

DEPARTMENT OF
TREASURY AND FINANCE

2020
-21
ANNUAL
REPORT
—

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

Telephone: (03) 9651 5111
Website: dtf.vic.gov.au

Authorised by the Victorian Government
1 Treasury Place, Melbourne, 3002

Printed by Doculink, Port Melbourne

Printed on recycled paper

© State of Victoria 2021



This work, Department of Treasury and Finance *2020/21 Annual Report*, is licensed under a Creative Commons Attribution 4.0 licence. You are free to re-use the work under that licence on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Department of Treasury and Finance logo.

Copyright queries may be directed to
IPpolicy@dtf.vic.gov.au

ISSN 1325 1775
ISSN 2204 5384 (online/pdf)

Published October 2021

Contents

About DTF	1
Report of operations	8
Financial statements	41
Appendices	114
Appendix 1 Workforce data.....	115
Appendix 2 DTF occupational health and safety report 30 June 2021.....	126
Appendix 3 Environmental reporting.....	134
Appendix 4 Statutory compliance and other information.....	141
– Legislation administered by DTF portfolios	
– Local Jobs First	
– Implementation of the Social Procurement Framework	
– Disclosure of government advertising expenditure	
– Information and communication technology expenditure	
– Disclosure of major contracts	
– Freedom of Information	
– Community Support Fund	
– Compliance with the <i>Building Act 1993</i>	
– National Competition Policy – Reporting against competitive neutrality principles	
– Application of <i>Public Interest Disclosures Act</i>	
– Information available on request	
– Attestation for financial management compliance with Ministerial Standing Direction 5.1.4	
– Compliance with DataVic Access Policy	
– Asset Management Accountability Framework maturity assessment	
Appendix 5 Disclosure index.....	156

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 ended 30 June 2021.



David Martine
Secretary

11 October 2021

About DTF

Our vision

Excellence in financial and economic management.

Our mission

To provide leading financial and economic advice to the Government on the allocation of resources to improve the living standards of all Victorians.

Our role

The Department of Treasury and Finance (DTF) provides economic, financial and resource management advice to help the Victorian Government deliver its policies.

DTF supports the ministerial portfolios of the Treasurer, the Assistant Treasurer, the Minister for Economic Development and the Minister for Regulatory Reform.

Our objectives

We work with all Victorian departments and agencies to ensure the Government's objectives are achieved.

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 strategic and efficient whole of government common services.

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

- fiscally responsible
- market focused
- reform oriented.

Our values

- We are influential
 - we demonstrate leadership in our work
 - we negotiate effectively to get the best outcome for Victorians.
- We are respectful
 - we treat others fairly and inclusively
 - we cultivate a positive work environment and understand others' priorities and pressures.
- We are collaborative
 - we engage flexibly and constructively with our colleagues and stakeholders
 - we work together as a team, speaking with one voice.
- We are creative
 - we foster innovative thinking to create opportunities and solve challenges
 - we value and encourage diverse views and ideas.
- We are accountable
 - we behave ethically, transparently and with integrity
 - we take responsibility for our work, decisions and actions
 - we work efficiently to achieve value-for-money outcomes.
- We are responsive
 - we give timely, robust and impartial advice and services to stakeholders
 - we are proactive and solution focused, seeking opportunities to resolve issues and risks.

Our Ministers

Treasurer – Tim Pallas MP

Tim Pallas MP commenced as Treasurer of Victoria in December 2014, and as Minister for Economic Development in November 2018.

The Treasurer's responsibilities include:

- 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 industrial relations policies
- 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 land transfer duty, payroll tax and land tax
- borrowing, investment and financial arrangements to hedge, protect and manage the State's financial interests
- providing investment and fund management services to the State and its statutory authorities.

As the Minister for Economic Development, he 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
- leading investment attraction strategies and developing Victoria's offering through enhancing government levers and identifying opportunities to boost Victoria's business investment environment.

The Treasurer is also Minister for Industrial Relations.

Assistant Treasurer – Danny Pearson MP

The Hon Danny Pearson MP commenced as Assistant Treasurer and Minister for Regulatory Reform in June 2020.

The Hon Danny Pearson MP was previously the Parliamentary Secretary to the Premier from December 2018 to June 2020.

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 intellectual property policy
- 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
- the Registrar of Housing Agencies, who regulates Victoria's registered community housing agencies.

As the Minister for Regulatory Reform, he has responsibility for:

- regulation policy
- regulation reform and red tape reduction to support economic recovery
- the Commissioner for Better Regulation and the office of Better Regulation Victoria.

The Assistant Treasurer is also Minister for Government Services and Minister for Creative Industries.

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, principally 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.

Chris Barrett

Deputy Secretary, Economic Division

Chris commenced as Deputy Secretary, Economic Division in January 2021. Chris 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.

In his most recent role as Invest Victoria CEO, Chris led both the Victorian Government's approach to investment attraction and the Economic Recovery Mission in response to the coronavirus (COVID-19) pandemic. Chris' career includes nearly two decades in public service in both Canberra and Melbourne, including as Deputy Secretary, Policy and Cabinet in the Victorian Department of Premier and Cabinet and Australian Ambassador to the OECD in Paris.

Jamie Driscoll

Deputy Secretary, Budget and Finance Division

Jamie commenced as Deputy Secretary, Budget and Finance in February 2019. Jamie 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 the 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 Social Procurement Framework, provision of support for the operational management of the Victorian Government Purchasing Board and management of the Standard Motor Vehicle policy and VicFleet operations.

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

Jason Loos

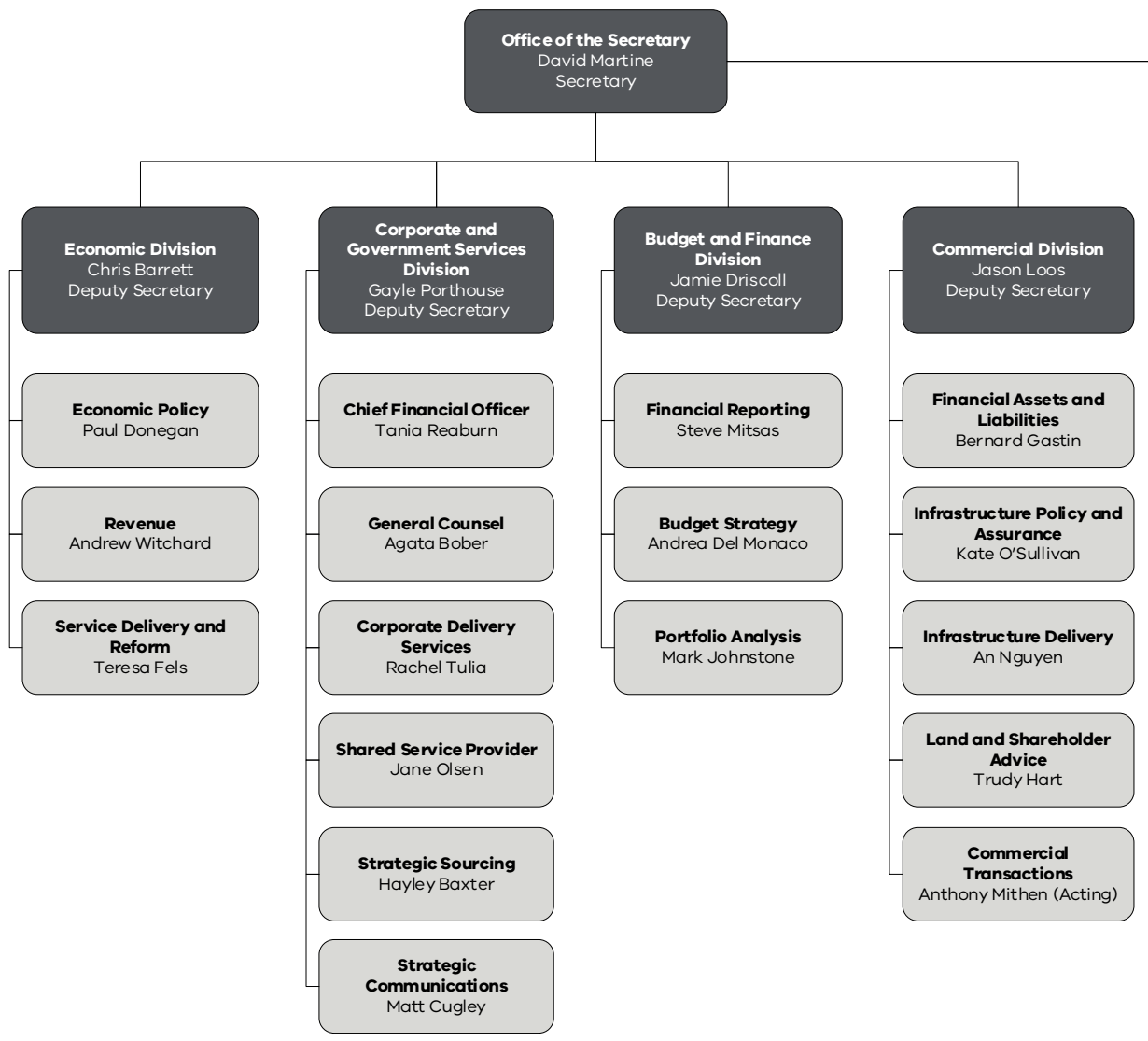
Deputy Secretary, Commercial Division

Jason is responsible for providing strategic commercial, financial and risk management advice to the 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, Housing Registrar, 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.

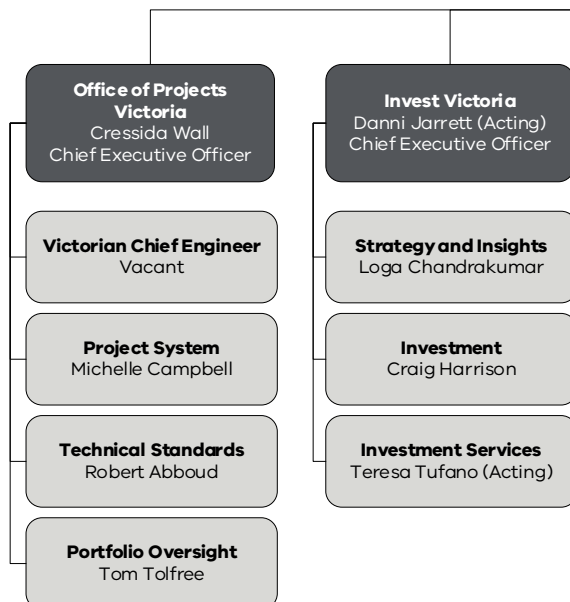
Jason has been with the Department of Treasury and Finance for more than 20 years, overseeing significant policy initiatives and major projects.

