governors' pensions	1 772	1 734
<i>County Court Act, No. 6230 of 1958 – Judges</i>	Judges' pensions	18 528	17 408
<i>Constitution Act, No. 8750 of 1975 – Supreme Court Judges</i>	Judges' pensions	13 602	12 459
<i>State Superannuation Act, No. 50 of 1988, Section 90(2) – Contributions</i>	Superannuation contributions	1 116 413	1 073 456
<i>Treasury Corporation of Victoria Act, No. 80 of 1992, Section 38 – Debt Retirement</i>	Budget sector debt retirement	1 525 234	20 841
<i>Taxation (Interest on Overpayments) Act, No. 35 of 1986, Section 11</i>	Interest on overpayments of tax	806	793
<i>State Owned Enterprises Act, No. 90 of 1992, Section 88</i>	State equivalent tax refunds	–	13 152
<i>Liquor Control Reform Act, No. 94 of 1998, Section 177(2)</i>	Safety net payments	4 591	3 468
<i>Gambling Regulation Act, No. 114 of 2003, Section 3.6.12</i>	Payments to Community Support Fund	147 121	146 159
<i>Gambling Regulation Amendment (Wagering and Betting) Act 2018, Section 4.6A.5^(a)</i>	Victorian racing industry	7 291	–
<i>Financial Management Act, No. 18 of 1994, Section 39</i>	Interest on advances	5 008	10 540
<i>Taxation Administration Act 1997, Section 121</i>	Court costs	380	772
Total special appropriations		2 840 746	1 300 782

Note:

(a) The payment of a proportion of wagering and betting tax to the Victorian Racing Industry is consistent with the Victorian Government's commitment that the Victorian Racing Industry be no worse off as a result of the introduction of a point of consumption tax on wagering and betting.

Commonwealth grants

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

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

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

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

Dividends

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

Capital asset charge

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

Interest income

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

Other income

Other income relates to other miscellaneous revenue.

Grants expense

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

Contribution to GST administration costs

Payments to the Commonwealth for the State's share of the cost of administering GST.

Other economic flows included in net result

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

4. Disaggregated financial information by output

4.2.2 Administered assets and liabilities as at 30 June 2019

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Administered assets				
Financial assets				
Cash and deposits				
Receivables	2 664 712	2 464 494	29 846	21 342
Advances paid				
Investments in controlled entities				
Investment in associate entity				
Other investments				
Total financial assets	2 664 712	2 464 494	29 846	21 342
Non-financial assets				
Prepayments			–	27 770
Total non-financial assets	–	–	–	27 770
Total administered assets	2 664 712	2 464 494	29 846	49 112
Administered liabilities				
Payables	24 569	8 960	38 441	71 379
Advances received				
Public Account SAU liability				
Provisions	–	27	70 088	95 190
Unearned income				
Advances for capital works				
Borrowings				
Superannuation liability				
Total administered liabilities	24 569	8 987	108 529	166 569
Net administered assets	2 640 143	2 455 507	(78 683)	(117 457)

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable		Departmental total	
2019	2018	2019	2018	2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 422 132	2 258 096			2 481 831	102 868	3 903 963	2 360 964
201 790	169 736	256 184	251 458			3 152 532	2 907 030
3 936 225	5 304 401					3 936 225	5 304 401
				111 715 613	104 988 735	111 715 613	104 988 735
				–	7 041	–	7 041
705 265	427 777					705 265	427 777
6 265 412	8 160 010	256 184	251 458	114 197 444	105 098 644	123 413 598	115 995 948
						–	27 770
–	–	–	–	–	–	–	27 770
6 265 412	8 160 010	256 184	251 458	114 197 444	105 098 644	123 413 598	116 023 718
70 689	126 573	14 631	20 894	43 748	10 273	192 078	238 079
3 936 225	5 304 401					3 936 225	5 304 401
				10 020 681	9 287 686	10 020 681	9 287 686
57	57					70 145	95 274
60 258	73 306					60 258	73 306
		97 116	47 123			97 116	47 123
27 485 744	23 140 908	268 792	226 292			27 754 536	23 367 200
				28 631 257	25 205 357	28 631 257	25 205 357
31 552 973	28 645 245	380 539	294 309	38 695 686	34 503 316	70 762 296	63 618 426
(25 287 561)	(20 485 235)	(124 355)	(42 851)	75 501 758	70 595 328	52 651 302	52 405 292

4. Disaggregated financial information by output

Administered assets and liabilities

Receivables

Receivables mainly comprise receivables relating to taxation, dividends, grants and the Department's finance lease arrangements relating to the State's motor vehicle fleet. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Advances paid

These are advances from the Victorian Transport Fund paid to the Port Lessor Pty Ltd under a formal loan/advance agreement at an agreed commercial rate of interest. Advances are initially measured at fair value and subsequently measured at amortised cost.

Investment in controlled entities

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

Investment in associate entity

On 1 July 2016, an investment in Property Exchange Australia Limited (PEXA) was transferred from the Department of Environment, Land, Water and Planning (DELWP) to the Department. PEXA was established in January 2010 to develop a single national electronic conveyancing system for settling property transactions. While the State's ownership interest in PEXA was less than 20 per cent, the investment was accounted for using the equity method as the State had significant influence through its representation on the Board of Directors and participation in policy making processes. Under this method, the State's share of the post-acquisition profits or losses of associates is recognised in the net result as other economic flows. The share of post-acquisition movements in revaluation surpluses and any other reserves is recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post acquisition movements are adjusted against the cost of the investment.

In November 2018, the State's investment in PEXA was acquired by LMC Bidco Pty Ltd for a cash consideration of \$117 million.

Other investments

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

Public Account SAU liability

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

Unearned income

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

Borrowings

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

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

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

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

Advances received

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

Advances for capital works

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

Superannuation liability

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

The superannuation liability recognised in the administered balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. This liability mainly represents the State's superannuation liability with respect to

superannuation funds operated principally for general government sector employees, being the State's share of the shortfall between the total net assets of the State's general government sector superannuation funds at 30 June 2019 and the present value of benefits that members have accrued up to that date, as determined by an actuarial assessment. The balance of the superannuation liability with respect to these funds is to be met by Commonwealth funded agencies. In addition, the State also recognises a liability for accrued benefits arising from constitutionally protected pension entitlements principally in respect of judges and other judicial office holders. No assets are held in respect of these liabilities and pensions are paid from the Consolidated Fund.

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

The Department manages the State's superannuation liability by:

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

The State's superannuation liability with respect to superannuation funds operated principally for general government sector employees was \$28 631 million as at 30 June 2019 (2018 – \$25 205 million). In accordance with the *State Superannuation Act 1988*, the Government, through the Consolidated Fund, is primarily responsible for meeting the employer's share of the superannuation liability of the State Superannuation Fund section of the Emergency Services Superannuation Scheme. However, under the terms of that Act, the responsible Minister can effectively pass this liability to individual authorities. The liability also includes \$1 262 million (2018 – \$1 120 million) for accrued benefits arising from constitutionally protected pension entitlements, principally in respect of judges and other judicial office holders.

4. Disaggregated financial information by output

	2019 \$m	2018 \$m
Reconciliation of the present value of the defined benefit obligation		
Balance at the start of the period	48 151	46 545
Current service cost	990	913
Interest cost	1 314	1 337
Contributions by plan participants	233	229
Actuarial (gains)/losses	3 906	1 214
Benefits paid	(2 181)	(2 087)
Balance at the end of the period	52 413	48 151
Reconciliation of fair value of superannuation plan assets		
Balance at the start of the period	22 946	21 644
Interest income	626	622
Expected return on plan assets excluding interest income	1 039	956
Actuarial gains/(losses)	(504)	1
Employer contributions	1 623	1 581
Contributions by plan participants	233	229
Benefits paid (including tax paid)	(2 181)	(2 087)
Balance at the end of the period	23 782	22 946
Reconciliation of liabilities disclosed in the administered statement of assets and liabilities		
State Superannuation Fund/Emergency Services Superannuation Scheme	27 269	24 036
Other funds	1 362	1 169
Total superannuation liability	28 631	25 205
	2019	2018
	%	%
Actuarial assumptions		
<i>State Superannuation Fund/Emergency Services Superannuation Scheme</i>		
Expected return on assets	8.0	8.0
Discount rate	1.5	2.8
Wages growth	2.7	3.4
Inflation rate	1.2	1.9
<i>Constitutionally Protected Pensions</i>		
Discount rate	1.5	2.8
Wages growth	2.7	3.4
Inflation rate	n/a	n/a
<i>Health Superannuation Fund</i>		
Expected return on assets	5.0	5.0
Discount rate	1.5	2.8
Wages growth	2.7	3.4
Inflation rate	1.2	1.9

4. Disaggregated financial information by output

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

Categories of plan assets	2019	2018
	%	%
The major categories of plan assets are as follows:		
Domestic equity	27.6	27.6
International equity	27.6	27.6
Domestic debt assets	17.8	17.8
Property	7.5	7.5
Cash	4.1	4.1
Other	15.4	15.4
	100.0	100.0

5 Key assets available to support output delivery

Introduction

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

Judgement required

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

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

Structure

5.1	Property, plant and equipment	70
5.2	Intangible assets	74

5.1 Property, plant and equipment

	2019 \$'000	2018 \$'000
Land		
At valuation	599 781	602 551
Buildings (including heritage buildings)		
At independent valuation	176 061	174 504
At cost	7 150	7 118
Less: accumulated depreciation	(24 537)	(12 054)
	158 674	169 568
Construction in progress – at cost	26 111	13 264
Total buildings	184 785	182 832
Leasehold improvements		
Leasehold improvements – at fair value	8 985	10 542
Less: accumulated depreciation	(8 912)	(9 083)
Total leasehold improvements	73	1 459
Plant and equipment		
Office and computer equipment – at fair value	3 489	12 144
Less: accumulated depreciation	(2 316)	(11 451)
	1 173	693
Motor vehicles under finance lease	6 841	6 175
Less: accumulated depreciation	(1 676)	(1 684)
	5 165	4 491
Total plant and equipment	6 338	5 184
Total property, plant and equipment	790 977	792 026

Initial recognition

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

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

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The cost of non-financial physical assets constructed by the Department includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use, considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset and is summarised by asset category in note 8.3 Fair value determination. The latest revaluations of building assets were based on independent assessments as at 30 June 2017, which resulted in a net revaluation increase of \$72.9 million. The valuations were carried out by Valuer-General Victoria, Urbis Valuation Pty Ltd, Dominion Group Pty Ltd and Value IT Pty. Ltd.

Restricted nature of heritage assets and specialised land

During, and at the end of, the reporting period, the Department held heritage assets and specialised land (note 8.3), which are deemed worthy of preservation for the social rather than financial benefits they provide to the community. Consequently there are certain limitations and restrictions imposed on their use and/or disposal. The carrying amount of buildings listed as heritage assets is \$96.4 million (2018 – \$102 million). These heritage assets cannot be modified nor disposed of without formal ministerial approval.

Revaluation of non-financial physical assets

Non-financial physical assets are measured at fair value in accordance with the Financial Reporting Directions issued by the Assistant Treasurer. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Scheduled revaluations and any interim revaluations are conducted by independent valuers as determined in accordance with the requirements of the Financial Reporting Directions. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

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

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

5. Key assets available to support output delivery

5.1.1 Depreciation and amortisation

	2019 \$'000	2018 \$'000
Charge for the period		
Buildings – structures and ground development	7 301	7 284
Buildings – other building components	4 945	4 698
Leasehold improvements	66	91
Office and computer equipment	225	71
Motor vehicles under finance lease	1 224	1 157
Municipal valuations database	–	17 457
Capitalised software development	3 965	4 001
Total depreciation and amortisation	17 726	34 759

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

All buildings, plant and equipment and other non-financial physical assets, excluding assets held for sale, that have finite useful lives are depreciated. Depreciation is calculated on a straight line basis at rates that allocate the asset's value, less any estimated residual value, over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. Intangible produced assets with finite useful lives are amortised as an expense from transactions on a straight line basis over the asset's useful life. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Estimated useful lives applicable for the years ended 30 June 2019 and 30 June 2018 are as follows:

Buildings – structures and ground development	5–25 years
Buildings – other building components	5–22 years
Heritage buildings – structures and ground development	12–257 years
Heritage buildings – other building components	4–186 years
Leasehold improvements	4–10 years
Office and computer equipment	3–10 years
Motor vehicles under finance lease	1–5 years
Municipal valuations database	2 years
Capitalised software development	3–7 years

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

Impairment of non-financial assets

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

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

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

	Public Administration Purpose Group						
	Land	Buildings (including heritage buildings)	Building construction in progress	Leasehold improvements	Office and computer equipment	Motor vehicles under finance lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Carrying amount at the start of the year	602 551	169 568	13 264	1 459	693	4 491	792 026
Additions		32	13 035		41	3 208	16 316
Disposals	(2 729)					(1 310)	(4 039)
Transfers between classes		1 320	(188)	(1 320)	664		476
Transfers through contributed capital	(41)						(41)
Net transfers from/(to) property held for sale							
Depreciation expense (note 5.1.1)		(12 246)		(66)	(225)	(1 224)	(13 761)
Carrying amount at the end of the year	599 781	158 674	26 111	73	1 173	5 165	790 977
2018							
Carrying amount at the start of the year	603 512	183 165	6 267	1 550	122	4 201	798 817
Additions			12 131		597	2 244	14 972
Disposals	(18)				(35)	(672)	(725)
Transfers between classes	6 669	(1 615)	(5 134)		80		
Transfers through contributed capital	(612)						(612)
Net transfers from/(to) property held for sale	(7 000)					(125)	(7 125)
Depreciation expense (note 5.1.1)		(11 982)		(91)	(71)	(1 157)	(13 301)
Carrying amount at the end of the year	602 551	169 568	13 264	1 459	693	4 491	792 026

5. Key assets available to support output delivery

5.2 Intangible assets

	2019 \$'000	2018 \$'000
Municipal valuations database	–	22 457
Less: accumulated amortisation	–	(22 457)
Total municipal valuations database	–	–
Capitalised software development	64 245	62 792
Less: accumulated amortisation	(56 480)	(53 426)
Total capitalised software development	7 765	9 366
Intangible assets under development	6 583	4 911
Total intangible assets	14 348	14 277
Reconciliations of carrying amounts		
Municipal valuations database		
Carrying amount at the start of the year	–	14 721
Additions	–	2 736
Amortisation expense (note 5.1.1)	–	(17 457)
Carrying amount at the end of the year	–	–
Capitalised software development		
Carrying amount at the start of the year	9 366	10 199
Transfers from intangible assets under development	2 364	3 168
Amortisation expense (note 5.1.1)	(3 965)	(4 001)
Carrying amount at the end of the year	7 765	9 366
Intangible assets under development		
Carrying amount at the start of the year	4 911	2 671
Additions	4 512	5 408
Transfers to capitalised software development	(2 364)	(3 168)
Transfers to property, plant and equipment	(476)	–
Carrying amount at the end of the year	6 583	4 911

Initial recognition

Intangible assets represent identifiable non-monetary assets without physical substance. Purchased intangible assets are initially recognised at cost. Subsequently, purchased intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The Department's internally generated produced assets comprise capitalised software development.

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

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

Subsequent measurement

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

The municipal valuations database has been replaced by the centralised municipal property valuation service costs recognised in the comprehensive operating statement.