Organisational chart
as at 30 June 2021



Included within the DTF portfolio are:

- Commissioner for Better Regulation and Red Tape Commissioner
- Emergency Services and State Super
- Essential Services Commission
- Infrastructure Victoria
- 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 2020–21.

Office of the Secretary

The Office of the Secretary supports the Secretary.

Economic Division

Economic Policy

Supports the Government's agenda by providing advice and delivering reform across fields including macroeconomic conditions and strategy, job creation, energy, climate change, industry development, employment policy, local government, and improving how government agencies regulate. A key task is providing advice on responding to the impacts of the COVID-19 pandemic to support economic recovery.

Revenue

Provides analysis and advice on taxation and gambling policy and reform, supports the Treasurer with regard to intergovernmental financial relations, and undertakes revenue forecasting of state taxation revenue and the Goods and Services Tax (GST).

Service Delivery and Reform

Provides analysis and policy advice and implements priority projects related to whole of government risk, transport, insurance, education and training, early intervention, health and human services, social housing and market housing.

Corporate and Government Services Division

Corporate Delivery Services

Provides corporate services and strategic advice regarding Information Communications Technology (ICT), people and culture, accommodation, reporting, planning, audit, risk, integrity, budget operations support, Ministerial liaison support and Cabinet, Parliamentary and legislative services. ICT also delivers services to the Department of Premier and Cabinet (DPC) and provides support for the State Resource Information Management System.

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, tax and compliance, accounts payable and receivable as well as FinCloud procurement support.

Legal Services

Provides internal legal and advisory services to the Department and its Ministers. This includes advising on the delivery of state significant projects and transactions, Victoria's financial management framework, public policy and administrative law matters, managing litigation and disputes, preparation of legislation, and supporting the Department's commercial activities. The group also supports the Department in engaging and managing the provision of external legal services and Freedom of Information applications.

Shared Service Provider

Delivers centralised accommodation management services over the whole of government office portfolio driving strategic, efficient, fit-for-purpose outcomes, in addition to car pool and government library shared services, all to achieve value for the Victorian Government and enable Shared Service Provider (SSP) clients to focus on their core business.

Strategic Communications

Provides expert communications services, and event and issues management advice to assist DTF to effectively implement its projects and programs. The group manages the Department's media relations, various websites, intranet, internal communications and social media channels. The group also provides production, graphic design, multimedia and video production services.

Strategic Sourcing

Provides whole of government procurement solutions to achieve best value for money for the Victorian Government, policy development and implementation of the State's Intellectual Property policy requirements, procurement policy leadership supporting the Victorian Government Purchasing Board, and management of the Standard Motor Vehicle Policy, VicFleet operations and the finance lease facility for government departments and agencies.

Budget and Finance Division

Budget Strategy

Provides advice on the State's short to medium-term budget outlook and fiscal strategy, its financial and resource management frameworks, and Government's wages policy.

Financial Reporting

Provides advice on the financial reporting framework and accounting issues to support decision making and leads the production of government financial reporting publications including quarterly, mid-year, annual and estimated financial reports.

Portfolio Analysis

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

Commercial Division

Commercial Transactions

Provides transaction advisory services and advice on whole of State negotiations. This includes identifying asset reform opportunities to optimise the State's balance sheet management as well as leading and implementing complex commercial transactions.

Financial Assets and Liabilities

Provides 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 oversees the registration and regulation of rental housing agencies.

Infrastructure Policy and Assurance

Provides advice to the Government and guidance to departments on infrastructure investment, capital budget funding proposals, high-value high-risk assurance framework, and other major commercial projects. This also includes the facilitation of advice from Infrastructure Victoria.

Infrastructure Delivery

Develops policy and provides commercial, financial and risk management advice to Government and guidance to departments regarding Partnerships Victoria projects and other complex procurements. Oversees collaborative infrastructure delivery models and leads model innovation. Manages construction policies, supplier registers and standard contracts. This also includes the implementation of the Market-led Proposals Guideline to facilitate new and innovative private sector initiatives.

Land and Shareholder Advice

Manages the Crown land sales program, acquisition and sale of freehold land, DTF-owned property assets, and the Greener Government Buildings program. Provides governance oversight of government business enterprises (GBEs) and advice to the Government, departments and agencies relating to GBEs' strategic direction and performance, significant capital expenditure proposals, dividends and capital repatriations.

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 to optimise the significant investment in infrastructure.

OPV works collaboratively with key delivery agencies and industry to provide project assurance through portfolio monitoring and oversight; technical and engineering advice to major projects; supporting coordination between delivery agencies to improve the overall project delivery system; engaging the engineering profession to enhance its impact in Victoria; and building the capability and skills to ensure Victoria has the leadership and acumen to deliver complex projects.

Invest Victoria

Invest Victoria is the Victorian Government's lead investment attraction agency 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, including through boosting innovation and productivity, stimulating Victoria's export potential and addressing key supply chain and capability gaps. The agency 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:

- Commissioner for Better Regulation and Red Tape Commissioner
- Emergency Services and State Super
- Essential Services Commission
- Infrastructure Victoria
- 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.

Governance of DTF

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

The Board's membership includes the 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 six times in 2020-21.

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

- **Information Management:** leads, reviews and monitors information management and technology-enabled activities.
- **Knowledge Management:** supports organisational objectives by making optimal use of information. 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.
- **Audit and Risk Committee:** see next column.

DTF Audit and Risk Committee membership and roles

The Audit and Risk Committee comprised the following members as at 30 June 2021.

- Stefano Giorgini – Chair (external)
- Jan West (external)
- Jane Brockington (external)
- Gayle Porthouse
- Steve Mitsas

The main responsibilities of the Audit and Risk 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
 - compliance with applicable laws and regulations.
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors
- maintain effective communication with external auditors
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised
- oversee the effective operation of the risk management framework.

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

Report of operations

Secretary's foreword

I am pleased to present the 2020-21 Annual Report for the Department of Treasury and Finance (DTF), at the end of a year once again dominated by the COVID-19 pandemic.

The pandemic continues to demand resilience and flexibility from the Victorian Public Service as the state manages outbreaks of new variants. DTF has played a leading role in supporting the Government's economic stimulus and support measures.

There is work ahead to boost the economic recovery, and our Department will continue to provide robust analysis and advice to inform the Government's response.

The Department's major achievements for 2020-21 include:

- providing ongoing economic and financial analysis and advice to support delivery of the Government's priorities, including the response to the COVID-19 pandemic
- developing economic stimulus and relief packages to support Victorian businesses and households
- delivering the *2020-21 Budget* and *2021-22 Budget*, both within the one financial year
- producing key publications including the *2019-20 Financial Report*, the *2020-2024 DTF Corporate Plan*, and *Victoria's Economic Bulletin* Volume 5
- securing funding for social housing and shared equity schemes, and commencing rollout of these initiatives
- developing the Early Intervention Investment Framework showcased in the *2021-22 Budget*
- securing funding for a new Partnership Addressing Disadvantage
- commencing delivery of a \$75 million package of regulatory reform initiatives to support economic recovery
- identifying significant accommodation savings for the State office portfolio
- completing 400 COVID-related bio-cleans over 610 000m² of office space by the Shared Service Provider since 4 March 2020
- achieving practical completion of the Ballarat GovHub, with occupant departments transitioning to the site from April 2021
- implementing the Government's reformed Fair Payments Policy to support small business in Victoria, with invoices now paid within 10 business days
- supporting the Victorian Government Purchasing Board in expanding the goods and services supply policy framework to an additional 125 agencies
- piloting a Supplier Portal for a single point of registration for businesses supplying to the Victorian Government
- establishing an assurance function to support optimal outcomes for the Social Procurement Framework, prioritising opportunities for women and young people
- supporting delivery of major infrastructure projects including the West Gate Tunnel, Metro Tunnel, Melbourne Airport Rail, Suburban Rail Loop, North East Link and the Big Housing Build
- establishing and operationalising the North East Link State Tolling Corporation
- supporting delivery of social infrastructure projects using private finance, including the new Footscray Hospital and the Ground Lease Model public housing project
- completing a scoping study into VicRoads, leading up to the announcement of the VicRoads Modernisation in March 2021
- delivering over \$200 million of energy efficiency projects across government buildings over 10 years, by establishing a sustainable revolving fund
- attracting high-quality overseas investments to the State that align with the Government's economic priorities
- delivering the Victorian Hydrogen Energy Supply Chain Pilot Project, which will position Victoria to be a world leader in demonstrating export of liquified hydrogen
- implementing key access to finance funding initiatives including the Venture Growth Fund and the R&D Cash Flow Loans Initiative
- providing ongoing technical assurance and advice to major projects
- building public sector capacity to deliver projects with the Australian Major Project Leadership Academy, now run virtually

- launching the Victorian Major Projects Pipeline's online portal to streamline major project delivery for businesses, suppliers and contractors
- developing and legislating automatic mutual recognition of occupational licences, so that licensed Victorians can work interstate
- supporting staff to work in a hybrid work environment
- improving the functionality of FinCloud, the Department's cloud-based finance system.

Future challenges/projects

In 2021-22, the priority for the Department of Treasury and Finance will continue to be supporting the Government with its response to the economic and financial challenges of the COVID-19 pandemic.

The Department's *2021-2025 Corporate Plan* will drive our agenda to deliver on Victorian Government priorities.

Significant priorities for 2021-22 include:

- focusing on economic and financial initiatives to support the State's economic recovery
- managing the State's fiscal position and borrowings
- delivering the 2021-22 budget update and the 2022-23 budget
- identifying opportunities to strengthen the State's balance sheet
- supporting government decision making through improved oversight and insights into departmental financial and non-financial performance
- implementing base review savings and efficiencies outlined in the *2021-22 Budget*
- launching the Victorian Homebuyer Fund in collaboration with participating partners, making home ownership possible for more Victorians
- progressing the Digital Build Program to integrate digital technologies with the whole life cycle of Victorian major infrastructure projects
- developing and implementing gender responsive budgeting for the first time in Victoria
- releasing Sustainable Investment Guidelines to provide a consistent approach for Victorian infrastructure investments
- delivering a suite of significant reforms and policy updates to optimise Victoria's infrastructure program
- continuing to support the procurement and delivery of major infrastructure projects
- delivering the VicRoads Modernisation
- continuing to improve government land utilisation through centralisation and policy reforms
- delivering financial savings to government through new State Purchase Contracts informed by the Procurement Data Analytics program
- continuing to develop and lead new entrant Foreign Direct Investment and investment opportunities of State significance, in line with the Victorian International Investment Strategy
- returning to the office and combining the benefits of face-to-face collaboration with the ability to work from home as part of a hybrid work model.