Impairment of intangible assets

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

6 Other assets and liabilities

Introduction

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

Structure

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6.4	Unearned income	78

6.1 Receivables

	2019 \$'000	2018 \$'000
Current:		
Contractual		
Debtors	17 855	14 822
	17 855	14 822
Statutory		
Amounts owing from Victorian Government ^(a)	303 269	283 303
GST recoverable	676	-
	303 945	283 303
Total current receivables	321 800	298 125
Non-current:		
Statutory		
Amounts owing from Victorian Government ^(a)	3 211	2 935
Total non-current receivables	3 211	2 935
Total receivables	325 011	301 060

Note:

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

Receivables consist of:

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

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

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

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

6.1.1 Ageing analysis of contractual receivables

	Carrying amount \$'000	Neither past due nor impaired \$'000	Past due but not impaired				Greater than 5 years \$'000
			Less than 1 month \$'000	1–3 months \$'000	3 months–1 year \$'000	1–5 years \$'000	
2019							
Receivables	17 855	11 123	3 459	2 245	1 028	–	–
2018							
Receivables	14 822	12 006	1 876	925	15	–	–

Impairment of financial assets

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

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

6.2 Payables

	2019 \$'000	2018 \$'000
Current:		
Contractual		
Creditors and accruals	61 252	33 665
Statutory		
Amounts payable to other government agencies	17 970	16 385
GST payable	–	2 797
Total payables	79 222	52 847

Payables consist of:

- contractual payables, such as accounts payable. Accounts payable represent liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid, and arise when the Department becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, amounts owing to government agencies.

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

6. Other assets and liabilities

6.2.1 Maturity analysis of contractual payables

At balance date the carrying amount and nominal amount of contractual payables amounted to \$61.3 million (2018 – \$33.7 million). The contractual payables for the 2019 and 2018 financial years were neither past due nor impaired.

6.3 Non-financial assets classified as held for sale

	2019 \$'000	2018 \$'000
Vehicles held for sale	49	125
Properties held for sale	7 000	11 556
Total non-financial assets classified as held for sale	7 049	11 681

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

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

6.4 Unearned income

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

7 Financing our operations

Introduction

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

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

Structure

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7.4	Commitments for expenditure	86

7.1 Borrowings

	2019 \$'000	2018 \$'000
Current:		
Unsecured		
Bank overdraft (note 7.2)	156	99
Secured		
Finance lease liabilities	2 219	2 085
Total current borrowings	2 375	2 184
Non-current:		
Secured		
Finance lease liabilities	3 013	2 548
Total non-current borrowings	3 013	2 548
Total borrowings	5 388	4 732
	5 165	4 491

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

- Motor vehicles under finance lease

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Department has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through net result', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest bearing liabilities. The Department determines the classification of its interest bearing liabilities at initial recognition.

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

7. Financing our operations

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

7.1.1 Maturity analysis of borrowings

	Carrying amount	Nominal amount	Maturity dates ^(a)				
			Less than 1 month	1-3 months	3 months – 1 year	Greater than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Finance lease liabilities	5 232	5 422	395	340	1 607	3 080	–
Bank overdrafts	156	156	156	–	–	–	–
	5 388	5 578	551	340	1 607	3 080	–
2018							
Finance lease liabilities	4 633	4 799	457	235	1 503	2 604	–
Bank overdrafts	99	99	99	–	–	–	–
	4 732	4 898	556	235	1 503	2 604	–

Note:

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

7.2 Cash flow information and balances

	2019 \$'000	2018 \$'000
Cash on hand	2	2
Funds held in trust	42 331	30 198
Total cash and deposits disclosed in the balance sheet	42 333	30 200
The above figures are reconciled to cash and cash equivalents at the end of the year as shown in the cash flow statement as follows:		
Balances as above	42 333	30 200
Less: bank overdrafts (note 7.1)	(156)	(99)
Balance as per cash flow statement	42 177	30 101

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and short-term deposits, with original maturities of three months or less, that are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and deposits with original maturities of three months or less, that are held for the purpose of meeting long-term funding management are classified as other financial assets. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation above.

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

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

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

	2019 \$'000	2018 \$'000
Net result	8 249	1 547
Depreciation and amortisation expense	17 726	34 759
Net loss/(gain) on disposal of property, plant and equipment	48	(78)
Change in operating assets and liabilities, net of effects of restructuring		
• Decrease/(increase) in receivables	(23 951)	(22 929)
• Decrease/(increase) in other operating assets	169	(445)
• Increase in payables	26 375	5 795
• Increase in other operating liabilities	2 201	2 630
Net cash flows from operating activities	30 817	21 279

7.2.2 Non-cash financing and investing activities

During the reporting period, motor vehicles with a fair value of \$3.2 million (2018 – \$2.2 million) were acquired by means of finance leases.

7.3 Trust account balances

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

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

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

Trust account	Purpose
2017 Bourke Street Fund Trust Account – <i>Financial Management Act 1994</i>	To receive donations and other contributions to assist the immediate families of the deceased and injured individuals and their immediate families affected by the 2017 Bourke St tragedy.
Asset Sales Deposit Trust Account – <i>Financial Management Act 1994</i>	To record the receipt of deposits lodged in connection with asset sales and their disbursement in accordance with the terms of settlement.
Cattle Compensation Fund – <i>Livestock Disease Control Act 1994</i>	To receive stamp duties paid by agents relating to sale of cattle, and fines and monies received from the Commonwealth; and make payments including compensation claims from graziers, and costs of transportation and destruction of condemned cattle.
Community Support Fund Trust – <i>Gaming Machine Control Act 1991</i>	To record the receipt (under special appropriations) of certain gambling revenues and the disbursement of these funds in accordance with the requirements of the Act, including the funding of gambling research and various community programs.
Debt Portfolio Trust – <i>Financial Management Act 1994</i>	To facilitate the recording of the cash transactions associated with Public Account borrowings and their management, aimed at enhancing administrative and operational efficiency.
Finance Agency Trust – <i>Financial Management Act 1994</i>	To record the receipt of funds from client departments and agencies pending disbursement for fitout works, minor and major capital works, construction and construction related works and general projects undertaken on their behalf.

Trust account

HomesVic Trust –
*Financial Management
Act 1994*

Purpose

To record the receipt and disbursement of funds relating to the State's shared equity scheme to support lower to moderate income first home buyers enter into home ownership.

Inter-departmental
Transfer Trust – *Financial
Management Act 1994*

To record inter-departmental transfers where no other trust arrangement exists.

Land Acquisition and
Compensation Trust –
*Land Acquisition and
Compensation Act 1986*

To hold land compensation monies where claimant not found.

Public Service Commuter
Club Trust – *Financial
Management Act 1994*

To record the receipt and payment of amounts relating to the purchase of rail tickets and associated reimbursement from Club members.

Security Trust – *Financial
Management Act 1994*

To hold securities lodged by contractors to various departments as a guarantee of satisfactorily fulfilling contractual obligations.

Sheep And Goat
Compensation Fund –
*Livestock Disease Control
Act 1994*

To receive stamp duties paid by agents relating to sale of sheep and goats, and fines and monies received from the Commonwealth; and make payments including compensation claims from graziers, and costs of transportation and destruction of condemned sheep and goats.

Swine Compensation
Trust – *Livestock Disease
Control Act 1994*

To receive stamp duties, penalties and other monies relating to the sale of pigs and to make payments including compensation claims and costs of transportation and destruction of condemned pigs.

Treasury Trust –
*Financial Management
Act 1994*

To record, on behalf of the State, the receipt and disbursement of unclaimed and unidentified monies and other funds held in trust.

Vehicle Lease Trust –
*Financial Management
Act 1994*

To record transactions relating to the Government's vehicle pool and fleet management operations.

Trust account

Victorian Natural
Disasters Relief Account –
*Financial Management
Act 1994*

Purpose

To record the receipt and disbursement of funds in connection with natural disasters in Victoria.

Victorian Social Housing
Growth Fund – *Financial
Management Act 1994*

To record the receipt of capital funds and investment revenues pending disbursement of such revenues to increase the supply of social housing either directly through dedicated construction of social and affordable housing or by subsidising rental properties in the private market.

Victorian Transport
Fund – *Delivering
Victorian Infrastructure
(Port of Melbourne Lease
Transaction) Act 2016*

To fund infrastructure projects for or in relation to public transport, roads, rail, the movement of freight, ports or other infrastructure (including regional infrastructure).

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

	2019				2018			
	Opening balance \$'000	Inflows \$'000	Outflows \$'000	Closing balance \$'000	Opening balance \$'000	Inflows \$'000	Outflows \$'000	Closing balance \$'000
Controlled trusts								
Finance Agency Trust ^(a)	8 363	16 808	(12 830)	12 341	5 795	15 332	(12 764)	8 363
Government Accommodation Trust	1 725	41 028	(40 024)	2 729	4 618	38 753	(41 646)	1 725
Inter-departmental Transfer Trust	3 552	10 765	(7 232)	7 085	–	4 280	(728)	3 552
Master Agencies Media Services Trust	1 036	–	(167)	869	57	2 108	(1 129)	1 036
Shared Corporate Services Trust Account	5 132	99 374	(96 942)	7 564	6 702	92 637	(94 207)	5 132
Treasury Trust	5 942	1 204	(1 804)	5 342	8 416	5 082	(7 556)	5 942
Vehicle Lease Trust ^(b)	4 448	4 353	(2 400)	6 401	6 704	2 100	(4 356)	4 448
Total controlled trusts	30 198	173 532	(161 399)	42 331	32 292	160 292	(162 386)	30 198
Administered trusts								
2017 Bourke Street Fund Trust Account					26	–	(26)	–
Asset Sales Deposit Trust Account	–	7 551	–	7 551	–	–	–	–
Cattle Compensation Fund	–	4 440	(4 440)	–	–	5 112	(5 112)	–
Community Support Fund Trust	47 061	147 743	(141 485)	53 319	27 904	149 832	(130 675)	47 061
Debt Portfolio Trust	851 363	1 466 000	(1 966 000)	351 363	451 363	850 000	(450 000)	851 363
Finance Agency Trust ^(a)	46 679	110 839	(62 130)	95 388	55 137	59 120	(67 578)	46 679
HomesVic Trust	47 230	17 000	(35 460)	28 770	–	50 230	(3 000)	47 230
Inter-departmental Transfer Trust	15 551	18 200	(2 565)	31 186	–	17 154	(1 603)	15 551
Public Service Commuter Club Trust	(234)	628	(646)	(252)	(205)	677	(706)	(234)
Security Trust	86 444	43 171	(102 140)	27 475	12 151	91 224	(16 931)	86 444
Sheep And Goat Compensation Fund	–	1 164	(1 164)	–	–	1 408	(1 408)	–
Swine Compensation Trust	–	176	(176)	–	–	192	(192)	–
Treasury Trust	–	3 555 894	(3 552 728)	3 166	10 075	3 399 991	(3 410 066)	–
Vehicle Lease Trust ^(b)	364	222 260	(192 076)	30 548	19 350	158 431	(177 417)	364
Victorian Natural Disasters Relief Account	161 129	8 295	(104 151)	65 273	89 775	134 407	(63 053)	161 129
Victorian Social Housing Growth Fund	–	250 746	(250 746)	–	–	300 073	(300 073)	–
Victorian Transport Fund	9 230	1 448 400	(1 448 400)	9 230	9 230	3 096 707	(3 096 707)	9 230
Total administered trusts	1 264 817	7 302 507	(7 864 307)	703 017	674 806	8 314 558	(7 724 547)	1 264 817

Notes:

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

(b) The VicFleet business unit that operates the VicFleet lease facility on behalf of the State operates through the controlled portion of the Vehicle Lease Trust. The portion remaining in the administered trust relates to the VicFleet Lease Management Service.

Victorian Natural Disasters Relief Account

The Victorian Natural Disasters Relief Account was established to provide natural disaster relief in accordance with the Commonwealth-State Natural Disaster Arrangements. Monies from the Trust are paid to individuals, small businesses, primary producers and local councils by appropriate service delivery departments, following the approval of the Treasurer or his delegate. The following assistance measures are provided from the trust:

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

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

	2019	2018
	\$'000	\$'000
Opening balance	161 129	89 775
Inflows		
Appropriation revenue	8 000	132 800
Clean up costs recoveries	295	1 607
	8 295	134 407
Outflows		
Grants to other government departments, agencies and authorities	8 265	8 262
Grants to local government	93 275	51 866
Grants to not-for-profit organisations and rural communities	866	2 084
Disaster clean-up costs	–	13
Audit fees	30	6
Other operating costs	1 715	822
	104 151	63 053
Closing balance	65 273	161 129

7. Financing our operations

7.4 Commitments for expenditure

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

	2019 \$'000	2018 \$'000
Capital commitments		
Contracted commitments for capital expenditure on building improvements, fitouts and IT development, at the reporting date but not recognised as liabilities, and payable		
<ul style="list-style-type: none"> within one year 	5 481	13 259
Total capital commitments (inclusive of GST)	5 481	13 259
Outsourcing commitments		
Commitments under outsourcing contracts for human resource, property management and security services, and payable:		
<ul style="list-style-type: none"> within one year later than one year but not later than five years later than five years 	23 653 51 531 –	19 503 55 060 4 363
Total outsourcing commitments (inclusive of GST)	75 184	78 926
In addition, the outsourcing of information technology services is subject to an open-ended memorandum of understanding with an annual cost to the Department of \$6 911 407 (2018 – \$6 074 833).		
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
<ul style="list-style-type: none"> within one year later than one year but not later than five years later than five years 	7 355 8 954 749	7 553 13 553 1 035
Total operating lease commitments (inclusive of GST)	17 058	22 141

8 Risks, contingencies and valuation judgements

Introduction

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

8.1 Financial instruments specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Department's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. From 1 July 2018, the Department applies AASB 9 *Financial Instruments* and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost are financial assets measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Department to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment. The financial assets at amortised cost category includes cash and deposits, receivables (excluding statutory receivables) and loans.

Structure

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Financial assets at fair value through other comprehensive income

are debt investments administered by the Department measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Department to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments administered by the Department are measured at fair value through other comprehensive income if the assets are not held for trading and the Department has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

The Department recognises certain unlisted equity instruments within this category.

Financial assets at fair value through net result are equity instruments administered by the Department that are held for trading as well as derivative instruments classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

8. Risks, contingencies and valuation judgements

However, as an exception to those rules above, the Department may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Department recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial assets previously under AASB 139

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

Categories of financial liabilities under AASB 9 and previously under AASB 139

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income and expenses over the period of the interest bearing liability, using the effective interest rate method. Financial liabilities at amortised cost include all of the Department's contractual payables and borrowings (including finance lease liabilities).

Derecognition of financial liabilities

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

8.1.1 Categorisation of financial instruments

Carrying amount of financial instruments by category:

	Note	Category	2019 \$'000	2018 \$'000
Financial assets				
Cash and deposits	7.2	Financial assets at amortised cost	42 333	30 200
Receivables ^(a)	6.1	Financial assets at amortised cost	17 855	14 822
Total contractual financial assets			60 188	45 022
Financial liabilities				
Payables ^(a)	6.2	Financial liabilities at amortised cost	61 252	33 665
Borrowings	7.1	Financial liabilities at amortised cost	5 388	4 732
Total contractual financial liabilities			66 640	38 397

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

	Category	2019 \$'000	2018 \$'000
Financial liabilities			
Borrowings	Financial liabilities at amortised cost	(126)	(86)
Total contractual financial liabilities		(126)	(86)

Note:

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

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

- for cash and cash equivalents, financial assets at amortised cost, the net gain or loss is calculated by taking the interest income minus any impairment recognised in the net result; and
- for financial liabilities measured at amortised cost, the net gain or loss is the interest expense.