Our people

This year saw us continue to work remotely for a significant part of the year as a result of the COVID-19 pandemic. It was no small feat to produce two budgets in a remote working environment for the first time in DTF's history, as well as ongoing work to support the Government in delivering programs for economic recovery.

In 2020-21 we implemented a new centralised recruitment and mobility function to help us onboard high-quality, talented people. This has reduced the workload for hiring managers and included a new online system to make the shortlisting process easier.

Our People and Culture team and Strategic Communications team did a lot of work in keeping staff connected and up-to-date with current guidance, advice and resources through a centralised staff hub.

Staff wellbeing was a high priority for this year, and I am delighted with the work undertaken including the Wellbeing Guide and the refresh of the Wellbeing and Resilience Framework. It has been challenging as we have transitioned between remote working and the office on a number of occasions, and our staff have proved to be highly adaptable with this ongoing change.

In 2020-21 DTF launched the LinkedIn Learning platform specifically curated for the Department, focusing on leadership, wellbeing and workload management. Senior staff participated in the Victorian Leadership Academy program, and we continued to support the ongoing development of several staff through study assistance.

DTF continued to support two talented Victorians to undertake tertiary study through our Diversity Scholarships. Since its inauguration last year this scholarship has been highly successful, and we look forward to it continuing in the future.

Creating a respectful and inclusive workforce has been another focus, reflected in our support for Workplace Equality and Respect working group and the Self-Determination Taskforce.

Our information and communication technology priority has been to upgrade numerous systems including collaboration tools and data analytics as we embed our new hybrid workplace.

In a challenging year, I am proud of the ingenuity and creativity DTF staff have shown in finding ways to deliver complex programs, two state budgets and our business-as-usual services. Our work supports decisions on how government funding can be used to improve the living standards of all Victorians. The ongoing dedication of our staff to deliver on our mission continues to impress.



David Martine
Secretary

2020-21 performance

DTF continues to perform strongly delivering 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 2020-21 Budget Paper No. 3 *Service Delivery*. Of the Department's 62 quantity, quality and timeliness output performance targets that are available, 82 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 2020-21 Budget Paper No. 3 *Service Delivery* are shown below.

Departmental objective

Optimise Victoria's fiscal resources

The Department of Treasury and Finance has a central role in providing high-quality advice to Government on sustainable financial, resource and performance management policy and other key policy priorities; overseeing related frameworks; as well as leading the production of the State budget papers and reports of both financial and non-financial performance in the Victorian public sector.

The Budget and Financial Advice output contributes to this objective by providing strategic, timely and comprehensive analysis and information to Government to support decision-making and reporting.

The Revenue Management and Administrative Services to Government output contributes to this objective by providing revenue management and administration services across the various state-based taxes for the benefit of all Victorians.

Strengthen Victoria's economic performance

The Department of Treasury and Finance provides Government with advice on key economic matters and policies to increase economic productivity, competitiveness and equity across the Victorian economy.

The Economic and Policy Advice output contributes to this objective by providing strategic, timely and comprehensive analysis and information to Government to support decision-making and reporting.

The Economic Regulatory Services output contributes to this objective by providing economic regulation of utilities and other specified markets in Victoria to protect the long-term interests of Victorian consumers with regard to price, quality and reliability of essential services.

The Invest Victoria output contributes to this objective by facilitating private sector investment in Victoria to strengthen innovation, productivity, job creation, and diversification of Victoria's economy.

Indicators

General government net debt as a percentage of gross state product (GSP) to stabilise in the medium term.

Fully fund the unfunded superannuation liability by 2035.

A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic.

General government interest expense as a percentage of revenue to stabilise in the medium term.

Agency compliance with the Standing Directions under the *Financial Management Act 1994*.

Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.

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

Total Victorian employment to grow each year (annual percentage change).

Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes.

Outputs

Budget and Financial Advice
Revenue Management and Administrative Services to Government

Economic and Policy Advice
Economic Regulatory Services
Invest Victoria

Departmental objective

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

The Department of Treasury and Finance develops and applies prudent financial and commercial principles and practices to influence and help deliver Government policies focused on overseeing the State's balance sheet, major infrastructure and government business enterprises (in the public non-financial corporations (PNFC) sector and public financial corporations (PFC) sector). The Commercial and Infrastructure Advice output contributes to this objective by providing strategic, timely and comprehensive analysis and information to Government to support decision-making and reporting.

Deliver strategic and efficient whole of government common services

The Department of Treasury and Finance assists government agencies by delivering integrated and client-centred common services that achieve value for the Victorian public sector.

The Services to Government output contributes to this objective by delivering whole of government services, policies and initiatives in areas including 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.

Quality infrastructure drives economic growth activity in Victoria.

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

Infrastructure Victoria

Services to Government

Changes to the Department during 2020-21

Objectives

Changes to departmental objectives for 2020-21 are reflected in the table below.

2020-21 departmental objective	2019-20 departmental objective	Reason for change
<p>General government net debt as a percentage of GSP to stabilise in the medium term</p> <p>Fully fund the unfunded superannuation liability by 2035</p> <p>General government interest expense as a percentage of revenue to stabilise in the medium term</p>	<p>General government net debt as a percentage of gross state product (GSP) to be maintained at a sustainable level</p>	<p>This objective indicator has been updated to reflect the impacts of the COVID-19 pandemic on the State's finances.</p>

Output structure

Changes to the Department's output structure for 2020-21 are reflected in the table below.

2020-21 outputs	2019-20 outputs	Reason for change
<p>Deliver strategic and efficient whole of government common services</p>	<p>Deliver efficient whole of government common services</p>	<p>This output has been changed to reflect Shared Service Provider responsibilities for the Centralised Accommodation Management (CAM) initiative.</p>

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. General government net debt as a percentage of GSP to stabilise in the medium term.
2. Fully fund the unfunded superannuation liability by 2035.
3. A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the COVID-19 pandemic.
4. General government interest expense as a percentage of revenue to stabilise in the medium term.
5. Agency compliance with the Standing Directions under the *Financial Management Act 1994*.
6. Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.

Objective Indicator 1: General government net debt as a percentage of gross state product to stabilise in the medium term.

This indicator will be assessed over the medium term, which may be outside the current forward estimates.

As outlined in the *2021-22 Budget*, net debt is now lower in each year of the forward estimates than was forecast in the *2020-21 Budget*, principally due to improvements in the operating position.

Objective Indicator 2: Fully fund the unfunded superannuation liability by 2035.

In 2000 the State committed to fully fund the liabilities of the former State Superannuation Fund (SSF) by 2035. To achieve this, annual 'top-up' payments are made to the Emergency Services Superannuation Scheme (which the SSF is now part of) under section 90(2) of the *State Superannuation Act 1988*. The Department seeks actuarial advice on the annual top-up payments that are required to achieve this objective every six months. In accordance with this advice, the State made a top-up payment of \$1 075 million in 2020-21 and remains on track to fully fund this liability by 2035.

Objective Indicator 3: A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic.

This indicator will be assessed once the economy recovers from the COVID-19 pandemic. However, from 2022-23 the Government is forecasting a return to operating cash surpluses, an improvement on the State's position since the *2020-21 Budget*.

The 2020-21 fiscal outcomes are being heavily impacted by COVID-19, severely affecting the Australian and Victorian economies, and remain ongoing. In response to the COVID-19 pandemic, the Government used its fiscal position and balance sheet to protect the community and minimise the impact on jobs.

Objective Indicator 4: General government interest expense as a percentage of revenue to stabilise in the medium term.

This indicator assesses the Government's ability to service its debt relative to its revenue and the indicator will be assessed over the medium term.

As outlined in the *2021-22 Budget*, interest expense as a share of revenue remains manageable and is expected to average 4.7 per cent a year over the budget and forward estimates.

Objective Indicator 5: 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 Standing Directions 2018. 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.

The annual financial management compliance report prepared for the Assistant Treasurer was delayed due to a COVID-19 reporting extension provided to departments and agencies. The report was submitted in April and approved by the Assistant Treasurer in May 2021.

Objective Indicator 6: Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.

DTF has provided high quality and timely advice to Government throughout the year to support the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.

As part of the *2020-21 Budget* released on 24 November 2020, a revised Fiscal Strategy to support the Government's response to the COVID-19 pandemic and economic recovery was adopted by the Government. DTF provided advice in relation to the Government's fiscal strategy, which included the development of a four-step strategy for the medium-term as part of the 2020-21 Budget process. The revised fiscal strategy was retained for the *2021-22 Budget* released on 20 May 2021.

Input has also been provided to support the Government in updating its long-term financial management objectives, financial measures and targets. The 2020-21 fiscal outcomes are being heavily impacted by the COVID-19 pandemic, severely affecting the Australian and Victorian economies, and remain ongoing. The Department has assisted the Government in reprioritising expenditure to help rebuild the economy, which will be an ongoing priority.

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

Indicator	Unit of measure	2017-18 actual	2018-19 actual	2019-20 actual	2020-21 actual
A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic ^(a)	\$ billion	4.09	7.39	(2.91)	(12.96)
General government net debt as a percentage of gross state product (GSP) to stabilise in the medium term	per cent	4.7	5.6	9.5 ^(b)	15.6

Notes:

(a) This is a new objective indicator in 2020-21 and replaced ‘A net operating surplus consistent with maintaining general government net debt at a sustainable level’.

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

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 conditions arising from the COVID-19 pandemic have impacted negatively on Victorian gross state product growth. The impact is significant meaning this measure will likely not be met for 2020-21.

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

While employment fell in year-average terms in 2020-21, the State’s economic recovery was well underway by the end of 2020-21, following the decline in employment between March and September 2020 due to the COVID-19 pandemic, with employment already recovering to pre-pandemic levels.