8.1.2 Financial risk management objectives and policies

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

Financial instruments: Credit risk

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

Credit risk associated with the Department's contractual financial assets is minimal because the main debtor is the Victorian Government.

Provision for impairment of contractual financial assets is calculated based on past experience and current and expected changes in client credit ratings. The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Department's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	Other institutions (non-rated)	Government agencies (triple-A credit rating)	Total
	\$'000	\$'000	\$'000
2019			
Receivables	–	7 677	7 677
Government departments/councils	–	296	296
Other entities	–	7 973	7 973
Total contractual financial assets	-		
2018			
Receivables	–		
Government departments/councils	–	11 317	11 317
Other entities	–	689	689
Total contractual financial assets	-	12 006	12 006

Financial instruments: Liquidity risk

The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Financial instruments: Market risk

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

Sensitivity disclosure analysis and assumptions

The Department's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Department's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analysis shown is for illustrative purposes only. The following movements in market interest rates are used for the sensitivity analysis – a movement of 100 (2018 – 100) basis points up and down. The impact on net operating result and equity for each category of financial instruments held by the Department at year end, if the above movements were to occur, is immaterial for the 2019 and 2018 financial years.

8. Risks, contingencies and valuation judgements

Interest rate risk

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

8.2 Contingent assets and contingent liabilities

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

inclusive of GST receivable or payable, respectively. At balance date, the Department had no contingent assets (2018 – \$nil) and a quantifiable contingent liability in relation to land remediation costs amounting to \$4 million (2018 – \$4 million).

Quantifiable contingent liabilities – Administered

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

Specific guarantees and indemnities under statute	164	178
Guarantees for loans to water industry entities	11 866	11 262
Guarantees for loans to other entities	832	812
Litigation against State Revenue Office	27	24
Other	26	26
Total	12 915	12 302

	2019 \$m	2018 \$m
Specific guarantees and indemnities under statute	164	178
Guarantees for loans to water industry entities	11 866	11 262
Guarantees for loans to other entities	832	812
Litigation against State Revenue Office	27	24
Other	26	26
Total	12 915	12 302

Non-quantifiable contingent liabilities – Administered

The Department has a number of non-quantifiable contingent liabilities administered on behalf of the State as follows.

Land remediation – environmental concerns

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

Victorian Managed Insurance Authority – insurance cover

The Victorian Managed Insurance Authority (VMIA) was established in 1996 as an insurer for state government departments, participating bodies and other entities as defined under the *Victorian Managed Insurance Authority Act 1996*. The VMIA provides its clients with a range of insurance covers, including for property, public and products liability, professional indemnity, contract works and domestic building insurance for Victorian residential builders.

The VMIA reinsures in the private market for losses above \$50 million arising out of any one occurrence, up to a limit of \$950 million for public and products liability, and for losses above \$50 million arising out of any one event, up to a limit of \$3.575 billion for property. Further, VMIA reinsured in the private market for losses above \$10 million arising out of any one event, up to a limit of \$1.49 billion (property) and \$490 million (public liability) for terrorism. The risk of losses above these reinsured levels is borne by the State.

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

Litigation against State Revenue Office

A plaintiff has issued proceedings in the High Court against the State of Victoria and the Commissioner of State Revenue, challenging the constitutional validity of motor vehicle duty on applications for registrations of new motor vehicles and seeking restitution for any duty unlawfully collected by the Commissioner. The proceedings are at an early stage and accordingly it is not feasible at this time to quantify any future liability.

Other contingent liabilities not quantified – Administered

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

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

8.3 Fair value determination

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

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

Description of significant unobservable inputs to Level 3 valuations

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

Note:

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

The significant unobservable inputs remain unchanged from 2018.

Land and buildings (including heritage buildings)

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

Specialised land is adjusted for heritage and CSO to reflect the specialised nature of the land being valued.

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

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

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

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

The heritage and CSO adjustments are a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that they are equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible.

8. Risks, contingencies and valuation judgements

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

For buildings (including heritage buildings), fair value is determined by applying an appropriate capitalisation rate based on factors such as building design, location and tenancy size on the average rental income of the building area.

Office and computer equipment

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

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

Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2019. For all assets measured at fair value, the current use is considered the highest and best use.

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Fair value measurement hierarchy at 30 June 2019				
Land at fair value				
Specialised land	530 874			530 874
Non-specialised land	68 907		68 907	
Total land at fair value	599 781	–	68 907	530 874
Buildings at fair value				
Buildings (including heritage buildings)	158 674			158 674
Total buildings at fair value	158 674	–	–	158 674
Plant and equipment at fair value				
Office and computer equipment	1 173			1 173
Total plant and equipment at fair value	1 173	–	–	1 173
Fair value measurement hierarchy at 30 June 2018				
Land at fair value				
Specialised land	533 644	–	–	533 644
Non-specialised land	68 907	–	68 907	
Total land at fair value	602 551	–	68 907	533 644
Buildings at fair value				
Buildings (including heritage buildings)	169 568	–	–	169 568
Total buildings at fair value	169 568	–	–	169 568
Plant and equipment at fair value				
Office and computer equipment	693	–	–	693
Total plant and equipment at fair value	693	–	–	693

Reconciliation of Level 3 fair value

	Specialised land	Buildings (including heritage buildings)	Office and computer equipment
2019	\$'000	\$'000	\$'000
Opening balance	533 644	169 568	693
Net acquisitions/(disposals)	(2 729)	32	41
Transfers through contributed capital	(41)		
Transfers between classes		1 320	664
Transfers from/(to) held for sale			
Depreciation		(12 246)	(225)
Closing balance	530 874	158 674	1 173
2018			
Opening balance	534 605	183 165	122
Net acquisitions/(disposals)	(18)		562
Transfers through contributed capital	(612)		
Transfer between classes	6 669	(1 615)	80
Transfer from/(to) held for sale	(7 000)		
Depreciation		(11 982)	(71)
Closing balance	533 644	169 568	693

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

Fair value measurement of land held for sale

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Fair value measurement hierarchy at 30 June 2019				
Land at fair value				
Specialised land	7 000			7 000
Total land at fair value	7 000			7 000
Fair value measurement hierarchy at 30 June 2018				
Land at fair value				
Specialised land	11 556			11 556
Total land at fair value	11 556			11 556

9 Other disclosures

Introduction

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

9.1 Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Structure

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Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

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

Other gains/(losses) from other economic flows

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

The net loss from the revaluation of leave liabilities is due to lower discount rates from 2.65 per cent in 2018 to 1.32 per cent in 2019.

9.2 Change in accounting policies

The Department has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification, measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period with difference recognised in opening retained earnings; and
- financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

AASB 9 introduces a major change to hedge accounting. However, it is the Department's policy not to apply hedge accounting.

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on the Department's financial statements.

9.2.1 Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, management has assessed all financial assets based on the Department's business models for managing the assets. The following is the change in the classification of the Department's financial assets:

- Contractual receivables previously classified as other loans and receivables under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. There was no difference between the previous carrying amount and the revised carrying amount at 1 July 2018 to be recognised in opening retained earnings.

The accounting for financial liabilities remains largely the same as it was under AASB 139, except for the treatment of gains or losses arising from the Department's own credit risk relating to liabilities designated at fair value through net result. Such movements are presented in other comprehensive income with no subsequent recycle through profit or loss.

9.2.2 Changes to the impairment of financial assets

Under AASB 9, all loans and receivables, as well as other debt instruments not carried at fair value through net result, are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, the Department applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method does not result in recognition of additional loss allowance (previous loss allowance was nil).

9.3 Responsible persons

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

The persons who held the positions of Ministers and Accountable Officer in the Department (from 1 July 2018 to 30 June 2019 unless otherwise stated) were as follows:

- Tim Pallas MP, Treasurer of Victoria and Minister for Economic Development (from 1 January 2019)
- Robin Scott MP, Assistant Treasurer and Minister of Finance (until 30 October 2018)
- Mr David Martine, Secretary

Robin Scott MP and Ben Carroll MP acted for the Treasurer during the absences of Tim Pallas MP.

Tim Pallas MP and the Hon Adem Somyurek acted for the Assistant Treasurer during the absences of Robin Scott MP.

The Hon Luke Donnellan acted for the Minister of Finance during the absences of Robin Scott MP.

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

Total remuneration received or receivable by the Accountable Officer, in connection with the management of the Department during the reporting period, was in the range of \$630 000–\$640 000 (\$620 000–\$630 000 in 2017-18).

9. Other disclosures

9.4 Remuneration of executives

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

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

Remuneration of executive officers (including key management personnel other than Ministers disclosed in note 9.5)

Short-term employee benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Total remuneration^(a)

Total number of executives^{(a)(b)}

Total annualised employee equivalents^{(a)(c)}

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

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

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

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

	Total remuneration	
	2019	2018
	\$'000	\$'000
Short-term employee benefits	19 307	16 662
Post-employment benefits	1 870	1 717
Other long-term benefits	743	692
Termination benefits	528	287
Total remuneration^(a)	22 448	19 358
Total number of executives^{(a)(b)}	113	95
Total annualised employee equivalents^{(a)(c)}	101	83

Notes:

(a) Includes five Invest Victoria executive officers transferred to the Department following machinery of government changes in January 2019.

(b) The total number of executive officers includes persons who meet the definition of key management personnel of the Department under AASB 124 *Related Party Disclosures* (other than Ministers) and are also reported within the related parties note disclosure (note 9.5).

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

9.5 Related parties

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

Related parties of the Department include:

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

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

During the year there were no material related party transactions.

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

- Deputy Secretary, Budget and Finance Division, Jamie Driscoll (from 14 February 2019)
- Deputy Secretary, Economic Division, Amy Auster
- Deputy Secretary, Commercial Division, Jason Loos (from 11 February 2019)
- Deputy Secretary, Corporate and Government Services Division, Gayle Porthouse
- Deputy Secretary, Commercial Division, David Webster (until 21 December 2018)
- Deputy Secretary, Budget and Finance Division, Simon Hollingsworth (until 21 December 2018)

- Acting Deputy Secretary, Budget and Finance Division, Mark Johnstone (from 24 December 2018 until 13 February 2019)
- Acting Deputy Secretary, Commercial Division, Jason Loos (from 24 December 2018 until 8 February 2019)

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

Remuneration of key management personnel

	2019 \$'000	2018 \$'000
Short-term employee benefits	2 765	2 325
Post-employment benefits	163	143
Other long-term benefits	79	79
Termination benefits	133	–
Total remuneration	3 140	2 547

Transactions and balances with key management personnel and other related parties

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

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

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

9.6 Remuneration of auditors

	2019 \$'000	2018 \$'000
Audit fees paid or payable to the Victorian Auditor-General's Office		
Annual financial statements of the Department	425	415
Annual financial report for the State of Victoria	413	403
Annual budget for the State of Victoria	468	457
Commonwealth acquittals	28	29
	1 334	1 304

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

9. Other disclosures

9.7 Other accounting matters

Operating lease receivables

The Department acts as a lessor for tenancies relating to its State-owned properties. The tenancy arrangements detail the lease terms, including options negotiated with the occupying departments. All tenancy arrangements contain market reviews in line with the biennial market rental valuations

Due within one year
Due later than one year but not later than five years
Due later than five years

completed on the State-owned properties. The tenancy arrangements do not include an option to purchase the property at the expiry of the tenancy. These tenancy arrangements are not required to be recognised in the balance sheet and are based on a 5-year lease term.

	2019 \$'000	2018 \$'000
	36 485	36 761
	144 156	145 553
	5 358	5 708
	185 999	188 022

Events after reporting date

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

9.8 Machinery of government changes

On 28 December 2018 pursuant to a declaration under Section 30 of the *Public Administration Act 2004*, the Government issued an administrative order restructuring some of its activities effective from 1 January 2019. The restructure resulted in the Department:

- assuming Invest Victoria from the former DEDJTR; and
- relinquishing the portfolio oversight responsibilities of WorkSafe Victoria (WorkSafe) to the Department of Justice and Community Safety, and Transport Accident Commission (TAC) to the newly formed Department of Transport.

The Department retained its shareholder and financial oversight of WorkSafe and TAC. The changes affecting WorkSafe and TAC did not require any staff or budget to be transferred from the Department.

The net assets transferred as a result of the administrative restructure of Invest Victoria were recognised at the carrying amount of those assets and liabilities in the transferor's balance sheet immediately before the transfer. Where applicable the net asset transfers were treated as contributions by owners – transfer of net assets. No income or expense has been recognised by the Department in respect of the net assets transferred.

The Department assumed the following assets and liabilities of Invest Victoria at the date of transfer:

Output Invest Victoria (Objective Strengthen Victoria's economic performance)

Assets

State Administration Unit

Liabilities

Employee related provisions

Net assets assumed by the Department

1 January 2019
\$'000

	2 774
	(2 774)
	–

9.9 Australian Accounting Standards issued that are not yet effective

The following Australian Accounting Standards become effective for reporting periods commencing after 1 July 2019:

- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

Leases

AASB 16 *Leases* replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10 000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the RoU asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The Department intends to adopt AASB 16 in the 2019-20 financial year when it becomes effective.

The Department will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Department has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU at year end (\$44 044 794);
- increase in related depreciation expense for the year (\$7 244 191);
- increase in lease liability at year end (\$45 433 373);
- increase in related interest expense for the year (\$1 092 982) calculated using effective interest method; and
- decrease in rental expense for the year (\$6 948 595).

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The Department will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10 000).

Revenue and Income

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards—Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 1058 *Income of Not-for-Profit Entities*, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 *Contributions*.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Department intends to adopt these standards in 2019-20 financial year when it becomes effective.

The Department will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Department has performed a detailed impact assessment of AASB 15 and AASB 1058 and there is no potential impact for each major class of revenue and income in the initial year of application.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they either have no or may have insignificant impacts on the Department.

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

9.10 Glossary of technical terms

Actuarial gains or losses on superannuation defined benefit plans

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

Administered item

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

Amortisation

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

Annualised employee equivalent

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

Borrowings

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

Comprehensive result

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

Controlled item

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

Capital asset charge

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

Commitments

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

Depreciation

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

Employee expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

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

Financial liability

A financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- (a) a comprehensive operating statement for the period;
- (b) a balance sheet as at the end of the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants expense

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

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

Grants for on-passing

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

Intangible assets

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

Interest expense

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

Interest revenue

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

Investment properties

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

Net result

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

Net result from transactions/net operating balance

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

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows included in net result

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

Other economic flows – other comprehensive income

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

Payables

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

Receivables

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

Sales of goods and services

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

Supplies and services

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

Transactions

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

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Appendix 1 Workforce data

Public sector values and employment principles

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

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

People and culture strategic activities

The People Strategy aims to support DTF in achieving its objectives through several key strategic initiatives, including a tailored leadership development program for all people leaders, the development of a new capability framework that will position the Department to meet its current and future needs, and initiatives that support mental health and wellbeing, workforce planning, talent management, learning and development, career development, and diversity and inclusion.

The Department recently developed a Diversity and Inclusion Framework. It includes an Aboriginal Employment Action Plan and an All Abilities Action Plan. Additional Diversity and Inclusion plans will be developed in the future for LGBTIQ, Culturally and Linguistically Diverse (CALD) and mature age workers.

People development

Key focus areas for the Department that align directly to the People Matter Survey are outlined in an action plan and include flexible work practices, diversity and inclusion, leadership, wellbeing and respectful workplace culture.

Initiatives undertaken in 2018-19 to support this included a leadership development program, which had 40 Executive Officers, STS7 and VPS6 staff participate in the first cohort, as well as training in mental health and wellbeing, workplace flexibility, bullying and sexual harassment, career planning, Aboriginal cultural awareness, LGBTIQ awareness, building positive workplace relationships, performance management, the Human Rights Charter and workload management.

In addition, during 2018-19 the Department had 15 Executive Officers attend the Victorian Leadership Academy (VLA) program, approved 12 new studies assistance applications, supported one staff member in the ANZSOG Executive Fellows Program and one staff member in the Executive Masters of Public Administration. The Victorian Major Projects Leadership Academy (VMPLA) was established in 2019 to help build and maintain the talent needed to deliver complex infrastructure projects. In 2019 more than 50 Victorian project leaders are taking part in the unique 12 month program.

Employee relations

During 2018-19, there were no industrial disputes lodged with the Fair Work Commission. The Department has a comprehensive grievance process to ensure employee concerns are dealt with fairly and promptly. Through the grievance process, three formal grievances were received in the reporting period.

The Department has a full suite of policies to support all employees in the workplace, including recruitment and selection, issue resolution and grievance review, redeployment, unsatisfactory work, misconduct, probation and fair treatment. These policies are regularly reviewed and updated.

The Department has actively participated in the Victorian public service (VPS) Towards Common Practice policy development process, assisting with the development of consistent VPS policies and processes. As of 1 October 2018, the Department has implemented 24 new VPS common practice policies that have been released by the VPSC.

Recruitment

The Department is committed to ensuring the best people are recruited through robust attraction and selection practices. The recruitment practices ensure applicants are assessed and evaluated fairly and equitably based on key selection criteria and other role accountabilities, without discrimination.

During 2018-19, the machinery of government changes transferred about 70 positions from the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR) to form a new function, Invest Victoria. These changes took effect from 1 January 2019.

The Department advertised externally for 115 roles and a number of additional vacancies were filled by internal appointments at all levels. DTF promotes an agile workforce and encourages employees to take on internal opportunities within the Department and the wider VPS, to gain relevant experience and progress their career.

Graduate recruitment scheme

The Department continues to support the recruitment and development of university graduates by participating in the VPS graduate scheme (GRADS). In addition, DTF managed the accounting and finance and the economist graduate streams on behalf of the VPS.

During 2018-19, 18 graduates joined the Department (nine economists, two generalists and seven accounting and finance graduates). The Department also offers summer economist and accounting and finance internships to a number of penultimate year university students. There were 16 internships offered last summer (eight economists and eight accounting and finance). OPV employed nine interns throughout 2018-19. The OPV internship program reinforces the Victorian Chief Engineer's commitment to engage an innovative and young engineering workforce.

A refreshed marketing and attraction campaign was launched in January 2019 for the 2020 cohort, through the new VPSC GRADS website. The Department also increased the use of digital advertising and Facebook campaigns, increased on campus presence at Victorian universities and implemented a refreshed learning and development program. A combination of improvements and enhanced attraction strategies reduced the graduate recruitment time from 16 weeks in 2018 to 10 weeks in 2019. The Department also supported the Aboriginal and Disability Graduate Pathway programs as part of GRADS.

Diversity

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

In 2018-19, the Department continued to implement the Diversity and Inclusion Framework and has committed to increase the representation of people with disability to 6 per cent by 2020, and those that identify as Aboriginal and Torres Strait Islander to 2 per cent by 2022. The Department is committed to achieving gender balance in leadership roles and

reducing unconscious bias in all people related decisions, such as recruitment, performance assessments and access to professional development.

During 2018-19, the Department has continued to implement a range of initiatives to advance equity and inclusion for all. These include diversity and inclusion awareness sessions, disability confidence training for employees and hiring managers, Aboriginal cultural awareness training, retirement transition and superannuation planning and LGBTIQ awareness training. The Department also has a 'Safe People' program as an alternative option for staff to discuss issues of unreasonable workplace behaviour.

The Department supports the LGBTIQ Pride Network and uses its membership with 'Pride in Diversity' to support LGBTIQ employees.

In 2019, the Department participated in the launch of the VPS Women of Colour Network, a VPS staff-led initiative to uplift and support women of colour. The continued implementation of programs such as the Mentoring Women program and Recruit Smarter practices also help to support gender equality within the Department.

In 2018-19, the Department continued as a member of the Australian Network on Disability and established an alumni partnership with Job Access to assist in the recruitment and workplace support of people with disability.

The Department and its agencies provide cadetships to young people, through the Jobs Victoria Youth Cadetship Scheme. In 2018-19, four cadets joined the Department.

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

The Department's Aboriginal Working Group met regularly throughout 2018-19 to support the implementation of actions identified in the plan. The Department offers Aboriginal cultural awareness training for all staff and 299 staff attended during the 2018-19 reporting period.

The Department is proud to support the Public Sector Veterans Employment Strategy and has engaged with the Veterans Employment Branch to support initiatives including the Veterans Networking Sessions.

In 2018-19, a number of significant events were celebrated including Reconciliation Week, NAIDOC week, International Day Against Homophobia, Bisexism, Intersexism and Transphobia (IDAHOBIT), International Day of People with Disability, International Day of Older Persons and International Women's Day.

Mental Health and Wellbeing Charter

The VPS Mental Health and Wellbeing Charter was launched in March 2016 with commitments to a holistic and inclusive approach to health and safety, promoting positive mental health and wellbeing and preventing and responding to occupational violence and aggression.

The Department endorsed the *Leading the Way* approach during 2017, integrating the holistic framework with existing strategic occupational health and safety priorities that support mental health and wellbeing initiatives.

Throughout 2018-19, the Department has continued to train a group of first aid officers to ensure they are specifically equipped in mental health acute response.

Confidential professional counselling services, provided by an independent impartial Employee Assistance Program (EAP) provider, continue to be available for staff, including specialist services for Aboriginal and Torres Strait Islanders, LGBTIQ, mature age or those staff experiencing Family Violence.

In 2018-19, the Department continued to roll out mental health and wellbeing training for people leaders aimed at Executive Officers, STS7 and VPS6 staff. 127 staff attended the training.

The Department has developed several internal resources with a focus on building a positive culture towards wellbeing, empowering staff to be resilient and providing resources to manage workload.

The diversity and wellbeing events calendar promoted events such as Men's Health Week, Women's Health Week, RUOK Day, Mindful in May and Safe Work Month; and a series of education sessions on bullying and sexual harassment, and Respectful Workplace Culture were held.

Additionally, online mental health and wellbeing training has been delivered for all new staff members.

Human Rights Charter

Throughout 2018-19, the Department's employees continued to consider human rights in the course of their work, including in their submissions to Cabinet on matters that affect members of the public. Commitment to the Human Rights Charter forms part of our public sector values and is highlighted for all new staff during the Department's corporate induction.

The Department increased its Human Rights Charter training offering with the roll out of human rights e-learning modules and face-to-face training. The training was attended by 366 staff.

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

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

Notes for all tables in Appendix 1

1. All figures reflect employment levels during the last pay period of June of each year unless otherwise stated.
2. Ongoing employees means people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last pay period of June.
3. FTE means full-time equivalent.
4. Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.
5. STS means senior technical specialist.
6. PS means principal scientist.
7. SMA means senior medical advisor.
8. SRA means senior regulatory analyst.
9. 'Other' means any employee classified as a Legal Officer under the VPS Aligned Adaptive Structures.

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active public service employees of the Department, employed in the last full pay period in June of the current reporting period (2019), and in the last full pay period in June of the previous reporting period (2018).

Profile of Department of Treasury and Finance's workforce: June 2019

	June 2019							June 2018						
	All employees		Ongoing		Fixed term and casual			All employees		Ongoing		Fixed term and casual		
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	348	342.09	308	17	320.73	23	21.36	321	315.19	282	18	295.63	21	19.57
Female	347	323.20	239	76	294.39	32	28.82	299	276.70	204	79	261.70	16	15.00
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	36	34.40	29	–	29.00	7	5.40	34	33.20	30	–	30.00	4	3.20
25–34	188	184.33	165	9	171.33	14	13.00	177	173.58	150	13	159.58	14	14.00
35–44	207	191.91	135	50	171.49	22	20.42	166	151.59	109	50	145.19	5	5.00
45–54	138	133.97	115	15	125.97	8	8.00	133	128.54	109	17	121.74	7	6.80
55–64	95	92.75	81	11	89.75	3	3.00	95	92.44	79	12	88.64	4	3.80
65+	31	27.94	22	8	27.57	1	0.36	15	12.54	9	5	12.17	1	0.37
VPS1–6 Grades	607	581.43	475	79	531.81	53	49.62	525	500.16	406	84	466.96	36	34.20
Grade 1	5	5.00	–	–	–	5	5.00	3	2.80	–	–	–	3	2.80
Grade 2	28	25.68	22	2	23.48	4	2.20	28	26.78	24	2	25.38	2	1.40
Grade 3	81	77.50	64	12	72.70	5	4.80	75	71.12	56	16	68.12	4	4.00
Grade 4	120	116.72	98	11	106.32	11	10.40	108	104.11	87	15	98.31	6	5.80
Grade 5	170	163.72	136	21	150.72	13	13.00	153	147.54	120	19	133.94	14	13.60
Grade 6	203	192.81	155	33	178.59	15	14.22	158	147.81	119	32	141.21	7	6.60
Senior employees	87	83.50	72	14	83.30	1	0.20	93	90.36	80	13	90.36	–	–
STS	11	9.70	7	3	9.50	1	0.20	10	9.50	7	3	9.50	–	–
Executives	76	73.80	65	11	73.80	–	–	83	80.86	73	10	80.86	–	–
Other	1	0.36	–	–	–	1	0.36	2	1.37	1	–	1.00	1	0.37
Total employees	695	665.29	547	93	615.11	55	50.18	620	591.89	487	97	557.33	37	34.57

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

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

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
<\$160 000	2 ^(a)	3 ^(b)				
\$160 000–\$179 999	4 ^(c)	2 ^(d)				
\$180 000–\$199 999	23 ^(e)	5				
\$200 000–\$219 999	17 ^(f)	1				
\$220 000–\$239 999	7					
\$240 000–\$259 999	3					
\$260 000–\$279 999	4					
\$280 000–\$299 999	8					
\$300 000–\$319 999	2					
\$320 000–\$339 999						
\$340 000–\$359 999						
\$360 000–\$379 999	2					
\$380 000–\$399 999	3					
\$400 000–\$419 999						
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	75^(g)	11				

Notes:

- (a) There were two employees employed on a part time basis at a 0.6 FTE and 0.8 FTE rate respectively.
- (b) There were three employees employed on a part time basis. One at 0.2 FTE, one at 0.8 FTE and one at 0.90 FTE rate respectively.
- (c) There were four employees employed on a part time basis. Three at a 0.90 FTE and one at a 0.80 FTE rate.
- (d) There was one employee employed on a part time basis at a 0.8 FTE rate.
- (e) There were four employees employed on a part time basis. Two at a 0.8 FTE, one at a 0.9 FTE and one at a 0.6 FTE rate respectively.
- (f) There was one employee employed on a part time basis at a 0.8 FTE rate.
- (g) Table excludes the Secretary (Accountable Officer).

Profile of State Revenue Office's workforce: June 2019

	June 2019							June 2018						
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	274	268.25	236	22	253.05	16	15.20	278	272.93	214	18	227.43	46	45.50
Female	300	276.97	215	73	265.25	12	11.72	296	275.07	173	62	215.07	61	60.00
Self-described	1	1.00	1	-	1.00	-	-	-	-	-	-	-	-	-
Age														
15-24	19	19.00	14	-	14.00	5	5.00	20	19.39	18	2	19.39	-	-
25-34	127	122.92	103	14	112.92	10	10.00	20	20.00	4	-	4.00	16	16.00
35-44	165	152.27	121	37	145.55	7	6.72	146	141.84	77	12	85.24	57	56.60
45-54	132	125.26	108	23	124.26	1	1.00	154	142.00	108	32	128.30	14	13.70
55-64	107	102.88	86	16	98.68	5	4.20	138	132.11	105	19	118.51	14	13.60
65+	25	23.89	20	5	23.89	-	-	96	92.66	75	15	87.06	6	5.60
VPS1-6 Grades	575	546.22	452	95	519.30	28	26.92	574	548.00	387	80	442.5	107	105.5
Grade 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 2	70	65.83	48	13	56.83	9	9.00	70	65.00	24	15	34.00	31	31.00
Grade 3	175	164.39 ^(b)	130	37	156.67	8	7.72	207	197.83	121	29	141.53	57	56.30
Grade 4	128	120.96 ^(b)	103	21	117.56	4	3.40	112	106.03	89	17	100.83	6	5.20
Grade 5	124	119.84 ^(b)	105	15	115.84	4	4.00	110	107.14	92	9	98.14	9	9.00
Grade 6	47	45.10	40	5	43.30	2	1.80	46	44.50	40	5	43.50	1	1.00
Senior employees	8	7.90	7	1	7.90	-	-	8	7.70	6	2	7.70	-	-
STS	1	1.00	1	-	1.00	-	-	1	1.00	1	-	1.00	-	-
Executives	7	6.90	6	1	6.90	-	-	7	6.70	5	2	6.70	-	-
Other	23	22.20	19	3	21.20	1	1.00	21	19.80	15	3	16.80	3	3.00
Total employees	575	546.22	452	95^(a)	519.30	28^(b)	26.92	574	548.00	387	80	442.50	107	105.50

Notes:

(a) Flexible work opportunities options expanded with introduction of new flexible work opportunities procedure and promoted across the organisation and increased the uptake of flexible work options including part time employment in 2018-19.

(b) Conversion of 80 fixed term roles to ongoing roles at mainly at VPS Grade 3, 4 and 5 levels including promotion of ongoing staff previously in fixed term higher duty roles.

Annualised total salary, by \$20 000 bands, for executives and other senior non-executive staff – State Revenue Office^{(a)(b)}

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

Notes:

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

(b) One inactive executive in the \$200 000-\$219 000 income band is not included.

(c) There is one executive employed on a part time basis at a 0.9 FTE rate.