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

Advice provided to the Government on economic conditions, outlook and risks provided a sound basis for the Government’s economic decision making, and contributed to economic recovery in Victoria. Additionally, advice on economic policies, including Commonwealth policies, through the economic downturn has contributed to a better economic outlook than would be the case in the absence of policies adopted.

The Department supported the Treasurer through the development of, and providing advice on, revenue measures to support Victorians during the COVID-19 pandemic. This has included relief across several revenue sources including payroll tax, land transfer duty and land tax.

DTF continued to advise the Treasurer for ongoing monthly intergovernmental meetings with the Commonwealth and State and Territory Treasurers, including the Council on Federal Financial Relations and the Board of Treasurers.

Through these meetings, State and Territory Treasurers discussed the impact of the COVID-19 pandemic on state and territory economies and related policy options, facilitated the extension of the Homebuilder National Partnership Agreement with the Commonwealth, actively participated in the Commonwealth’s review of the new Federation Funding Agreements framework and engaged in negotiations on the new skills and mental health funding agreements.

Table 2 – Progress towards objective – Strengthen Victoria’s economic performance

Indicator	Unit of measure	2017-18 actual	2018-19 actual	2019-20 actual	2020-21 actual
Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change).	per cent	1.1	0.8	-2.5	n/a ^(a)
Total Victorian employment to grow each year (annual percentage change).	per cent	2.8	3.4	1.2	-1.1

Note:

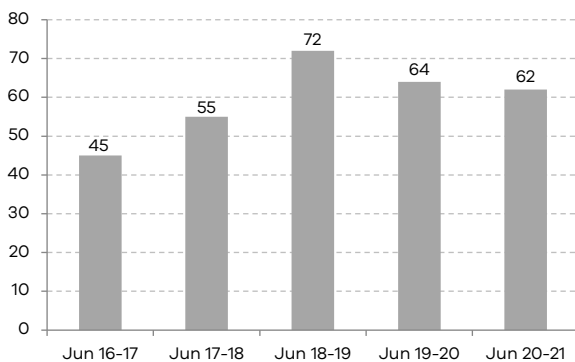
(a) GSP per capita for 2020-21 will be published by the ABS in November 2021.

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

Objective indicators

1. 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.
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.
4. Quality infrastructure drives economic growth activity in Victoria.

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.

There is ongoing assurance of HVHR projects in the transport, health, justice, precincts and education portfolios and ongoing Gateway Review Process implementation.

Budget analysis of key variances in the capital program and the policy implementation for Asset Management Accountability Framework are ongoing.

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

In 2020-21, the Department 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.

The Department reviews, analyses and provides feedback to GBEs through the annual corporate planning cycle and the Treasurer and Assistant Treasurer were formally briefed and approved relevant GBE corporate plans.

All entities’ corporate plans and quarterly performance reports were reviewed and analysed against key financial and performance indicators to ensure that there are no unexpected financial losses. The entities remain financially viable and are achieving the objectives set by shareholder Ministers on behalf of the State as owner of these entities. The corporate plans were assessed, and shareholder Ministers briefed ensuring that key risks were identified and managed.

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 reviewed the State’s funding program and debt management strategy and assessed that the 2020-21 funding task has been met cost efficiently and the State’s strong liquidity position has been maintained. New loans from Treasury Corporation Victoria (TCV) have been sourced to match the Target Interest Rate (TIR) benchmark in line with the Government’s targeted interest cost and risk objectives.

During 2020-21, several notable projects continued to progress. DTF played an integral role in the tender process for the North East Link public private partnership tunnelling package and also led the establishment of the North East Link State Tolling Corporation. DTF has had ongoing involvement in the packaging and procurement for the Suburban Rail Loop. DTF has also advised on the packaging and procurement strategy for Melbourne Airport Rail and the commercial negotiations with Melbourne Airport to facilitate the delivery of the project. Commercial and financial advice was provided for the new Footscray Hospital which is now under construction. DTF also coordinated the \$2.7 billion Building Works package to activate over 100 smaller construction and maintenance packages across Victoria to support jobs in response to the COVID-19 pandemic, as well as the Big Housing Build that will significantly transform the social and affordable housing landscape in Victoria.

Objective Indicator 4: Quality infrastructure drives economic growth activity in Victoria.

Infrastructure Victoria continues to improve long-term infrastructure planning through work that uses a strong evidence base, coupled with extensive consultation. Infrastructure Victoria’s work spans across all sectors including energy, water, transport, education and training, health and human services, justice, tourism, science, agriculture, environment, waste, and information and communications technology. In December 2020 Infrastructure Victoria published its draft 30-year infrastructure strategy, making 95 draft recommendations to the Victorian Government across both metropolitan and regional Victoria. It included a dedicated focus on short-term, labour intensive, low cost measures the government should consider, to assess Victoria’s social, environmental and economic recovery. Infrastructure Victoria also responded to two advice requests from the Victorian Government.

Objective 4: Deliver strategic and 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 17 common use whole of Victorian government goods and services contracts totalling approximately \$1.2 billion of expenditure in 2020-21.

A number of sourcing projects to refresh State Purchase Contracts (SPCs) were completed, including Professional Advisory Services (PAS) and Master Agency Media Services (MAMS). Other sourcing projects were also significantly progressed towards completion such as Banking and Financial Services, Staffing Services, Fuel and Associated Products and Print Management Services. DTF continues to actively manage the full lifecycle of all SPCs through a range of levers to achieve value for money outcomes.

Significant work was undertaken to prepare for the expansion of the Victorian Government Purchasing Board (VGPB) supply policies to all agencies under the *Financial Management Act 1994*, in advance of a Governor in Council order taking effect from 1 July 2021. Implementation of this initiative will strengthen procurement oversight and accountability and deliver procurement benefits by bringing approximately 125 additional agencies under the oversight of the VGPB.

Other important activities were:

- development of the use of data and information to identify further opportunities for greater value for money outcomes
- establishment of functional capability to support the Victorian Government achieve optimal outcomes for the Social Procurement Framework through a particular focus on prioritising opportunities for women and young people experiencing unemployment or underemployment because of the COVID-19 pandemic
- the continued maturation of the SPC Benefits and Value Framework
- ongoing enhancement of procurement and category management capabilities to optimise outcomes for the State.

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

The vacancy rate for 2020-21 is at a low of 0.42 per cent which is a slight increase on last year's 0.32 per cent. This can be attributed to the effective management of client space, being the prioritisation of backfilling vacant space within the current portfolio before taking on additional lease liabilities.

In 2020-21, the accommodation portfolio under management increased by 11 per cent compared to last year's net lettable area (NLA). This represents a total NLA of 1 166 868 m².

DTF delivered an effective COVID-19 accommodation response approach for the Shared Service Provider's (SSP) managed portfolio and worked collaboratively with departments and agencies to support a transition back to the workplace.

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

The whole of government common services provided to Government agencies in 2020-21 were assessed by key clients as positive.

The SSP Client Satisfaction survey for 2020-21 was conducted over a three-week period between the 4 June 2021 and 25 June 2021. The client's satisfaction score was 70.1 per cent, and while a slight decline on the previous year's result of 72 per cent, achieving this target is particularly notable given the significant impacts of the COVID-19 pandemic to SSP services and delivery.

SSP's timely COVID-19 response processes to ensure a safe and efficient delivery of accommodation, library and car pool services throughout the past 12 months was a contributor to the result.

The results from the VicFleet client survey showed that the number of respondents increased from 43 in 2018-19 to 62 in 2020-21, and 84 per cent of survey respondents were either satisfied or very satisfied.

Strategic Sourcing Group surveyed Chief Procurement Officers (CPOs). Of the 12 CPOs invited to complete the survey regarding their experience with Strategic Sourcing, seven responded and rated their overall satisfaction as either very satisfied (three respondents) or satisfied (four respondents).

Requests for COVID-19 incident response cleans in SSP managed premises experienced a surge in May commensurate with the community outbreak that occurred at this time. Combined with the increased return to workplace numbers on site, DTF completed its 400th site clean as of 30 June 2021, and a total of 610 000m² of office space since 4 March 2020.

Table 3 – Progress towards objective – Deliver strategic and efficient whole of government common services to the Victorian public sector

Indicator	Unit of measure	2017-18 actual	2018-19 actual	2019-20 actual	2020-21 actual
Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs	per cent	5.5	5.6	10.1 ^(a)	6.3 ^(b)
Low vacancy rates for government office accommodation maintained	per cent	0.24	1.31	0.32	0.42

Note:

(a) Reported savings in 2019-20 includes the Master Agency Media Services (MAMS) savings. Excluding these overstated savings in 2019-20 results in actual savings of 5.7 per cent from State Purchase Contracts (SPCs).

(b) 2020-21 excludes savings from the MAMS SPC as the calculation overstated actual savings achieved. The new MAMS SPC commenced in May 2021 and has revised how savings are calculated.

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 ended 30 June 2021.

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 that support the Government to achieve its fiscal objectives are:

- general government net debt as a percentage of gross state product (GSP) to stabilise in the medium term.
- fully fund the unfunded superannuation liability by 2035
- a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the COVID-19 pandemic
- general government interest expense as a percentage of revenue to stabilise in the medium term
- agency compliance with the Standing Directions under the *Financial Management Act 1994*
- 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
- 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
- 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
- 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	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Number of funding reviews contributed to by DTF <i>The higher 2020-21 actual reflects ongoing consideration of base and efficiency reviews which commenced in 2019-20. Associated base review outcomes were announced as part of the 2021-22 Budget.</i>	number	8	3	167	✓
Quality					
Variance of the revised estimate of general government budget expenditure	per cent	1.9	≤5.0	–	✓
Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements <i>The higher 2020-21 actual is reflective of the delay of the budget from May 2020 to November 2020 due to the COVID-19 pandemic.</i>	number	3	2	50	■
Recommendations on financial management framework matters made by PAEC and VAGO and supported by Government are actioned	per cent	100	100	–	✓
VPS stakeholder feedback indicates delivery of advice and information sessions supported the financial reporting framework across the VPS and supported the VPS to understand the financial management framework <i>The higher 2020-21 actual is due to significant resources being devoted to supporting departments and agencies in meeting their compliance obligations in the COVID-19 environment.</i>	per cent	100	80	20	✓
Timeliness					
Delivery of advice to Government on portfolio performance within agreed timeframes	per cent	100	100	–	✓
Annual Budget published by date agreed by Treasurer <i>The 2021-22 Budget was delivered on 20 May 2021. The 2020-21 Budget was delivered on 24 November 2020 after being delayed due to the COVID-19 pandemic.</i>	date	May 2021	May 2021	–	✓
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 Assistant Treasurer <i>The annual financial management compliance report was delayed due to a COVID-19 reporting extension provided to departments and agencies. The report was submitted in April and approved by the Assistant Treasurer in May 2021.</i>	date	May 2021	Dec 2020	n/a	■
Cost					
Total output cost <i>The higher 2020-21 actual reflects internal reprioritisation of resources required to provide additional analysis and advice on government initiatives relating to the COVID-19 pandemic</i>	\$ million	36.9	32.8	12.6	■

Revenue Management and Administrative Services to Government

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

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Revenue collected as a percentage of State budget target <small>The higher 2020-21 actual is due to the 2020-21 revenue being higher than State budget forecasts as a result of a strong payroll tax and land transfer duty receipts.</small>	per cent	105	≥99	–	✓
Cost to collect \$100 of tax revenue raised is less than the average of state and territory revenue offices <small>The 2020-21 result will not be available until later in the calendar year after the Commissioner's Interjurisdictional Business Practices process is completed (last year this was provided in December).</small>	achieved/ not achieved	n/a	achieved	n/a	n/a
Compliance revenue assessed meets target	per cent	81	≥95	(15)	■
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) <small>Higher debt levels and corresponding KPI results are attributable to a number of factors related to COVID-19 including granting of payment deferrals and extensions, land tax relief applications, temporary suspension of debt activities including reminder letters, legal action and external debt collection, reduced payment capacity of taxpayers, and carry over of debt from 2019 land tax assessments.</small>	per cent	3.24	<2	62	■
Objections received to assessments issued as a result of compliance projects	per cent	2.27	<4	–	✓
Timeliness					
Revenue banked on day of receipt	per cent	100	≥99	–	✓
Timely handling of objections (within 90 days)	per cent	78	≥80	(2)	○
Timely handling of private rulings (within 90 days) <small>The higher 2020-21 actual is due to the addition of fixed-term staff and the continued focus on reducing number on hand and resolving aged matters.</small>	per cent	89	≥80	–	✓
Cost					
Total output cost	\$ million	145.2	147.5	(1.5)	✓

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.

Invest Victoria 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.

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
- 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
- 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 and Red Tape Commissioner:

- reviewing regulatory impact statements, legislative impact assessments, and providing advice for regulatory change measurements
- assisting agencies to improve the quality of regulation in Victoria and undertaking research into matters referred to it by the Government
- operating Victoria’s competitive neutrality unit
- working with businesses and not-for-profit organisations to identify and solve red tape issues.

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy	number	8	8	–	✓
High level engagement with non-Victorian Public Service stakeholder groups that contributes to public policy debate	number	43	20	115	✓
<p>The higher 2020-21 actual is due to significant consultation being undertaken over the past 12 months on new policy initiatives, including on social housing, Partnerships Addressing Disadvantage and on the implementation of the Build-to-rent and the Windfall gains tax policies.</p>					

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quality					
Conduct an annual survey to assess the impact of changes to Victorian regulations on business	number	1	1	-	✓
Accuracy of estimating State taxation revenue in the State budget Taxation revenue was \$2.7 billion higher than the published budget. This was primarily driven by higher than budgeted land transfer duty of \$1.9 billion due to a stronger than anticipated recovery in the Victorian property market. Payroll tax was also \$804 million higher than the published budget, driven by an earlier than expected recovery in the Victorian economy and labour market conditions.	percentage variance	13	≤5.0	160	■
Accuracy of estimating the employment growth rate in the State budget Victoria's economic and employment recovery was stronger and more rapid than forecast in the 2020-21 Budget.	percentage point variance	2.25	≤1.0	125	■
Accuracy of estimating the gross state product rate in the State budget The gross state product growth estimate will be available when the ABS State Accounts are released in November 2021.	percentage point variance	n/a	≤1.0	n/a	n/a
Better Regulation Victoria's support for preparing Regulatory Impact Statements or Legislative Impact Assessments was valuable overall, as assessed by departments Better Regulation Victoria sends feedback forms to departments and agencies that prepare RISs and LIAs. For the 24 feedback forms received in 2020-21, all respondents stated that Better Regulation Victoria's support was valuable overall.	per cent	100	90	11	✓
Proportion of people making inquiries to the Red Tape Unit who found it responsive and helpful	per cent	85.71	80	7	✓
Timeliness					
Briefings on key Australian Bureau of Statistics economic data on day of release	per cent	100	100	-	✓
Better Regulation Victoria's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments Better Regulation Victoria sends feedback forms to departments and agencies that prepare Regulatory Impact Statements and Legislative Impact Assessments. For the 24 feedback forms received in 2020-21, 23 respondents stated that BRV's advice was timely.	per cent	95.83	90	6	✓
Cost					
Total output cost The lower 2020-21 actual primarily relates to the regulatory reform program which has been impacted by adjusted timeframes to allow extensive consultations and readiness of grant recipients.	\$ million	52.8	66.6	(20.7)	✓

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	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
New or revised regulatory instruments issued The higher 2020-21 actual reflects the amendment of codes due to COVID-19 to provide additional protection to customers and small business in accordance with National Cabinet debt recovery principles.	number	12	9	33	✓
Performance reports for regulated businesses or industries The higher 2020-21 actual is due to the commencement of unplanned monthly COVID-19 reporting by the Energy Division following onset of the COVID-19 pandemic.	number	23	13	77	✓
Performance reviews and compliance audits of regulated businesses	number	145	143	1	✓
Price approvals of regulated businesses The lower 2020-21 actual is due to no local government applications being received.	number	19	20	(5)	○
Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme The COVID-19 restrictions initially caused a significant reduction in residential activity resulting in fewer submissions for approval. However, after restrictions were lifted in November 2020, activity rebounded strongly to record levels.	number	5 295	5 000	6	✓
Reviews, investigations or advisory projects The higher 2020-21 actual is due to an additional review survey regarding impacts of COVID-19 and other projects not envisaged when targets were set.	number	5	3	67	✓
Compliance and enforcement activities – energy The higher 2020-21 actual is due to increased compliance and enforcement capacity due to additional budget funding which resulted in exceeding the target (as measured by penalty notices issued).	number	272	36	656	✓
Setting of regulated price and tariffs The 2020-21 target was incorrectly published as 6 instead of 16. The higher 2020-21 actual is due to the addition of one extra tariff decision.	number	17	16	6	✓
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	\$ million	32.3	31.7	1.8	○

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 export growth in Victoria's economy.

This output also provides support and advice to Government on Victoria's long-term economic development, including in relation to:

- ensuring Victoria is a leading destination for business, innovation and talent globally
- continuous enhancement on Victoria's approach to investment attraction
- enhancing Victoria's business investment environment.

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Jobs resulting from government investment facilitation services and assistance <small>The higher 2020-21 actual reflects a number of industry support programs to support job creation announced in the 2020-21 Budget as part of economic recovery measures.</small>	number	5 740	5 200	10	✓
New investment resulting from government facilitation services and assistance <small>The higher 2020-21 actual is due to some capital expenditure intensive projects facilitated and secured by government in 2020-21.</small>	number	2 813	2 300	22	✓
Wages generated from international investment secured through Government facilitation services and assistance <small>This is a new measure announced in 2020-21. The higher 2020-21 actual reflects the conversion of a well-developed pipeline of opportunities that existed pre-COVID-19, aided by a number of industry support and economic recovery programs.</small>	\$ million	297	85	249	✓
Innovation expenditure generated from international investment secured through Government facilitation services and assistance <small>This is a new measure announced in 2020-21. The higher 2020-21 actual reflects the conversion of a well-developed pipeline of opportunities and two extraordinary projects secured by Invest Victoria in 2020-21.</small>	\$ million	496	60	727	✓
Cost					
Total output cost <small>The lower 2020-21 actual is due to the delays in a range of grants programs resulting from the COVID-19 pandemic and related economic conditions.</small>	\$ million	53.8	137.4	(60.8)	✓

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:

- 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
- quality infrastructure drives economic growth activity in Victoria.

Commercial and Infrastructure Advice

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

- providing advice to Government and guidance to departments on infrastructure investment and other major commercial projects
- overseeing a range of commercial and transactional activities on behalf of Government, including providing governance oversight of Government Business Enterprises and advice to Government, departments and agencies relating to future uses or disposal of surplus government land, 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, administration of the Market-led Proposals Guideline and managing major commercial activities on behalf of Government
- Office of Projects Victoria (OPV) providing project advice on technical, scope, cost and scheduling matters at key milestones in a project's lifecycle to complement the economic, financial, contractual and risk advice provided by the Department
- overseeing potential commercialisation opportunities
- producing budget and financial reporting data for Government Business Enterprise sectors.

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Gateway reviews undertaken <small>The lower 2020-21 actual reflects the deferral of some reviews to the 2021-22 financial year due to disruptions associated with COVID-19. Gateway reviews are dependent upon the project/program team's readiness to undertake the review.</small>	number	62	70	(11)	■
Develop and implement policy guidance and infrastructure investment frameworks to govern and build capability to deliver infrastructure	number	58.5	58	1	✓

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Develop and implement training to build capability to deliver infrastructure The higher 2020-21 actual reflects higher than expected demand for programs increasing training delivered.	number	64.5	56	15	✓
Undertake independent project assurance reviews to support the Government's assurance program in the delivery of public infrastructure projects The higher 2020-21 actual reflects an increase in the infrastructure program generating more reviews.	number	10	8	25	✓
Revenue from sale of surplus Government land including Crown land The lower 2020-21 actual is due to most land sales being delayed for the first six months of this financial year due to COVID-19 restrictions preventing auctions from being held.	\$ million	97.13	150	(35)	■
Provision of PNFC/PFC 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	number	14	14	–	✓
Quality					
Conduct surveys on the stakeholder experiences of OPV initiatives to determine the effectiveness of project system initiatives, technical advice and trainings provided to internal government clients	grading	satisfactory	satisfactory	–	✓
Percentage of registered housing agencies assessed annually as meeting performance standards The higher 2020-21 actual reflects the Housing Registrar completing all annual reviews for the majority of registered agencies who submitted their annual performance audits on time.	per cent	97	90	7.5	✓
Credit agencies agree that the presentation and information provided support annual assessment This performance measure measures the percentage of compliance assessments completed by the Housing Registrar annually. Further compliance and performance information is contained in the Housing Registrar's Sector Performance Report.	per cent	96	80	20	✓
Senior responsible owner agrees Gateway review was beneficial and would impact positively on project outcomes The higher 2020-21 actual reflects no negative responses being received.	per cent	100	90	11	✓
Timeliness					
Advice provided to Government on board appointments at least three months prior to upcoming board vacancies	per cent	100	100	–	✓
Analysis and review of corporate plans within two months of receipt The higher 2020-21 result reflects all corporate plans being analysed and reviewed within two months of receipt.	per cent	100	95	5	✓

	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Performance measures					
Dividend collection in accordance with budget decisions	per cent	100	100	–	✓
Develop and implement reporting to ensure the effective monitoring of the delivery of HVHR public infrastructure commitments	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	92.3	96.3	(4.1)	✓
The lower 2020-21 actual is due to lower than expected expenses relating to support for existing and major commercial infrastructure.					