Profile of Essential Services Commission: June 2019

	June 2019							June 2018						
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	60	58.96	50	4	53.36	6	5.60	63	61.02	51	2	52.76	10	8.26
Female	59	54.91	36	9	42.41	14	12.50	53	50.90	39	8	45.10	6	5.80
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	7	5.10	2	1	2.80	4	2.30	5	4.16	4	–	4.00	1	0.16
25–34	34	33.80	27	1	27.80	6	6.00	41	39.90	33	1	33.80	7	6.10
35–44	43	41.21	33	7	38.21	3	3.00	41	39.10	28	7	33.30	6	5.80
45–54	25	24.40	21	2	22.40	2	2.00	21	21.00	19	–	19.00	2	2.00
55–64	9	5.60	5	3	3.60	1	2.00	7	6.76	5	2	6.76	–	–
65+	1	1.00	1	–	1.00	–	–	1	1.00	1	–	1.00	–	–
VPS1–6 Grade	104	100.17	76	14	85.57	14	14.60	98	95.66	75	10	82.86	13	12.80
Grade 1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Grade 2	2	1.60	1	–	1.00	1	0.60	2	2.00	2	–	2.00	–	–
Grade 3	24	23.20	19	3	21.20	2	2.00	22	21.40	15	2	16.40	5	5.00
Grade 4	24	23.60	19	1	19.60	4	4.00	24	23.80	22	1	22.80	1	1.00
Grade 5	32	31.36	23	4	26.36	5	5.00	28	27.56	22	3	24.56	3	3.00
Grade 6	22	20.41	14	6	17.41	2	3.00	22	20.90	14	4	17.10	4	3.80
Senior employees	13	13.00	13	–	13.00	–	–	16	16.00	15	–	15.00	1	1.00
STS	3	3.00	3	–	3.00	–	–	3	3.00	3	–	3.00	–	0.00
SRA	5	5.00	5	–	5.00	–	–	5	5.00	4	–	4.00	1	1.00
Executives	5	5.00	5	–	5.00	–	–	8	8.00	8	–	8.00	–	–
Other	2	0.70	–	–	–	2	0.70	2	0.26	–	–	–	2	0.26
Total employees	119	113.87	89	14	98.57	16	15.30	116	111.92	90	10	97.86	16	14.06

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

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
<\$160 000			104			2
\$160 000–\$179 999	1	3			3	
\$180 000–\$199 999					2	
\$200 000–\$219 999	3					
\$220 000–\$239 999						
\$240 000–\$259 999						
\$260 000–\$279 999						
\$280 000–\$299 999	1					
\$300 000–\$319 999						
\$320 000–\$339 999						
\$340 000–\$359 999						
\$360 000–\$379 999						
\$380 000–\$399 999						
\$400 000–\$419 999						
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	5	3	104		5	2

Profile of Cenitex's workforce: June 2019

	June 2019							June 2018						
	All employees		Ongoing		Fixed term and casual			All employees		Ongoing		Fixed term and casual		
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	424	420.03	369	5	373.10	50	46.93	418	417.60	382	2	383.60	34	34.00
Female	110	105.69	78	14	88.09	18	17.60	107	103.69	84	11	91.89	12	11.80
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age														
15-24	17	14.72	5	1	5.79	11	8.93	13	13.00	4	-	4.00	9	9.00
25-34	103	101.77	76	5	80.17	22	21.60	106	105.50	92	2	93.50	12	12.00
35-44	205	201.91	176	6	179.91	23	22.00	197	195.26	181	6	185.26	10	10.00
45-54	125	124.13	114	4	117.13	7	7.00	127	126.33	115	2	116.53	10	10.00
55-64	76	75.60	69	2	70.60	5	5.00	76	75.60	69	2	70.60	5	5.00
Over 64	8	7.60	7	1	7.60	-	-	6	5.60	5	1	5.60	-	-
VPS1-6 Grades	505	496.93	426	18	439.4	61	57.53	493	489.69	443	12	451.69	38	38.00
Grade 1								-	-	-	-	-	-	-
Grade 2	9	7.98	1	2	2.58	6	5.40	9	9.00	-	-	-	9	9.00
Grade 3	114	110.03	81	6	85.90	27	24.13	101	100.19	86	3	88.19	12	12.00
Grade 4	82	81.20	74	3	76.20	5	5.00	86	85.20	77	3	79.20	6	6.00
Grade 5	146	145.20	130	3	132.20	13	13.00	152	150.70	142	4	144.70	6	6.00
Grade 6	154	152.52	140	4	142.52	10	10.00	145	144.60	138	2	139.60	5	5.00
Senior employees	29	28.8	21	1	21.8	7	7	32	31.60	23	1	23.80	8	7.80
STS	25	24.80	21	1	21.80	3	3.00	27	26.80	23	1	23.80	3	3.00
Executives	4	4.00	-	-	-	4	4.00	5	4.80	-	-	-	5	4.80
Total employees	534	525.72	447	19	461.19	68	64.53	525	521.29	466	13	475.49	46	45.80

Profile of Emergency Services and State Super workforce: June 2019

	June 2019							June 2018						
	All employees		Ongoing		Fixed term and casual			All employees		Ongoing		Fixed term and casual		
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	78	76.04	70	4	73.00	4	3.04	73	71.40	60	5	63.90	8	7.50
Female	85	77.76	62	19	74.46	4	3.30	77	69.35	54	18	64.99	5	4.36
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age														
15-24	6	6.00	6	-	6.00	-	-	7	6.06	4	-	4.00	3	2.06
25-34	29	28.10	24	4	27.10	1	1.00	31	29.80	26	3	27.80	2	2.00
35-44	52	49.52	45	6	48.52	1	1.00	48	44.82	39	7	43.02	2	1.80
45-54	44	41.21	34	6	37.61	4	3.60	34	31.41	24	7	28.41	3	3.00
55-64	23	21.33	16	6	20.63	1	0.70	22	21.06	14	5	18.06	3	3.00
65+	9	7.64	7	1	7.60	1	0.04	8	7.60	7	1	7.60	0	0.00
ESS1-4 grade	158	148.80	5	23	142.46	8	6.34	144	134.75	114	23	128.89	7	5.86
ESS 1	36	33.56	27	7	31.56	2	2.00	40	36.25	28	8	33.19	4	3.06
ESS 2	42	37.90	29	12	36.90	1	1.00	34	30.20	25	9	30.20	0	0.00
ESS 3	53	50.74	47	4	50.00	2	0.74	48	46.40	41	5	44.60	2	1.80
ESS 4	27	26.60	24	0	24.00	3	2.60	22	21.90	20	1	20.90	1	1.00
Senior employees	5	5.00	5	-	5.00	-	-	6	6.00	-	-	-	6	6.00
Executives	5	5.00	5	-	5.00	-	-	6	6.00	-	-	-	6	6.00
Total employees	163	153.80	132	23	147.46	8	6.34	150	140.75	114	23	128.89	13	11.86

Note:

For VPS reporting, fixed term executives are considered ongoing.

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

Income band (salary)	Executives	Senior non-executive
<\$160 000		
\$160 000–\$179 999	1	
\$180 000–\$199 999	2	
\$200 000–\$219 999	1	
\$220 000–\$239 999		
\$240 000–\$259 999		
\$260 000–\$279 999		
\$280 000–\$299 999		
\$300 000–\$319 999		
\$320 000–\$339 999		
\$340 000–\$359 999	1	
\$360 000–\$379 999		
\$380 000–\$399 999		
\$400 000–\$419 999		
\$420 000–\$439 999		
\$440 000–\$459 999		
\$460 000–\$479 999		
\$480 000–\$499 999		
Total	5	

Workforce inclusion policy

The Department is working towards creating a balanced working environment where equal opportunity and diversity are valued. As part of our People Matter Action Plan, DTF has a 50:50 target for the executive gender profile. The following table outlines the Department’s progress against this target for 2018-19.

Workforce inclusion policy initiative	Target	Actual progress in 2018-19	Actual progress in 2017-18
Gender diversity at executive levels	Executive officers: 50 per cent male 50 per cent female	Executive officers: 54 per cent male 46 per cent female	Executive officers: 57 per cent male 43 per cent female

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

Executive officer data

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

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

The following tables disclose the EOs of the Department and its portfolio agencies for 30 June 2019:

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

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

Class	All		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
EO-1	5	1	3	1	2	-	-	-
EO-2	18	-2	8	-4	10	2	-	-
EO-3	51	-2	29	-1	22	-1	-	-
Total	74	-3	40	-2	34	1	-	-

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

Table excludes the Secretary (Accountable Officer).

Table excludes one executive officer seconded to other agency (one male EO-2).

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

The number of executives in the Report of Operations is based on the number of executive positions that are occupied at the end of the financial year. Note 9.8 in the financial statements lists the actual number of EOs and the total remuneration paid to EOs over the course of the reporting period.

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

Reconciliation of DTF executive officer numbers: June 2019

	2019	2018
Executives	93	87
Accountable Officer (Secretary)	1	1
Separations	-18	-5
Total executive numbers at 30 June	76^(a)	83

Note:

(a) Total executive numbers include one executive on secondment to other agency.

DTF Portfolio Executives^{(a)(b)}

Portfolio agencies	Total		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Cenitex	4	-1	2	-1	2	-	-	-
Emergency Services and State Super	5	-	5	1	-	-1	-	-
Essential Services Commission	5	-3	3	-2	2	-1	-	-
State Revenue Office	7	-	5	-	2	-	-	-
State Trustees Limited	6	-1	1	-	5	-1	-	-
Treasury Corporation of Victoria	6	-	5	-	1	-	-	-
Victorian Funds Management Corporation	6	1	2	-1	4	-	-	-
Victorian Managed Insurance Authority	11	-1	5	-	6	1	-	-
Total	50	-5	28	-3	22	-2	-	-

For the purpose of this table, executive officers are defined as employees who have significant management responsibility and receive a TRP of \$182 070 or more.

All figures reflect employment levels as at 30 June 2019 unless otherwise stated.

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

Notes:

(a) Transport Accident Commission has transitioned to the Department of Transport.

(b) Victorian Asbestos Eradication Agency and Victorian WorkCover Authority has transitioned to the Department of Justice and Community Safety.

Appendix 2 DTF occupational health and safety report 30 June 2019

In 2018-19, the Department continued its commitment to OHS with a number of key achievements.

Throughout the year quarterly Health and Safety Committee meetings were held. A Safety Month program was delivered in October, in alignment with Safe Work month. This program offered health and wellbeing seminars on mindfulness, ergonomic assessments, blood pressure testing, St John CPR van on-site to teach staff how to perform CPR, CPR refresher training for first aid officers, first aid officer information sessions and other OHS awareness activities.

The Department has 17 existing first aid officers, including one at ESC. In 2018-19, four first aid officers were accredited in mental health first aid.

A total of 276 workstation ergonomic assessments were conducted, a 3 per cent increase on 2017-18. These included 204 face-to-face assessments and 72 online assessments via DTF's safe workstation setup online module. Following these assessments 58 sit-stand desks were commissioned to support office-based workers to adjust between a sitting and standing working posture.

The Department continues to support employee health through the annual on-site flu vaccination

program, with 346 employees receiving flu vaccinations. Staff also utilised the eye testing program, with 29 reimbursements claimed.

Mental health and wellbeing of staff continued to be a focus throughout 2018-19, with the promotion of DTF's Employee Assistance Program. 90 staff used the service, 79 of these were new referrals.

As part of DTF's commitment to staff wellbeing, a Safe Space program provides alternative support options for staff who may be experiencing unreasonable workplace behaviour. The program builds on the actions already underway to address bullying and sexual harassment in the workplace.

Incident management

During 2018-19, the total number of incidents recorded across the Department was 28. From November 2018, emergency incidents regarding safety equipment and protocols are now being proactively recorded, with four reported for 2018-19.

The number of claims decreased from four in 2017-18 to two in 2018-19.

The Department had no notifiable incidents.

DTF's performance against OHS management measures

Measure	KPI	2016-17	2017-18	2018-19
Incidents	Number of incidents	20	27	28
	Rate per 100 FTE	3.44	4.56	4.59 (based on FTE 610.11)
	No. of incidents requiring first aid and/or further medical treatment	n/a	n/a	15
Claims	Number of standardised claims ^(a)	2	4	2
	Rate per 100 FTE	0.34	0.68	0.33
	Number of lost time claims ^(b)	1	–	2
	Rate per 100 FTE	0.17	–	0.33
	Number of claims exceeding 13 weeks	–	–	2
	Rate per 100 FTE	–	–	0.33
Fatalities	Fatality claims	–	–	–
Claim costs	Average cost per standard claim ^(c)	\$66.50	\$934.66 ^(d)	\$3 524.36
Return to work	Percentage of claims with return to work plan <30 days	–	25 per cent ^(e)	100 per cent

Measure	KPI	2016-17	2017-18	2018-19
Management commitment	<p>Evidence of OHS policy statement, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent)</p> <p>Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)</p>	<p>Statement of Commitment signed by Secretary.</p> <p>Reinstatement of quarterly DTF Health and Safety Committee (HSC) meetings – following the HSC electing to stop meetings during 2015-16.</p> <p>Head of People and Culture chairs HSC meetings.</p> <p>Purchasing Guidelines contain OHS Criteria. Staff have been engaged through a proactive approach towards workstation assessments. This has resulted in the subsequent purchase of ergonomic workstation-related equipment. Sit-stand desks were purchased that have been built to the appropriate standards. Chairs purchased for staff were minimum quality compliant chairs (Australasian Furnishing Research and Development Institute level 6).</p> <p>Services and personnel engaged to support OHS program (i.e. flu vaccination program, training, etc.) have been required to provide evidence of competency and insurance information.</p>	<p>Statement of Commitment signed by Secretary.</p> <p>Director of People and Culture continues to chair Quarterly Health and Safety Committee (HSC) meetings.</p> <p>DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Subcommittee and working groups.</p> <p>OHS Advisory was involved in the procurement of more than 500 office chairs.</p> <p>OHS Advisory was involved in the procurement of portable sit-stand desks.</p>	<p>Statement of Commitment signed by the Secretary.</p> <p>Acting Head of People and Culture chairs Quarterly Health and Safety (HSC) Meetings.</p> <p>DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Sub-Committee and working groups.</p> <p>OHS Advisory was involved in the implementation of dedicated incident reporting system for emergency related incidents across DTF.</p> <p>OHS Advisory continues to be involved in the procurement of ergonomic office chairs for specific worker ergonomic related issues.</p> <p>OHS Advisory was involved in the procurement of portable sit-stand desks.</p> <p>Various specialist ergonomic workstation equipment trials and purchases have been coordinated by OHS Advisory.</p> <p>Services and personnel engaged to support the OHS program (i.e. flu vaccination program, training, etc.) have been required to provide evidence of competency and insurance information.</p>
Consultation and participation	<p>Evidence of agreed structure of designated work groups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)</p>	<p>The DTF HSC was re-established in consultation with HSRs. The HSC Terms of Reference was reviewed as part of the August 2016 HSC Meeting.</p> <p>During the January 2017 HSC meeting, DWGs were reviewed in line with the HSR election process. This review resulted in a rearrangement of DWGs to suit the location where newly elected HSRs were seated.</p>	<p>Four OHS Committee meetings were held during this period. OHS Advisory released four OHS newsletters.</p>	<p>Four Health and Safety Committee meetings were held during this period. Designated work group structures are aligned to reflect DTF's spread of employees across multiple workplace locations and floors.</p>

Measure	KPI	2016-17	2017-18	2018-19
Risk management	Compliance with agreed structure on DWGs, HSRs, and IRPs	Re-election of HSRs who had come to the end of their three-year terms in February 2017. All HSR positions were filled. DTF HSC meetings were held in August 2016, October 2016, January 2017 and April 2017.	All HSR positions are filled at 30 June 2018.	All 10 HSR positions were filled for the full year, two located at 1 Treasury Place, three at 1 Macarthur Street, one at 55 Collins Street, one in Werribee, one at 121 Exhibition Street at Invest Victoria and two at 2 Lonsdale Street with the Essential Services Commission. HSC meetings took place in September 2018, December 2018, April 2019 and the June 2019 meeting was postponed to 3 July 2019.
	Number of quarterly OHS Committee meetings	n/a	n/a	The committee met in each quarter in 2018-19.
	Percentage of internal audits/inspections conducted as planned	80 per cent of workplace inspections were completed within the scheduled quarter. Workplace OHS inspections were completed at the following DTF locations: 1 Macarthur Street, 1 Treasury Place, 607 Sneydes Road, Werribee and 121 Exhibition Street. 70 per cent of first aid kits were inspected on a quarterly basis, with first aid items replaced within two weeks of ordering. 100 per cent of first aid room inspections were completed. The following annual internal audits were completed as planned: (i) OHS Management System Review; (ii) Register Audit; and (iii) Service Level Agreement (SLA) Audit. In total, 234 ergonomic assessments (workstation audits) were conducted representing a 98 per cent increase when compared to 2015-16. Of these: (i) 125 were conducted face-to-face (53 per cent), and (ii) 109 were completed using DTF's online training module: 'safe workstation setup' (47 per cent).	95 per cent of workplace inspections where completed quarterly, across the 11 locations where workplace inspections were scheduled to take place. Locations included: <ul style="list-style-type: none"> conduct workplace inspection – ground floor and basement, Levels 4, 6, 7, 9, 10, 11 and 12 at 1 Macarthur Street conduct workplace inspection – Level 4 and 5, 1 Treasury Place conduct workplace inspection – Werribee 100 per cent completion of quarterly first aid room inspection. 100 per cent completion of quarterly first aid kit replenishment inspections were completed. The following annual internal audits were completed: (i) OHS Management System Review; (ii) Register Audit; and (iii) SLA Audit.	90 per cent of quarterly workplace inspections were completed across the 14 locations where workplace inspections were scheduled to take place. Locations included: <ul style="list-style-type: none"> 1 Macarthur Street: ground floor and basement, Levels 4, 6, 7, 9, 10, 11 and 12 1 Treasury Place: Levels 4 and 5 Werribee Library 55 Collins Street: Level 4 (commencing quarter 2) Invest Victoria (commencing quarter 4) 100 per cent completion of quarterly first aid room inspection. 76 per cent completion of quarterly first aid kit replenishment inspections were completed. The following annual internal audits were completed: (i) OHS Management System Review; (ii) Register Audit; and (iii) SLA Audit.

Measure	KPI	2016-17	2017-18	2018-19
Training	Percentage of reported incidents investigated	n/a	n/a	Out of the 28 incidents reported, 100 per cent of these incidents were investigated.
	No. of Improvement Notices issued across the Department by WorkSafe Inspector	n/a	n/a	No improvement notices were issued for 2018-19.
	Percentage of issues identified actioned arising from:			
	<ul style="list-style-type: none"> internal audits 	A desktop annual audit of OHS policies and procedures was undertaken in January 2017. No non-conformances identified.	Internal audit against SLA. Five corrective actions were identified. Actions were in place to close these by 30 June 2018.	Internal audit against SLA. Zero corrective actions were identified. Treasury Place Chief wardens were audited against Emergency Evacuations Management Service Level Criteria November 2018. Corrective actions in relation to training and implementing corrective actions from evacuation exercises were identified and corrected.
	<ul style="list-style-type: none"> HSR provisional improvement notices WorkSafe notices 	<ul style="list-style-type: none"> nil issued nil issued 	<ul style="list-style-type: none"> nil issued nil issued 	<ul style="list-style-type: none"> nil issued nil issued
	Percentage of managers and staff that have received OHS training:	417 DTF employees and contractors have successfully completed the online OHS learning modules through ComplianceNet. This reflects 72 per cent of DTF's FTE.	265 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 44 per cent of DTF's FTE. Four DTF employees have attended an accredited mental health First Aid training course. 197 (71 per cent) executive and senior DTF staff have completed Online Mental Health Training. 14 workers participated in a combination of First Aid training and CPR training.	127 DTF employees have attended mental health and wellbeing training for people leaders. 429 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 64 per cent of DTF's FTE. 38 (13 per cent) executive and senior DTF staff have completed Online Mental Health Training FTE.
Percentage of HSRs trained:	100 per cent of DTF's HSRs have completed the WorkSafe Approved HSR initial OHS training.	At 30 June 2018, 100 per cent of DTF's HSRs have been provided with the opportunity to complete the WorkSafe Approved HSR initial OHS training as per DTF's legislative duties.	At 30 June 2019, 100 per cent of DTF's HSRs have been provided with the opportunity to complete the WorkSafe Approved HSR Initial OHS Training as per DTF's legislative duties.	
<ul style="list-style-type: none"> upon acceptance of role (initial training) 	<ul style="list-style-type: none"> no vacancies currently exist 	<ul style="list-style-type: none"> no vacancies currently exist 	<ul style="list-style-type: none"> one vacancy at 121 Exhibition Street is currently being recruited. 	

Measure	KPI	2016-17	2017-18	2018-19
	<ul style="list-style-type: none"> re-training (annual refresher) 	<p>100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR refresher OHS training. All but one HSR attended the training session delivered internally in September 2016. External HSR refresher OHS training was offered to the HSR who did not attend the internal session, however this was not taken up by the HSR.</p>	<p>100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR refresher OHS training. Refresher training was completed by three HSRs.</p>	<p>100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR OHS training. Four new HSRs completed the WorkSafe Approved HSR initial OHS training and refresher training was completed by three HSRs.</p>

Notes:

(a) WorkSafe Victoria supplied data. Data for standardised claims, time lost claims and death claims is at 30 June 2019. Standardised claims are those that have exceeded the employer excess or are registered as a standard claim and are open with no payments at the time of extraction.

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

(c) VWA data based on the claims reported during each financial year period. The average cost per standard claim represents the figure calculated at the end of each financial year respectively. Past years are not updated year on year.

(d) Please note the true value of average cost per standard claim in 2016-17 and 2017-18 is \$128 762.94 and \$3 454.20 respectively. There were two substantial claims in 2016-17, however they were not accepted until 2017-18.

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

Appendix 3 Environmental reporting

Office-based environmental impacts

DTF monitored the environmental impacts of its operations during 2018-19. This was undertaken via DTF's office-based environmental management system (EMS), which is based on international standard AS/NZS ISO14001, Environmental Management Systems Requirements.

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

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

Energy use

The Department's energy consumption comprises its CBD office facilities. Core DTF staff were located at 1 Treasury Place, 1 Macarthur Street, 2 Lonsdale Street and 55 Collins Street.

Indicator	2018-19	2017-18	2016-17
Total energy usage segmented by primary source (MJ)	3 116 144^(a)	2 917 181	2 933 114
	10 387 146^(b)		
Electricity (MJ) – excluding green power	2 303 652 ^(a)	2 548 469	2 933 114
	7 678 840 ^(b)		
Natural gas (MJ)	812 492 ^(a)	368 712	
	2 708 306 ^(b)		
Green power (MJ)			
LPG (MJ)			
Total greenhouse gas emissions from energy consumption (t CO₂-e)	794^(a)	913	1 027
	2 646^(b)		
Electricity (t CO ₂ -e) – excluding green power	749 ^(a)	892	1 027
	2 496 ^(b)		
Natural gas (t CO ₂ -e)	45 ^(a)	21	
	150 ^(b)		
LPG (t CO ₂ -e)			
Percentage of electricity purchased as green power			
Units of office energy used per FTE (MJ/FTE)	5 108^(a)	4 928.56	5 038.68
	17 028^(b)		
Units of office energy used per office area (MJ/m²)	205^(a)	192	192
	684^(b)		

Notes:

(a) Figures shown under previous methodology for comparative purposes.

(b) The higher 2018-19 outcomes reflect updated guidance in FRD24D that total energy usage include base building energy.

Actions undertaken

- DTF participated in the 2019 Earth Hour event.
- Mobile devices have been rolled out to staff across the department to help reduce carbon emissions.
- A clean-up of DTF's data centre included disposing of old and redundant equipment that was using power.

Targets

- Reduce electricity consumption through better use of IT.
- Energy efficiency improvements to Treasury Reserve infrastructure including heating ventilation and air conditioning and building management system upgrades.

Result

- Electricity consumption declined in 2018-19 compared with 2017-18.

Explanatory notes

- Billing data was used to calculate the Department's energy use.
- Previous results for electricity usage have not included base building energy consumption. Current results reflect updated guidance in FRD24D that base building consumption be included.
- Previous results for gas usage had been gained via estimates. Current data is based off actuals and the use of estimates for previous years is the reasoning for the current increase in gas usage.

Paper use

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

Indicator	2018-19	2017-18	2016-17
Total units of A4 equivalent copy paper used (reams)	6 462	7 291	7 347
Units of A4 equivalent copy paper used per FTE (reams/FTE)	10.59	12.32	12.62
Percentage of 75–100 per cent recycled content	88	70	71
Percentage of 50–74 per cent recycled content	–	–	–
Percentage of 0–49 per cent recycled content	12	30	29
Optional indicators			
Total units of A4 equivalent paper used in publications (reams)	2 196	2 080	1 917

Actions undertaken

- Rollout of Surface Pro computers reducing the reliance on printing.
- eDrafting – DTF expanded the number of publications managed by electronic reviews (eDrafts), reducing the requirement to print hard copy drafts.
- Review of requirement for hard copy publications – DTF continues to direct stakeholders to online versions as an alternative.

Targets

- Reduce units of copy paper used per FTE (reams/FTE) by 0.5.

Result

- Total paper usage decreased in 2018-19.

Explanatory notes

- Paper use is calculated using the information provided under the whole of government office stationery contract.
- Where data is unavailable, average use from the previous billing period is used.

Water consumption

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

Indicator

	2018-19	2017-18	2016-17
Total water consumption (kilolitres)	6 341	8 955.5	10 937
Units of office water used per FTE (kilolitres/FTE)	10.39	15.130	18.788
Units of office water used per office area (kilolitres/m ²)	0.417	0.587	0.716

Actions undertaken

- Upgrades to plumbing infrastructure at 1 Macarthur Street and 1 Treasury Place.

Result

- Water consumption has decreased due to the upgrade of plumbing facilities.

Explanatory notes

- The data for 2018-19 was calculated using billing data. Where billing data is unavailable, average consumption from the previous billing period is used.
- Water data covers staff located in 1 Treasury Place, 1 Macarthur Street and 2 Lonsdale Street.

Travel and transport

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

Indicator	2018-19	2017-18	2016-17
Total energy consumption by fleet vehicles (MJ)	171 417	51 600	98 485
Diesel	101 171	4 989	15 263
LPG			4 318
Unleaded	49 487	46 611	78 904
Hybrid	20 759		
Total distance travelled by fleet vehicles (km)	55 893^(a)	19 912	35 126
Diesel	29 645	1 384	4 433
LPG			1 340
Unleaded	18 677	18 528	29 353
Hybrid	7 571		
Total greenhouse gas emissions from fleet vehicles (t CO₂-e)	12.03	3.50	6.54
Diesel	7.13	0.35	1.07
LPG			0.13
Unleaded	3.45	3.15	5.34
Hybrid	1.45		
Greenhouse gas emissions from fleet vehicles per 1 000km (t CO₂-e)	0.62	0.19	0.55
Diesel	0.24	0.02	0.25
LPG			0.11
Unleaded	0.18	0.17	0.19
Hybrid	0.19		
Total distance travelled by air (km)	322 979.87	415 331.74^(a)	261 056
Percentage using sustainable transport to get to and from work by locality	93.4	91.1^(b)	90
Melbourne CBD	81.3	n/a	n/a
Metropolitan Melbourne	95.8	n/a	n/a
Regional Victoria	83.3	n/a	n/a

Notes:

(a) Fleet use has increased due to increased engagement regionally

(b) The 2017-18 result for 'Percentage using sustainable transport to get to and from work by locality' has been modified to correct an error in the result.

Actions undertaken

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

Result

- Total distance travelled by air has decreased in 2018-19.

Explanatory notes

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

Waste and recycling

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

Indicator	2018-19	2017-18	2016-17
Total units of waste disposed of by destination (kg/yr)	24 136	45 482.65	49 446
Landfill (kg)	6 700	6 847	6 642
Co-mingled recycling (kg)	12 232	34 481.02	37 413
Paper and card (kg)			
Secure documents (kg)			
Organics (kg)	5 203	4 154.63	5 391
Total units of waste disposed of per FTE by destination (kg/FTE)	39.6	76.85	84.94
Landfill (kg/FTE)	11.0	11.57	11.41
Co-mingled recycling (kg/FTE)	20.1	58.26	64.27
Paper and card (kg/FTE)			
Secure documents (kg/FTE)			
Organics (kg/FTE)	8.5	7.02	9.26
Recycling rate (per cent)	72	85	87
Greenhouse gas emissions associated with waste (t CO₂-e)	6.43	9.59	9.3

Actions undertaken

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

Targets

The following target was set for 2018-19:

- Reduce landfill units of waste per FTE (kg/year) to less than 11 per FTE.

Result

- Units of waste disposed of by FTE decreased from 76.85 to 39.6.

Explanatory notes

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

Greenhouse gas emissions

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

Indicator	2018-19	2017-18	2016-17
Total greenhouse gas emissions associated with energy use (t CO ₂ -e)	793.8 ^(a) 2 646 ^(b)	913.3	1 027.0
Total greenhouse gas emissions associated with vehicle fleet (t CO ₂ -e)	12.03	3.5	6.5
Total greenhouse gas emissions associated with air travel (t CO ₂ -e)	68.59	102.5	75.1
Total greenhouse gas emissions associated with waste disposal (t CO ₂ -e)	6.43	9.6	9.3
Greenhouse gas emissions offsets purchased (t CO ₂ -e)	-	-	-

Note:

(a) Figures shown under previous methodology for comparative purposes.

(b) The higher 2018-19 outcomes reflect updated guidance in FRD24D that total energy usage include base building energy.

Greener procurement

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

These include:

- addressing environmental requirements in tender specifications and tender evaluation criteria, where applicable;
- monitoring supplier compliance with environmental sustainability requirements through relevant contract management processes; and
- developing guidance materials to support implementation of the Social Procurement Framework – including objectives relating to environmental sustainability - for the Victorian Government Purchasing Board and for the Public Construction Procurement Committee.

Glossary

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

Appendix 4 Statutory compliance and other information

Legislation administered by DTF portfolios

During the 2018-19 financial year, the General Order dated 16 October 2017 (in effect at 1 July 2018) was supplemented by the Supplements to the General Order effective 7 February 2018, 1 July 2018 and 7 September 2018. These supplements did not amend the responsibilities of the Treasurer or the Assistant Treasurer (formerly known as the Minister for Finance).

The General Order dated 16 October 2017 was replaced by the General Order dated 23 October 2018. Under that General Order, the Treasurer became responsible for the administration of the *Rural Assistance Schemes Act 2016*, the *Occupational Licensing National Law Repeal Act 2016* and Part 6A of Chapter 4 of the *Gambling Regulation Act 2003*.

The General Order dated 23 October 2018 was replaced by the General Order dated 29 November 2018. Under that General Order, the following Acts administered by the Assistant Treasurer became jointly and severally administered with the Minister for Workplace Safety:

- *Accident Compensation Act 1985*
- *Accident Compensation (Occupational Health and Safety) Act 1996*
- *Asbestos Diseases Compensation Act 2008*
- *Dangerous Goods Act 1985*
- *Equipment (Public Safety) Act 1994*
- *Occupational Health and Safety Act 2004*
- *Workers Compensation Act 1958* (Note: Division 8 of Part 1 is administered by the Treasurer)
- *Workplace Injury Rehabilitation and Compensation Act 2013* (Note: Division 1 of Part 6 is administered by the Attorney-General)

The General Order dated 29 November 2018 was replaced by the General Order dated 1 January 2019. This General Order was supplemented by the Supplement to the General Order effective 1 April 2019, under which the Assistant Treasurer became responsible for sections 6(6), 9K(3), 9K(5) and 9L of the *Parliamentary Salaries and Superannuation Act 1968*.

A further Supplement to the General Order dated 1 January 2019 came into effect on 1 June 2019, under which the Acts noted above as jointly and severally administered by the Assistant Treasurer and the Minister for Workplace Safety became the sole responsibility of the latter Minister (except for certain sections of the *Workplace Injury Rehabilitation and Compensation Act 2013* which remained jointly and severally administered).