Infrastructure Victoria

This output provides independent and transparent advice to Government on infrastructure priorities and sets a long-term strategy for infrastructure investment.

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Number of publications or discussion papers released	number	6	6	–	✓
Quality					
Stakeholder satisfaction with consultation process	per cent	81	75	8	✓
Infrastructure Victoria continues to excel in achieving stakeholder satisfaction at the conclusion of consultation periods.					
Timeliness					
Delivery of research, advisory or infrastructure strategies within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	9.5	9.9	(4.8)	✓

Deliver strategic and 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, office accommodation management, car pool and government library services.

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
- 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 strategic and efficient whole of government common services to the Victorian public sector by:

- developing and maintaining a framework of whole of government policies, strategies, standards and guidelines which promote the efficient and effective use of common services including procurement, office accommodation management, car pool and government library services
- 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 strategic and fit-for-purpose shared services advisory to clients to deliver value to the Victorian Government
- providing whole of government office accommodation and accommodation management
- providing car pool and government library services.

Performance measures	Unit of measure	2020-21 actual	2020-21 target	Performance variation (%)	Result
Quantity					
Total accommodation cost	\$ per square metre per year	389	397	2	○
Workspace ratio	square metre per FTE	13.7	12.0	14	■
<p>The utilisation of the Serraview accommodation management system has improved data accuracy and the number of sites measured. Some of the buildings now included in the data set have inefficient older fitout designs and specific workplace needs which result in lower density, and this has resulted in higher 2020-21 actuals. Work continues on new fitout solutions and building restacking to improve the efficient use of workspaces.</p>					
Quality					
Client agencies' satisfaction with the service provided by the Shared Service Provider	per cent	70.1	70	-	✓
Cost					
Total output cost	\$ million	92.8	94.7	(2.0)	✓

Discontinued operations

There were no discontinued operations in 2020-21.

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

Victorian Transport Fund^(a)

Balance of the trust as at 30 June 2021

	2020-21 actual \$m
Opening cash balance	2 578
Receipts into the trust	
Interest revenue	1
Commonwealth funding ^(b)	522
State Appropriations ^(c)	1 816
Total funding available	4 917
Payments from the trust	
Level Crossing Removal Program	2 144
Caulfield to Dandenong conventional signalling and power infrastructure upgrade	–
North East Link	849
Airport Rail Link	123
Regional Rail Revival	254
Regional Rolling Stock	25
Major Periodic Maintenance	4
Wyndham Vale Stabling Yard	5
Movement in accounts payable and provisions	47
Total payments from the trust	3 451
Closing balance	1 466

Notes:

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

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

(c) Reflects the State Appropriations relating to North East Link and the additional 25 Level Crossing removals.

Budget portfolio outcomes

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

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

The following budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office. They are not prepared on the same basis as the Department's financial statements as they include the consolidated financial information of Essential Services Commission and Infrastructure Victoria in addition to that of the Department. Cenitex was transferred to the Department of Premier and Cabinet from the Department's portfolio on 1 August 2020 as a result of machinery of government changes. The Essential Services Commission and Infrastructure Victoria 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. The Department's audited financial statements include certain whole of government transactions, as referred to in note 4.3. 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 2021

Controlled	2020-21 budget	2020-21 actual	Variance
	\$m	\$m	\$m
Income from transactions			
Output appropriations ^(a)	633.1	506.2	(126.9)
Interest	0.2	0.2	–
Sale of goods and services ^(b)	31.5	39.8	8.3
Grants ^(c)	17.3	29.4	12.1
Other income	36.7	41.0	4.3
Total income from transactions	718.8	616.6	(102.2)
Expenses from transactions			
Employee benefits ^(d)	228.1	238.7	10.6
Depreciation ^(e)	28.0	21.9	(6.1)
Grants and other transfers ^(a)	142.2	63.1	(79.1)
Capital asset charge	71.5	71.5	–
Other operating expenses ^(f)	208.4	187.0	(21.4)
Total expenses from transactions	678.2	582.2	(96.0)
Net result from transactions	40.6	34.4	(6.2)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ^(g)	(7.2)	(1.1)	6.1
Other gains/(losses) from other economic flows	–	5.5	5.5
Total other economic flows included in net result	(7.2)	4.4	11.6
Net result	33.4	38.8	5.4
Other economic flows – other comprehensive income	46.7	53.4	6.7
Comprehensive result	80.1	92.2	12.1

Notes:

(a) The variance is primarily due to budget rephasing from 2020-21 to 2021-22 and onwards for a range of grants programs administered by Invest Victoria, including the Investment Attraction and Assistance Program and the Investment Support Program, as a result of the COVID-19 pandemic and related economic conditions.

(b) The variance is primarily due to higher than budgeted revenue for the services provided by the Shared Services Provider (SSP) in relation to the Centralised Accommodation Management (CAM) initiative.

(c) The variance is primarily driven by additional funding received from the Department of Education and Training for Invest Victoria to support the University of Melbourne and Illumina Genomics Hub project.

(d) The variance is primarily due to expenditure incurred on initiatives including VicRoads Modernisation and the Big Housing Build.

(e) The variance is primarily due to the lower than budgeted depreciation for right-of-use assets under AASB-16.

(f) The variance is mainly attributable to lower than expected professional services costs for commercial infrastructure projects and the regulatory reform initiative, as well as lower than expected departmental accommodation and occupancy related costs.

(g) The variance is primarily due to lower than expected disposal of assets.

Budget portfolio outcomes

Balance sheet as at 30 June 2021

Controlled	2020-21 budget	2020-21 actual	Variance
	\$m	\$m	\$m
Financial assets			
Cash and deposits ^(a)	55.1	85.0	29.9
Receivables from government	307.2	301.8	(5.4)
Other receivables	2.4	2.3	(0.1)
Total financial assets	364.7	389.1	24.4
Non-financial assets			
Inventories	49.3	49.2	(0.1)
Property, plant and equipment	940.1	941.4	1.3
Intangible assets	17.4	16.3	(1.1)
Other assets ^(b)	3.9	5.0	1.1
Total non-financial assets	1 010.7	1 011.9	1.2
Total assets	1 375.4	1 401.0	25.6
Liabilities			
Payables ^(c)	33.0	55.1	22.1
Borrowings ^(d)	6.2	9.5	3.3
Provisions	78.4	80.0	1.6
Total liabilities	117.6	144.6	27.0
Net assets	1 257.8	1 256.4	(1.4)
Equity			
Contributed capital	353.6	349.7	(3.9)
Reserves	652.2	648.7	(3.5)
Accumulated surplus	252.0	258.0	6.0
Total equity	1 257.8	1 256.4	(1.4)

Notes:

(a) The variance is mainly attributable to the receipt of prior year CAM charges for the delivery of services.

(b) The variance is mainly due to higher than expected prepayments for capital projects relating to office buildings.

(c) The variance is due to higher than budgeted payables mainly in relation to the delivery of the CAM initiative by the SSP.

(d) The variance is primarily due to the State Revenue Office's Right of Use liability in relation to communication infrastructure and services.

Budget portfolio outcomes

Cash flow statement for the year ended 30 June 2021

Controlled	2020-21 budget	2020-21 actual	Variance
	\$m	\$m	\$m
Cash flows from operating activities			
Receipts from government ^(a)	620.9	515.2	(105.7)
Interest received	0.2	0.2	-
Other receipts	99.0	98.9	(0.1)
	720.1	614.3	(105.8)
Payments of grants and other transfers ^(a)	(149.1)	(78.5)	70.6
Payments to suppliers and employees ^(b)	(433.2)	(458.6)	(25.4)
Capital asset charge	(71.5)	(71.5)	-
Interest and other finance costs ^(c)	(2.2)	(0.2)	2.0
	(656.0)	(608.8)	47.2
Net cash flows from operating activities	64.1	5.5	(58.6)
Cash flows from investing activities			
Net investment	-	(0.2)	(0.2)
Net payments for non-financial assets ^(d)	(138.3)	(127.5)	10.8
Proceeds from sale of non-financial assets ^(e)	-	1.5	1.5
Net cash flows used in investing activities	(140.0)	(126.2)	13.8
Cash flows from financing activities			
Owner contributions by State government ^(f)	82.4	117.8	35.4
Repayment of leases and service concession liabilities	(1.9)	0.4	2.3
Net borrowings ^(g)	(40.1)	(12.0)	28.1
Net cash flows from financing activities	40.4	106.2	65.8
Net increase/(decrease) in cash held	(35.5)	(14.5)	21.0
Cash at the beginning of the financial year	90.6	99.5	8.9
Cash at the end of the financial year	55.1	85.0	29.9

Notes:

(a) The variance is primarily due to budget rephasing from 2020-21 to 2021-22 and onwards for a range of grants programs administered by Invest Victoria, including the Investment Attraction and Assistance Program and the Investment Support Program, as a result of the COVID-19 pandemic and related economic conditions.

(b) The variance is driven by higher than budgeted payments for costs in relation to the upgrade of information technology systems, and other service charges to support existing and major commercial infrastructure.

(c) The variance is due to lower than budgeted finance costs for short-term borrowings.

(d) The variance is mainly attributable to lower than anticipated capital expenditure as a result of the impacts of the COVID-19 pandemic.

(e) The variance is due to unbudgeted proceeds from the sale of motor vehicles.