The Assistant Treasurer's responsibilities relating to the *Transport Accident Act 1986* varied throughout the financial year. Initially, the Assistant Treasurer was responsible for the administration of this Act, except for limited sections, which were jointly administered with the Minister for Road Safety and the TAC. Under the General Order dated 29 November 2018, the Minister for Road Safety and the TAC became solely responsible for the administration of the Act. This applied until the Assistant Treasurer's responsibilities were resumed under the General Order dated 1 January 2019. The Minister for Road Safety and the TAC later became responsible for the Act, with limited sections being jointly and severally administered with the Assistant Treasurer, under the Supplement to the General Order effective 1 June 2019.

For reporting purposes, the legislation administered by DTF's Ministers under the General Orders dated 16 October 2017, 29 November 2018 and 1 January 2019, and their Supplements have been included in the *2018-19 Annual Report*. References to responsibilities of other Ministers are, for convenience, provided under their current titles.

1 July 2018 – 30 June 2019

Treasurer

Between 1 July 2018 and 30 June 2019, the Treasurer was responsible for the administration of the following Acts:

Alcoa (Portland Aluminium Smelter) Act 1980

Appropriation Acts (passed annually)

Back to Work Act 2015

Bank Integration Act 1992

Borrowing and Investment Powers Act 1987

Business Franchise (Petroleum Products) Act 1979

Commonwealth Places (Mirror Taxes Administration) Act 1999

Competition Policy Reform (Victoria) Act 1995

Congestion Levy Act 2005

Constitution Act 1975 –

- Section 88 in so far as it relates to the appointment of the Commissioner for Better Regulation and the Red Tape Commissioner
(The Act is otherwise administered by the Attorney-General, the Minister for Training and Skills, the Premier and the Special Minister of State)

Co-operative Housing Societies Act 1958

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

Duties Act 2000

Educational Institutions (Guarantees) Act 1976

Electricity Industry (Residual Provisions) Act 1993

Financial Agreement Act 1994

Financial Management Act 1994 – except:

- Sections 1-3 and 7 (these provisions are jointly administered with the Assistant Treasurer)
- Sections 5, 6, 8, 13-16, 18-23(1) and 27A-27C; Part 7; Part 7A; Part 7B; Part 8; and sections 62-63 (these provisions are administered by the Assistant Treasurer)

Financial Sector Reform (Victoria) Act 1999

Fire Services Property Levy Act 2012

First Home Owner Grant Act 2000

Gambling Regulation Act 2003 –

- Section 3.4.33
- Section 4.3.12
- Division 1 of Part 3 of Chapter 10
- Chapter 4 Part 6A (from 23 October 2018)

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

Gas and Fuel Corporation (Heatane Gas) Act 1993

Gas Industry (Residual Provisions) Act 1994

Grain Handling and Storage Act 1995 – except:

- Part 3 (this Part is administered by the Minister for Agriculture)

Land Tax Act 2005

Loy Yang B Act 1992

Melbourne Cricket Club Act 1974

Monetary Units Act 2004

Mutual Recognition (Victoria) Act 1998

National Taxation Reform (Consequential Provisions) Act 2000

New Tax System Price Exploitation Code (Victoria) Act 1999

Occupational Licensing National Law Act 2010

Occupational Licensing National Law (Victoria)

Occupational Licensing National Law Repeal Act 2016

Payroll Tax Act 2007

Planning and Environment Act 1987 –

- Part 9B (this Part is jointly and severally administered with the Minister for Planning)

(The Act is otherwise administered by the Minister for Planning)

Port Management Act 1995 –

- Sections 160, 171 and 173

(The Act is otherwise administered by the Assistant Treasurer and the Minister for Ports and Freight)

Public Authorities (Dividends) Act 1983

Rural Finance Act 1988

Rural Assistance Schemes Act 2016 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Snowy Hydro Corporatisation Act 1997

State Bank (Succession of Commonwealth Bank) Act 1990

State Electricity Commission Act 1958 – except:

- Section 107 (this section is administered by the Minister for Energy, Environment and Climate Change)

State Owned Enterprises Act 1992 – except:

- Division 2 of Part 2 in so far as it relates to the CenITex (in so far as they relate to that matter, these provisions are administered by the Assistant Treasurer)
- Division 2 of Part 2 in so far as it relates to the Victorian Plantations Corporation (in so far as they relate to that matter, these provisions are administered by the Minister for Energy, Environment and Climate Change)
- Division 2 of Part 2 in so far as it relates to the Water Training Centre (in so far as they relate to that matter, these provisions are administered by the Minister for Water)
- Division 2 of Part 2, and Part 3, in so far as they relate to the Victorian Interpreting and Translating Service (in so far as they relate to that matter, these provisions are administered by the Minister for Multicultural Affairs)

State Trustees (State Owned Company) Act 1994 – Except:

- Part 4 (this Part is jointly and severally administered by the Minister for Child Protection and the Minister for Disability, Ageing and Carers)

Supply Acts (passed annually)

Taxation Administration Act 1997

Taxation (Interest on Overpayments) Act 1986

Trans-Tasman Mutual Recognition (Victoria) Act 1998

Treasury Corporation of Victoria Act 1992

Trustee Companies Act 1984 –

- The Act is jointly administered with the Attorney-General

Victorian Funds Management Corporation Act 1994

Workers Compensation Act 1958 –

- Division 8 of Part 1
(The Act is otherwise administered by the Assistant Treasurer and the Minister for Workplace Safety)

Young Farmers' Finance Council Act 1979

Minister for Finance/Assistant Treasurer

Between 1 July 2018 and 30 June 2019, the Minister for Finance/Assistant Treasurer was responsible for the administration of the following Acts:

Accident Compensation Act 1985 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Accident Compensation (Occupational Health and Safety) Act 1996 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Asbestos Diseases Compensation Act 2008 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Audit Act 1994 –

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

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

Casino Control Act 1991 –

- Section 128K(2)

(The Act is otherwise administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation and the Minister for Planning)

Coal Mines (Pensions) Act 1958

Crown Land (Reserves) Act 1978 –

- In so far as it relates to the land shown as:
 - Crown Allotments 2A, 3 and 4 of Section 5, City of Melbourne, Parish of Melbourne North (Parish Plan No. 5514C) and known as the Treasury Reserve
 - Crown Allotments 4A and 4B on Certified Plan 111284 lodged with the Central Plan Office and to be known as the Old Treasury Building Reserve

(The Act is otherwise administered by the Minister for Corrections, the Minister for Energy, Environment and Climate Change, the Minister for Health, the Minister for Ports and Freight, the Minister for Tourism, Sport and Major Events and the Premier)

Dangerous Goods Act 1985 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Emergency Services Superannuation Act 1986

Equipment (Public Safety) Act 1994 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Essential Services Commission Act 2001

Financial Management Act 1994 –

- Sections 5, 6, 8, 13-16, 18-23(1) and 27A-27C; Part 7; Part 7A; Part 7B; Part 8; and sections 62-63
- Sections 1-3 and 7 (these provisions are jointly administered with the Treasurer)

(The Act is otherwise administered by the Treasurer)

Government Superannuation Act 1999

House Contracts Guarantee Act 1987

Housing Act 1983 –

- Divisions 1-5 and Divisions 7-9 of Part VIII
- Schedules 7 and 8
- Sections 143(1), 143(2)(d), 143(2)(e), 143(2)(f), 143(2)(i) and 143(3) (these provisions are jointly and severally administered with the Minister for Housing)

(The Act is otherwise administered by the Minister for Housing)

Land Act 1958 –

- In so far as it relates to the exercise of powers relating to leases and licences under Subdivisions 1 and 2 of Division 9 of Part I in respect of:
 - land in the Melbourne Casino area within the meaning of Part 9A of the *Casino Control Act 1991*
 - Crown land coloured brown on Plans numbered LEGL./93-211, LEGL./93-212, LEGL./93-213, LEGL./93-214 and LEGL./93-215 lodged in the Central Plan Office
 - land shown as Crown Allotment 32E, section 7 on Certified Plan No. 108871 lodged in the Central Plan Office
 - land shown as Crown Allotment 4A, section 1A on Certified Plan No. 75050 lodged in the Central Plan Office

- land shown as Crown Allotment 4D, section 1A on Certified Plan No. 112128 lodged in the Central Plan Office
- the area of 3643 square metres of land in the city of Port Melbourne as shown on Plan LEGL./96-216 lodged in the Central Plan Office
- land shown as Crown Allotment 4, section 1A on Certified Plan No. 109991 lodged in the Central Plan Office

- Division 6 of Part I, Subdivision 3 of Division 9 of Part I, section 209, and the remainder of the Act where it relates to the sale and alienation of Crown Lands as set out in Administrative Arrangements Order No. 58
- Sections 201, 201A and 399 except in so far as they relate to the land described as Crown Allotment 16 of Section 5, at Elwood, Parish of Prahran being the site of the former Elwood Police Station (except in so far as they relate to that land, these provisions are jointly administered with the Minister for Energy, Environment and Climate Change)
- Sections 201, 201A and 399 in so far as they relate to the land described as Crown Allotment 16 of Section 5, at Elwood, Parish of Prahran being the site of the former Elwood Police Station (in so far as they relate to that land, these provisions are jointly administered with the Attorney-General)

(The Act is otherwise administered by the Attorney-General, the Minister for Corrections, the Minister for Creative Industries, the Minister for Energy, Environment and Climate Change, the Minister for Health, the Minister for Ports and Freight, the Minister for Roads and the Special Minister of State)

Occupational Health and Safety Act 2004 –

(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Parliamentary Salaries and Superannuation Act 1968 –

- Sections 8A and 8B
- Part 3
- Sections 6(6), 9K(3), 9K(5) and 9L (from 1 April 2019)

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

Petroleum Products Subsidy Act 1965

Police Regulation (Pensions) Act 1958 –

- Part III
(The Act is otherwise administered by the Minister for Police and Emergency Services)

Port Management Act 1995 –

- Sections 63A-63J
(The Act is otherwise administered by the Minister for Ports and Freight and the Treasurer)

Project Development and Construction Management Act 1994 –

- Part 4
(The Act is otherwise administered by the Minister for Planning, the Minister for Priority Precincts, the Minister for Transport Infrastructure and the Premier)

State Employees Retirement Benefits Act 1979

State Owned Enterprises Act 1992 –

- Division 2 of Part 2 in so far as it relates to the CenITex
(The Act is otherwise administered by the Minister for Energy, Environment and Climate Change, the Minister for Multicultural Affairs, the Minister for Water and the Treasurer)

State Superannuation Act 1988

Superannuation (Portability) Act 1989

Transport Accident Act 1986 –

- During the periods of 1 July 2018 to 28 November 2018 and 1 January 2019 to 31 May 2019 the Assistant Treasurer had responsibility for administration of this Act – except:
 - Sections 11-14 in so far as they related to road safety (in so far as they related to those matters, these sections were jointly and severally administered with the Minister for Roads and Road Safety)
 - Sections 15-18, 25 and 29 (these sections were jointly administered with the Minister for Roads and Road Safety)
- From 1 June 2019, the Assistant Treasurer's responsibilities were limited to:
 - Section 11-14 insofar as they relate to the Transport Accident Commission's budget, financial reporting and management of the Transport Accident Fund
 - Sections 29, 29A and 29B

Transport Superannuation Act 1988

Unclaimed Money Act 2008

Victorian Managed Insurance Authority Act 1996

Workers Compensation Act 1958 – except:

- Division 8 of Part 1 (this Division is administered by the Treasurer)
(refer to summary above for changes to the administration of this Act that occurred during the financial year)

Workplace Injury Rehabilitation and Compensation Act 2013 –

- From 1 July 2018 to 28 November 2018 the Assistant Treasurer had responsibility for administration of this Act – except:
 - Division 1 of Part 6 (this Division is administered by the Attorney-General)
- From 29 November 2018 to 31 May 2019 this Act was jointly and severally administered with Minister for Workplace Safety
- From 1 June 2019, the Assistant Treasurer's responsibilities were limited to:
 - Sections 492-495 in so far as they relate to WorkSafe's budget, financial reporting and management of the WorkCover Authority Fund (in so far as they relate to those matters, these sections are jointly administered with the Minister for Workplace Safety)
 - Sections 515-518 (these sections are jointly administered with the Minister for Workplace Safety)

Local Jobs First

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.

During 2018-19, the Department of Treasury and Finance commenced and completed two standard projects that met the threshold for Local Jobs First.

The two projects had a combined value of \$15.8 million and delivered a total of 203 local jobs created; 225 local jobs retained; 26 apprenticeships created; and five apprenticeships retained.

The average local content delivered was 95 per cent.

There were no strategic projects commenced or completed.

Implementation of the Social Procurement Framework policy

Victoria is committed to social procurement and has established the Social Procurement Framework. This is the first year in which DTF's annual report covers achievements in social procurement.

The Framework enables buyers and suppliers to use the Government's buying power to deliver social, economic and environmental outcomes that benefit the Victorian community, the economy and the environment.

DTF has a social procurement strategy which outlines its approach to implementing the Framework, which was implemented late 2018.

In 2018-19, DTF prioritised the following Social Procurement Framework objectives:

- opportunities for Victorian Aboriginal people;
- opportunities for Victorians with disability;
- women's equality and safety;
- supporting safe and fair workplaces; and
- sustainable Victorian social enterprises and Aboriginal business sectors.

DTF has also successfully identified in its strategy a number of opportunities for increasing its direct social procurement. These included:

- implementing a policy that at least 50 per cent of any catering be procured through social benefit suppliers;
- identifying social benefit suppliers through the print state purchase contract;
- identifying communications suppliers for use in strategic communications work;
- increasing the use of social benefit suppliers for venue hire; and
- continuing to use social enterprises for group training.

Education for procuring teams commenced during the year so that key decision makers understand the important principles and requirements of the Framework and can appropriately influence Victorian suppliers to deliver social outcomes through supplier selection and contract awarding procedures. This drives commitments to social commitment through indirect procurement.

This is the first year in which DTF's annual report includes achievements in social procurement and covers activity between 1 January 2019 to 30 June 2019.

Social procurement metric	Expenditure \$'000	No. of businesses engaged
Total spend with Victorian Aboriginal businesses	595.6	6
Total spend with Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises (ADEs)	13.4	3
Total spend with Victorian social enterprises led by a mission for the disadvantaged	34.6	5
Total spend with Victorian social enterprises	143.2	13

Disclosure of government advertising expenditure

In 2018-19, there was no government advertising campaigns with total media spend of \$100 000 or greater (exclusive of GST).

Consultancy expenditure

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

In 2018-19, there were 52 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies is \$20 865 184 (excluding GST). Details of individual consultancies can be viewed at www.dtf.vic.gov.au.

Details of consultancies under \$10 000

In 2018-19, there were seven consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10 000. The total expenditure incurred during 2018-19 in relation to these consultancies was \$44 815 (excl. GST).

Information and communication technology expenditure

Details of information and communication technology expenditure

For the 2018-19 reporting period, the Department had a total ICT expenditure of \$49 595 087, with the details shown below.

	\$'000
Business as usual (BAU) ICT expenditure	33 545
Non-business as usual (non-BAU) ICT expenditure consisting of:	16 050
Operational expenditure	12 209
Capital expenditure	3 840

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 which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of major contracts

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 2019. Details of contracts that have been disclosed in the Victorian Government Contracts Publishing System can be viewed at: www.buyingfor.vic.gov.au.

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

Freedom of Information

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.

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.

From 1 September 2017, the Act was amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

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

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

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

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

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

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

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

Further information can be obtained from foicommisioner.vic.gov.au/.

FOI statistics/timeliness

During 2018-19, the Department received 58 applications. Of these requests, 31 were from Members of Parliament, 12 from the media, and 15 were from the general public.

The Department made 37 FOI decisions during the 12 months ended 30 June 2019. A further 14 requests were withdrawn, transferred to more appropriate agencies or not proceeded with, with the consent of the applicant.

Twenty four decisions were made within the statutory time period; eight decisions were made 1-45 days after, and five decisions were made 46 or more days after the statutory time period to decide the request.

The average time taken to finalise requests in 2018-19 was 58.5 days.

During 2018-19, two requests were subject to a complaint/internal review by OVIC with none progressing to VCAT.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and foi.vic.gov.au.

Community Support Fund

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

As prescribed by the legislation, the CSF receives 8.33 per cent of the revenue generated from electronic gaming machines in hotels. Any interest earned on the balance of the trust fund is retained by the CSF. In 2018-19, the CSF received \$147.74 million in revenue.

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

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

The CSF can also fund:

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

The funds are provided to departments for making grants to a wide range of community-based organisations and councils, supporting them to build strong and sustainable communities.

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

A total of \$143.39 million in expenditure was incurred in 2018-19. There have been 93 new community projects approved in 2018-19 (as tabled on the following page).

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

For more information in relation to the CSF please refer to www.dtf.vic.gov.au/funds-programs-and-policies/community-support-fund.

Projects approved from 1 July 2018 to 30 June 2019

Project name	Responsible area	\$
Department of Education and Training		
Kalparrin Early Childhood Intervention Centre	Victorian School Building Authority	500 000
Refurbishment and extension of the Mechanics Institute Building in Mansfield	Victorian School Building Authority	600 000
St Kilda Mums	Prevention and Health Promotion	100 000
Northern Futures	Engagement, Participation and Inclusion	100 000
Project REAL	Wellbeing, Health and Engagement	200 000
Department of Environment, Land, Water and Planning		
Carrum Downs Scouts Hall	Local Government Victoria	250 000
Department of Health and Human Services		
Guide Dogs Victoria site redevelopment in Kew	The Office for Disability	5 000 000
Home stretch trial	Children and Family Policy Branch	7 000 000
GriefLine IT upgrade	Agency Performance and System Support	40 000
Romsey Men's Shed	Diversity and Community Participation	60 000
Peter MacCallum Cancer Centre Arts Exhibition Program	Commissioning, Performance and Regulation Branch	15 000
Connect Community and Health – Pilot Dental Screening Program for children from 2 years old	Health and Wellbeing Division	360 000
The Haven Foundation support housing development in Laverton and Whittlesea	Property and Asset Services	6 000 000
Hampton East Estate Scarborough playground flooring replacement	Property and Asset Services	25 000
Carrum Downs Salvation Army Food Relief and Community Support Program	Procurement, Contract and Business Services	10 000
Orygen, the National Centre of Excellence in Youth Mental Health	Mental Health	914 000
Department of Jobs, Precincts and Regions		
Indented Head Community Hall upgrade	Regional Development Victoria	250 000
Queenscliff Cultural Hub	Regional Development Victoria	1 200 000
Kinglake Town Centre Streetscape Renewal	Regional Development Victoria	750 000
Donald multipurpose community facility redevelopment	Regional Development Victoria	500 000
Lake Wendouree community outdoor gym facilities	Regional Development Victoria	272 000
The Southern Aurora 50 th anniversary memorial	Regional Development Victoria	100 000
Euroa (Friendlies Oval to Memorial Reserve) town link	Regional Development Victoria	200 000
The Age Music Victoria Awards 2018	Creative Victoria	15 000
Monash Gallery of Art and Wheelers Hill Library – integrated cultural hub proposal	Creative Victoria	400 000
The Push Inc. – Changes Youth Music Forum and Live and Local Program	Creative Victoria	250 000
Rebuild of the La Mama Theatre	Creative Victoria	1 000 000
West of Melbourne Economic Development Alliance	Precincts Development and Delivery	200 000
Lexton Community Hub	Sport and Recreation Victoria	500 000
Parkdale Vultures Amateur Football Club new scoreboard	Sport and Recreation Victoria	60 000

Project name	Responsible area	\$
Maribyrnong Park cricket facility	Sport and Recreation Victoria	20 000
Cardinia Shire Council – Koo Wee Rup Tennis Club	Sport and Recreation Victoria	250 000
Cardinia Shire Council – Pakenham pool upgrade	Sport and Recreation Victoria	105 000
Bass Coast Shire Council – Wonthaggi Boxing Club	Sport and Recreation Victoria	17 000
Benalla Shire Council – Benalla Football Club upgrade	Sport and Recreation Victoria	500 000
City of Greater Dandenong – Ross Reserve Upgrade – Masterplan integration and all-abilities playground	Sport and Recreation Victoria	750 000
Central Goldfields Shire Council – Carisbrook Bowling Club synthetic green upgrade	Sport and Recreation Victoria	160 000
Nillumbik Shire Council – Hurstbridge football and cricket pavilion changeroom upgrade	Sport and Recreation Victoria	150 000
Mitchell Shire Council – Wallan Bowling Club lighting	Sport and Recreation Victoria	70 000
Glen Eira City Council – Murrumbeena Tennis Club pavilion upgrade	Sport and Recreation Victoria	240 000
Geelong Canoe Club – Geelong canoe/paddling centre upgrade	Sport and Recreation Victoria	40 000
Nillumbik Shire Council – Eltham Tennis Club Court resurfacing and lighting upgrade	Sport and Recreation Victoria	180 000
Nillumbik Shire Council – Eltham Rugby Union Club spectator terracing	Sport and Recreation Victoria	60 000
Mitchell Shire Council – Seymour Stadium air conditioning	Sport and Recreation Victoria	50 000
Mooney Valley Shire Council – Essendon Hockey Club	Sport and Recreation Victoria	45 000
Moyne Shire Council – Macarthur Bowling Club upgrade	Sport and Recreation Victoria	300 000
Glenelg Shire Council – Hanlon Park lighting upgrade	Sport and Recreation Victoria	288 000
Monash City Council – Scammell Reserve sport lighting upgrade	Sport and Recreation Victoria	120 000
Monash City Council – Electronic scoreboard at Jack Edwards Reserve	Sport and Recreation Victoria	50 000
Peter Norman Statue at Lakeside Stadium in Albert Park	Sport and Recreation Victoria	100 000
Colac Otway Shire Council – Central Reserve lighting and court redevelopment	Sport and Recreation Victoria	375 164
Wyndham City Council – Dropping in at Loyola Park	Sport and Recreation Victoria	100 000
Buloke Shire Council – Birchip Leisure Centre change room redevelopment	Sport and Recreation Victoria	100 000
Glen Eira City Council – Victory Park Pavilion female friendly redevelopment	Sport and Recreation Victoria	221 375
City of Greater Dandenong – Thomas Carroll Pavilion redevelopment	Sport and Recreation Victoria	500 000
Mitchell Shire Council – Harley Hammond Reserve netball/tennis amenities and netball courts	Sport and Recreation Victoria	500 000
Whittlesea City Council – Harvest Home Road community pavilion	Sport and Recreation Victoria	250 000

Project name	Responsible area	\$
South Gippsland Shire Council – Leongatha and District Netball Association – Courts redevelopment	Sport and Recreation Victoria	500 000
Central Goldfields Shire Council – Maryborough Sports and Leisure Centre upgrade	Sport and Recreation Victoria	430 000
Mitchell Shire Council – Wandong Stadium	Sport and Recreation Victoria	100 000
Macedon Ranges Shire Council – Female friendly upgrade at Dixon Field, Gisborne	Sport and Recreation Victoria	220 000
Greater Bendigo City Council – Epsom Huntly Recreation Reserve netball lighting	Sport and Recreation Victoria	60 000
Frankston City Council – Carrum bowling clubrooms redevelopment	Sport and Recreation Victoria	200 000
Upgrade of Frank Holohan soccer complex in Endeavour Hills	Sport and Recreation Victoria	200 000
Toomuc Recreation Reserve Number Two pavilion upgrade	Sport and Recreation Victoria	50 000
Regional Development Victoria	Regional Development Victoria	2 500 000
Department of Justice and Community Safety		
Victorian Responsible Gambling Foundation 2019-20 to 2022-23	Victorian Responsible Gambling Foundation	150 000 000
Department of Premier and Cabinet		
St Michael's Church heating system replacement	Multicultural Affairs and Social Cohesion	24 745
Upgrade Sandfield Reserve Skatepark: An awesome space for local youth	Multicultural Affairs and Social Cohesion	200 000
Community splash park/water playground	Multicultural Affairs and Social Cohesion	200 000
Dalton Street Reserve – Activation project: Sunshine West parkland community investment	Multicultural Affairs and Social Cohesion	200 000
Gold Street all abilities playground	Multicultural Affairs and Social Cohesion	200 000
Euroa and District Community Sports Centre upgrade	Multicultural Affairs and Social Cohesion	200 000
Training and match lighting for the second footy/cricket oval at Le Page Park	Multicultural Affairs and Social Cohesion	200 000
Provide an innovative space at Duke Street Community House	Multicultural Affairs and Social Cohesion	199 100
Millgrove River Road community walking track	Multicultural Affairs and Social Cohesion	192 781
Avoca Silo – Multiplex outdoor art project	Multicultural Affairs and Social Cohesion	189 000
Wyndham Community Arts Project – water tower mural	Multicultural Affairs and Social Cohesion	146 055
Geelong inclusive art precinct	Multicultural Affairs and Social Cohesion	127 000
New score shed and storage garage for Wyndham BMX	Multicultural Affairs and Social Cohesion	97 000
Integrating technology and refurbishing Lyrebird Community Centre	Multicultural Affairs and Social Cohesion	84 965
Little River play and fitness circuit	Multicultural Affairs and Social Cohesion	84 472
A new and modern electronic information centre/scoreboard for community use	Multicultural Affairs and Social Cohesion	80 656
Solar panels for IDV, a leading Banyule disability service provider	Multicultural Affairs and Social Cohesion	72 350
Walter Street Reserve net redevelopment – redevelopment of the cricket nets at Walter Street Reserve	Multicultural Affairs and Social Cohesion	45 000

Project name	Responsible area	\$
Aborigines Advancement League	Aboriginal Victoria	990 000
2019 Midsumma Pride March	Equality Branch	25 000
The Victorian Honour Roll of Women sculptural collection	The Office for Women	1 000 000
Refurbishment of the 9 th Oakleigh Scout Hall and Montmorency Scout Hall	The Office for Youth	550 000
Public Records Office Victorian Grants and Awards Program	Finance and Risk	1 692 000
Department of Transport		
Enabling vulnerable students to get to school	Economic Policy and Reform Branch	175 000
Department of Treasury and Finance		
Melbourne Seafarers Centre	Land and Property	2 500 000
Inner South Metropolitan Mayors Forum graffiti removal pilot program	Corporate Finance	1 980 000
Total project approvals		198 127 663

Note:

The list shows the CSF projects approved in the 2018-19 financial year. Expenditure of these projects has partially incurred in 2018-19 and will continue to incur until 2022-23.

Compliance with the *Building Act 1993*

Standards for publicly-owned buildings

The Department employs Jones Lang LaSalle (JLL) as an external service provider to manage the government-owned office accommodation portfolio and provide facilities management services to ensure compliance with standards for publicly-owned buildings, while providing essential safety measures reporting.

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

At 30 June 2019, DTF was responsible for 17 department-owned office buildings.

Mechanisms to ensure buildings conform with the building standards

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

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

Works projects (greater than \$50 000)

Treasury Reserve, East Melbourne	Security and safety control centre upgrade Chiller and boiler upgrade Replacement of blinds on external windows Riser lock and key replacement Carpark safety
1 Treasury Place, East Melbourne	Fitout and media room Plumbing and bathroom upgrade Carpet replacement
2 Treasury Place, East Melbourne	Replacement of all security speed lanes
1 Macarthur Street, East Melbourne	Plumbing and bathroom upgrade Carpet replacement Conversion to auto sliding doors Kitchen installations Security equipment Down pipes
20 Spring Street, East Melbourne	
23 St Andrews Place, Melbourne	Circle door replacement New control/alarm monitoring room
55 St Andrews Place, Melbourne	Security systems Corrective ceiling works Door controller and door reader boards
436 Lonsdale Street, Melbourne	Lift replacement Works to connect all doors to the fire indicator panel
565 Lonsdale Street, Melbourne	Roof membrane
30-38 Little Malop Street, Geelong	Hand dryer replacements
253 Eleventh Street, Mildura	Perimeter security gates

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

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

Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the department

Thirteen building permits and related Certificates of Final Inspections were received for project works on Treasury Reserve and DTF-owned buildings, including tenant projects.

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

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

1. Provision and management of maintenance service contracts for all owned buildings.
2. Six monthly property inspection reports, liaison with tenants and responses to identified issues.
3. Ensuring there is an annual essential safety measures report for each building.
4. Commissioning independent formal condition, maintenance and compliance audits on buildings every five years.

As part of the transition to JLL from 18 December 2017, site inspections were conducted. Preparations are underway for the five-year compliance audits that have been slightly delayed. The audit will take place during the next financial year.

5. Commissioning engineering/consultant reports.

JLL managed the service maintenance contracts for the DTF-owned government office buildings. The outsourced provider is responsible for:

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

Quality assurance, performance measures and governance are included in the JLL contract.

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

Nil.

Number of buildings conforming with the building standards

Sixteen buildings conform and one building (436 Lonsdale Street) is in the process of being brought into conformity.

The Shared Service Provider has identified certain compliance issues under the *Building Act 1993*, which are currently being rectified. SSP is currently reviewing its processes and programs to ensure ongoing compliance.

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

Nil.

National Competition Policy – Reporting against competitive neutrality principles

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

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

Application of Protected Disclosure Act

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

Message from the Secretary

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



David Martine
Secretary

Compliance with the *Protected Disclosure Act 2012*

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

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

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

Reporting procedures

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

- Secretary of the Department;
- Protected Disclosure Coordinator or Protected Disclosure Officer;
- manager or supervisor of the disclosure; or
- manager or supervisor of the person who is the subject of the disclosure.

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

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

Phone: 1300 735 135

Internet: ibac.vic.gov.au

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

Further information

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

Disclosures under the *Protected Disclosure Act 2012*

	2018-19 (number)	2017-18 (number)
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-corruption Commission	nil	nil

Information available on request

Financial Reporting Direction 22H provides for the information listed below to be retained by the Accountable Officer and to be made available on request subject to the provisions of the *Freedom of Information Act 1982*.

Information available on request:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including:
 - consultants/contractors engaged;
 - services provided; and
 - expenditure committed to for each engagement.

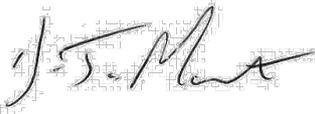
To ensure the Department is meeting its accountability and compliance requirements, some of the additional information has been included in this annual report where relevant.

This information is available on request from:

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

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

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



David Martine
Secretary

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Department of Treasury and Finance made 17 data sets available on the DataVic website for 2018-19.

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

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in an electronic readable format that will minimise access costs and maximise use and reuse.

Appendix 5 Disclosure index

Ministerial Directions and Financial Reporting Directions

Report of operations

Direction	Requirement	Page reference
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	1, 5–7
FRD 8D	Departmental objectives, indicators and outputs	11–19
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Management and structure		
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FRD 8D	Performance against output performance measures	18–19
FRD 8D	Budget portfolio outcomes	30–37
FRD 10A	Disclosure index	147
FRD 12B	Disclosure of major contracts	136
FRD 15E	Executive officer disclosures	95–96, 108–117
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