(f) The variance is mainly due to contributions received in relation to the acquisition of the Ballarat Government Hub which has been partly offset by machinery of government changes on 1 August 2020.

(g) The variance is mainly attributable to lower than budgeted borrowings in relation to the CAM initiative by the SSP.

Budget portfolio outcomes

Statement of changes in equity for the year ended 30 June 2021

Controlled	Reserves	Accumulated surplus	Contributed capital	Total
	\$m	\$m	\$m	\$m
2020-21 original budget				
Balance at 1 July 2020	652.2	162.3	361.6	1 176.1
Net result for the year	–	33.4	–	33.4
Other comprehensive income for the year	–	46.7	–	46.7
Transactions with owners in their capacity as owners	–	9.6	(8.0)	1.6
Balance at 30 June 2021	652.2	252.0	353.6	1 257.8
2020-21 actuals				
Balance at 1 July 2020	652.2	162.3	361.6	1 176.1
Net result for the year	–	38.8	–	38.8
Other comprehensive income for the year	–	56.9	–	56.9
Revaluation increment/(decrement) (net)	(3.5)	–	–	(3.5)
Transfer to contributed capital	–	–	(11.9)	(11.9)
Balance at 30 June 2021	648.7	258.0	349.7	1 256.4
Variance to original budget				
Balance at 1 July 2020	–	–	–	–
Net result for the year	–	5.4	–	5.4
Other comprehensive income for the year	–	10.2	–	10.2
Transfer to contributed capital	–	–	(11.9)	(11.9)
Revaluation increment/(decrement) (net)	(3.5)	–	–	(3.5)
Transactions with owners in their capacity as owners	–	(9.6)	8.0	(1.6)
Balance at 30 June 2021	(3.5)	6.0	(3.9)	(1.4)

Budget portfolio outcomes

Administered items statement for the year ended 30 June 2021

	2020-21 Budget	2020-21 Actual	Variance
	\$m	\$m	\$m
Administered income from transactions			
Appropriations - payments made on behalf of the State ^(a)	16 925.0	4 866.1	(12 058.9)
Special appropriations	2 741.7	1 538.3	(1 203.4)
Interest	78.9	9.5	(69.4)
Sales of goods and services	364.7	440.8	76.1
Grants ^(b)	23 654.0	27 609.6	3 955.6
Other income ^(c)	24 978.8	27 237.8	2 259.0
Total administered income from transactions	68 743.1	61 702.1	(7 041.0)
Administered expenses from transactions			
Expenses on behalf of the State ^(a)	3 121.4	576.6	(2 544.8)
Employee benefits ^(a)	3 054.7	1 084.0	(1 970.7)
Grants and other transfers ^(a)	6 879.3	5 465.7	(1 413.6)
Interest expense	1 482.6	1 426.3	(56.3)
Payments into Consolidated Fund ^(d)	43 712.4	77 535.4	33 823.0
Total administered expenses from transactions	58 250.4	86 088.0	27 837.6
Net result from transactions	10 492.7	(24 385.9)	(34 878.6)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	23.3	-	(23.3)
Net gain/(loss) on financial instruments and statutory receivables/payables	-	(14.9)	(14.9)
Total other economic flows included in net result	23.3	(14.9)	(38.2)
Net result	10 516.0	(24 400.8)	(34 916.8)
Other economic flows – other non-owner changes in equity			
Remeasurement of superannuation defined benefit plans ^(e)	(675.5)	3 937.0	4 612.5
Other	-	178.6	178.6
Total other economic flows – other non-owner changes in equity	(675.5)	4 115.6	4 791.1
Comprehensive result	9 840.5	(20 285.2)	(30 125.7)
Administered assets			
Cash and deposits	571.5	1 280.3	708.8
Receivables ^(f)	47 918.2	8 972.6	(38 945.6)
Other financial assets	1 162.6	1 360.7	198.1
Property, plant and equipment ^(g)	4 653.8	1 427.5	(3 226.3)
Other non-financial assets	-	31.3	31.3
Total administered assets	54 306.1	13 072.4	(41 233.7)

	2020-21 Budget	2020-21 Actual	Variance
	\$m	\$m	\$m
Administered liabilities			
Payables	165.7	1 949.0	1 783.3
Borrowings ^(h)	86 888.7	75 553.9	(11 334.8)
Provisions	3.0	7.2	4.2
Superannuation ^(e)	31 839.5	27 219.4	(4 620.1)
Total administered liabilities	118 896.9	104 729.5	(14 167.4)

Notes:

(a) The budget for the Department includes the estimates 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) The variance is mainly due to higher than expected GST and other Commonwealth grants.

(c) The variance is mainly due to higher than expected land transfer duty and payroll tax receipts.

(d) The variance is mainly due to higher than budgeted payments into the Consolidated Fund in relation to National Partnership infrastructure projects.

(e) The variance is primarily due to higher than expected investment returns on superannuation assets and increases in the bond yields that underlie the key superannuation valuation assumptions.

(f) Lower than budgeted receivables are mainly due to inter-entity receivables from other departments, tax receivables and provision of services under the CAM initiative.

(g) The budget for the Department includes the estimates for Treasurer's Advances in relation to infrastructure projects which may be provided during the year to all departments.

(h) The variance is primarily due to higher than expected revenues and lower than expected borrowings due to timing of expenditure programs across departments.

Financial performance

Overview

The Department recorded a surplus of \$38.2 million in 2020-21 compared to \$5.2 million in 2019-20. The increase in the 2020-21 surplus is mainly due to funding received to repay an advance related to the Centralised Accommodation Management initiative, and grants received in advance in relation to the Illumina University of Melbourne Genomics Hub project.

Total assets of the Department increased from \$1.3 billion in 2019-20 to \$1.4 billion in 2020-21, mainly due to the acquisition of the Ballarat Government Hub. The major assets of the Department are land and buildings, the Department's receivable from the State Administration Unit, and funds held in trust.

Total liabilities decreased from \$201 million in 2019-20 to \$151 million in 2020-21, mainly due to a reduction in payables including grants relating to Invest Victoria and other payables. The Department's major liabilities are accounts payable, provision for land remediation and employee related provisions.

Core operations

Total revenue paid by the Government for DTF outputs has increased this year to \$506 million, from \$441 million in 2019-20. The increase is mainly due to funding received for various projects including the Regulatory Reform package, the Economic Survival Package and the Centralised Accommodation Management project.

The following table details operational revenue by output group.

Revenue from the provision of outputs^(a)

Output group	2020-21 \$m	2019-20 \$m	Change \$m
Optimise Victoria's fiscal resources	180	159	21
Strengthen Victoria's economic performance	148	136	12
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	80	74	6
Deliver strategic and efficient whole of government common services	98	72	26
Total	506	441	65

Note:

(a) Includes only Parliamentary appropriations.

Five-year financial summary: Departmental (controlled) activities

	2020-21 ^(a) \$m	2019-20 ^(b) \$m	2018-19 ^(c) \$m	2017-18 \$m	2016-17 ^(c) \$m
Government output appropriations income	506	441	403	300	353
Other income	98	70	61	58	57
Total income from transactions	604	511	464	358	410
Total expenses from transactions	(570)	(505)	(454)	(356)	(406)
Net result from transactions	34	6	10	2	4
Total other economic flows included in net result	4	(1)	(2)	-	1
Net result	38	5	8	2	5
Net cash flow from operations	34	24	31	21	29
Total assets	1 392	1 291	1 184	1 154	1 145
Total liabilities	151	201	195	166	159

Notes:

(a) Increase in net result is mainly due to funding received to repay an advance related to the Centralised Accommodation Management initiative, and grants received in advance in relation to the Illumina University of Melbourne Genomics Hub project.

(b) Increase in output appropriation income mainly related to the transfer of Invest Victoria.

(c) On 1 January 2019, Invest Victoria was transferred from the former Department of Economic Development, Jobs, Transport and Resources following machinery of government changes.

Financial statements

Contents

Comprehensive operating statement	46
Balance sheet	47
Statement of changes in equity	48
Cash flow statement	49
1 About this report	50
2 Funding delivery of our services	52
2.1 Summary of income that funds the delivery of our services	52
2.2 Appropriations	52
2.3 Summary of compliance with annual Parliamentary appropriations	53
2.4 Annotated income agreements	54
2.5 Other income	55
3 The cost of delivering services	56
3.1 Expenses incurred in delivery of services	56
3.2 Grant expenses	58
3.3 Capital asset charge	58
3.4 Supplies and services	59
3.5 Land remediation costs	59
4 Disaggregated financial information by output	60
4.1 Departmental outputs	61
4.2 Centralised Accommodation Management	64
4.3 Administered items	65
5 Key assets available to support output delivery	80
5.1 Property, plant and equipment	80
5.2 Intangible assets	86
6 Other assets and liabilities	87
6.1 Receivables	87
6.2 Payables	88
6.3 Non-financial assets classified as held for sale	89
6.4 Unearned income	89
7 Financing our operations	90
7.1 Borrowings	90
7.2 Cash flow information and balances	92
7.3 Trust account balances	94
7.4 Commitments for expenditure	97
7.5 Commitments for income	98
8 Risks, contingencies and valuation judgements	99
8.1 Financial instruments specific disclosures	99
8.2 Contingent assets and contingent liabilities	102
8.3 Fair value determination	103
9 Other disclosures	107
9.1 Other economic flows included in net result	107
9.2 Responsible persons	107
9.3 Remuneration of executives	108
9.4 Related parties	109
9.5 Remuneration of auditors	110
9.6 Subsequent events	110
9.7 Australian Accounting Standards issued that are not yet effective	110
9.8 Glossary of technical terms	111

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 2021 and financial position of the Department as at 30 June 2021.

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 4 October 2021.



Tania Reaburn
Chief Financial Officer
Department of Treasury and Finance

Melbourne
4 October 2021



David Martine
Secretary
Department of Treasury and Finance

Melbourne
4 October 2021

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 2021• 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 2021 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 4.3.2 of the financial report - <i>Administered assets and liabilities as at 30 June 2021</i></p> <p>Defined benefit superannuation liability: \$27.2 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 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 extensive disclosures are required by Australian Accounting Standards which are critical to the users understanding of the valuation of this liability. <p>Management engage an actuary to value the liability as at 30 April, then adjust the value of the liability to account for actual market performance and movements in key assumptions up to 30 June.</p>	<p>My key procedures included:</p> <ul style="list-style-type: none"> assessing the operating effectiveness of the Emergency Services Superannuation Scheme’s (ESSS) key controls supporting the membership data used in the model. I relied on the work completed within my audit of ESSS for this reconciling membership data in the model to the data in the ESSS system obtaining management’s actuarial report and year-end adjustments, and engaging an appropriately qualified independent actuary to: <ul style="list-style-type: none"> assess the appropriateness of management’s selection and application of the method, significant assumptions and data used in valuing the liability assess the appropriateness of the model used to value the liability challenge the reasonableness of key assumptions by comparing against accepted industry benchmarks assess the reasonableness of the reported liability value. assessing the adequacy of financial report disclosures against the requirements of Australian Accounting Standards.
<p>Secretary’s responsibilities for the financial report</p>	<p>The Secretary is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the Department’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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
6 October 2021



Andrew Greaves
Auditor-General

Comprehensive operating statement

for the financial year ended 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
Income from transactions			
Output appropriations	2.3	506 171	441 287
Other income	2.5	97 816	69 862
Total income from transactions		603 987	511 149
Expenses from transactions			
Employee expenses	3.1.1	203 267	176 128
Depreciation and amortisation	5.1.1	19 773	19 332
Interest expenses	8.1.1	106	517
Grant expenses	3.2	103 594	92 296
Capital asset charge	3.3	71 369	62 858
Supplies and services	3.4	159 092	137 570
Land remediation costs	3.5	11 141	7 681
Payments to Consolidated Fund		1 527	8 802
Total expenses from transactions		569 869	505 184
Net result from transactions ^(a)		34 118	5 965
Other economic flows included in net result			
Net (loss)/gain on non-financial assets	9.1	(898)	121
Net (loss) on financial instruments	9.1	–	(10)
Net gain/(loss) from revaluation of leave liabilities	9.1	5 069	(860)
Total other economic flows included in net result		4 171	(749)
Net result		38 289	5 216
Other economic flows – other comprehensive income			
Changes in physical asset revaluation surplus		(3 525)	95 246
Comprehensive result		34 764	100 462

The accompanying notes form part of these financial statements.

Note:

(a) The net result from transactions for financial year 2021 includes \$10.5 million funding to repay a section 37 advance under the *Financial Management Act 1994* relating to the Centralised Accommodation Management project and \$13.4 million of grants received in advance in relation to the Illumina University of Melbourne Genomics Hub project.

Balance sheet

as at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Assets			
Financial assets			
Cash and deposits	7.2	82 696	53 463
Receivables	6.1	303 719	321 973
Total financial assets		386 415	375 436
Non-financial assets			
Prepayments		4 284	13 485
Non-financial assets classified as held for sale	6.3	49 215	49 380
Property, plant and equipment	5.1	938 475	838 756
Intangible assets	5.2	13 925	13 792
Total non-financial assets		1 005 899	915 413
Total assets		1 392 314	1 290 849
Liabilities			
Payables	6.2	66 048	109 958
Employee related provisions	3.1.2	62 429	55 504
Provision for land remediation	3.5	11 074	26 125
Unearned income	6.4	4 375	4 472
Borrowings	7.1	6 898	5 221
Total liabilities		150 824	201 280
Net assets		1 241 490	1 089 569
Equity			
Contributed capital		348 611	231 454
Asset revaluation surplus		648 660	652 185
Accumulated surplus		244 219	205 930
Net worth		1 241 490	1 089 569

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the financial year ended 30 June 2021

		Contributed capital	Asset revaluation surplus	Accumulated surplus	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019		230 977	556 939	200 714	988 630
Return of capital		477	–	–	477
Revaluation increment (net)		–	95 246	–	95 246
Net result for the year		–	–	5 216	5 216
Balance at 30 June 2020		231 454	652 185	205 930	1 089 569
Capital appropriations	2.3	117 157	–	–	117 157
Revaluation decrement (net)		–	(3 525)	–	(3 525)
Net result for the year		–	–	38 289	38 289
Balance at 30 June 2021		348 611	648 660	244 219	1 241 490

The accompanying notes form part of these financial statements.

Cash flow statement

for the financial year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from government		588 900	537 989
Receipts from other entities		269	917
Goods and services tax (GST) recovered from the ATO ^(a)		9 768	9 091
Total receipts		598 937	547 997
Payments to suppliers and employees		(375 993)	(388 024)
Grants paid		(117 184)	(72 257)
Capital asset charge paid		(71 369)	(62 858)
Interest and other finance costs paid	8.11	(106)	(517)
Total payments		(564 652)	(523 656)
Net cash flows from operating activities	7.21	34 285	24 341
Cash flows from investing activities			
Payments for property, plant and equipment		(117 004)	(7 554)
Proceeds from sale of property, plant and equipment		1 515	1 530
Payments for intangible assets		(4 353)	(2 364)
Net cash flows (used in) investing activities		(119 842)	(8 388)
Cash flows from financing activities			
Owner contributions by State Government – appropriation for capital expenditure purposes		117 157	–
Repayment of borrowings and principal portion of lease liabilities ^(b)		(2 367)	(4 667)
Net cash flows from/(used in) financing activities		114 790	(4 667)
Net increase in cash and cash equivalents		29 233	11 286
Cash and cash equivalents at the start of the year		53 463	42 177
Cash and cash equivalents at the end of the year	7.2	82 696	53 463
Non-cash financing and investing activities	7.2.2		

The accompanying notes form part of these financial statements.

Notes:

(a) GST paid to/received from the Australian Taxation Office is presented on a net basis.

(b) The Department has recognised cash payments for the principal portion of lease payments as financing activities, cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

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* (AASB 1004), 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. Infrastructure Victoria and Essential Services Commission, which are part of the Department's portfolio, prepare separate annual financial statements and are not included in the Department's financial statements. Following machinery of government changes Cenitex, which prepares separate annual financial statements, was transferred from the Department to the Department of Premier and Cabinet (DPC) on 1 August 2020.

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 and are not material entities.

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Impact of material events on this report

The global coronavirus (COVID-19) pandemic has introduced significant economic and fiscal uncertainties since early 2020.

As part of the public health response to contain the spread of COVID-19, the Government has incurred additional spending to support Victorians through the crisis with health, social, economic and business support measures in addition to its public health response. Details of the taxation relief measures are described in note 4.3.1 Administered income and expenses – special appropriations and taxation. The additional support measures have also impacted on the State's borrowings reported in note 4.3.2 Administered assets and liabilities – borrowings.

Significant assumptions used in accounting estimates prepared by management may also be affected by COVID-19.

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
- deliver strategic and 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	52
2.2	Appropriations	52
2.3	Summary of compliance with annual Parliamentary appropriations	53
2.4	Annotated income agreements	54
2.5	Other income	55

2.1 Summary of income that funds the delivery of our services

	Notes	2021 \$'000	2020 \$'000
Income from transactions			
Output appropriations	2.3	506 171	441 287
Other income	2.5	97 816	69 862
Total income from transactions		603 987	511 149

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

	Appropriation Act			Financial Management Act 1994		Total Parliamentary authority \$'000	Appropriations applied \$'000	Variance \$'000
	Annual appropriations – as published \$'000	Advance from Treasurer \$'000	Transfers from other departments administrative restructuring \$'000	Section 29 \$'000	Section 32 \$'000			
2021								
Controlled								
Provision of outputs	596 746	25 431	–	11 599	15 277	649 053	506 171	142 882
Additions to net assets	123 451	–	–	–	–	123 451	117 157	6 294
Administered								
Payments made on behalf of the State	5 246 079	909 484	–	–	–	6 155 563	4 866 149	1 289 414
2021 total	5 966 276	934 915	–	11 599	15 277	6 928 067	5 489 477	1 438 590
2020								
Controlled								
Provision of outputs	467 436	29 793	2 000	27 964	4 290	531 483	441 287	90 196
Additions to net assets	2 590	–	–	–	–	2 590	–	2 590
Administered								
Payments made on behalf of the State	4 949 935	31 666	–	–	–	4 981 601	4 730 944	250 657
2020 total	5 419 961	61 459	2 000	27 964	4 290	5 515 674	5 172 231	343 443

2. Funding delivery of our services

Explanation of key variances between total Parliamentary authority and appropriations applied – year ended 30 June 2021:

- **Provision of outputs**

\$143 million was not applied primarily due to the timing of grant expenses totalling \$74 million, unapplied appropriation relating to loan repayments of \$29.5 million and delays in other departmental deliverables of \$26 million. In addition, a Treasurer's Advance of \$10 million was not applied due to lower than expected expenditure and delays in other departmental deliverables.

- **Additions to net assets**

The Department was required to firstly utilise accumulated depreciation equivalent funding for the purchase of infrastructure, plant and equipment.

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

The unapplied amount of \$1 289 million was due to lower payables of \$944 million for the State's dedicated transport investment fund and the repayment of a s37 advance of \$345 million for the Centralised Accommodation Management initiative that was not drawn down.

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.

	2021 \$'000	2020 \$'000
User charges		
State Revenue Office (SRO) land tax certificates	4 665	3 800
Victorian Energy and Efficiency Target certificates	2 500	2 500
Receipts from other departments, agencies and municipal councils		
Building reform review secretariat	637	164
Construction supplier register	740	870
Enterprise Resource Planning implementation project	–	590
Government bodies gymnasium	133	250
Public financial corporations' risk prudential supervision	186	210
Commercial Capability Training	63	150
Social impact bonds	250	–
Invest Victoria international investment attraction	150	–
Receipts from Commonwealth		
Hydrogen Energy Supply Chain pilot project	–	17 500
SRO information communication and technology projects	–	980
Asset sales cost recovery		
Government land and property (land sales)	2 275	950
Total annotated income agreements	11 599	27 964

2.5 Other income

	2021	2020
	\$'000	\$'000
Provision of services	26 369	24 749
Rental accommodation income	40 421	34 839
Other income	31 026	10 274
Total other income	97 816	69 862

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.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Department recognises revenue when it transfers control of a good or service to the customer. Revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied and when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability. Where the performance obligation is satisfied but not yet billed, a contract asset is recorded.

Other income

Other income includes grants income, VicFleet car hire income and management fee.

Grants recognised under AASB 1058

The Department has determined that the grant income included in other income has been earned under arrangements that are either not enforceable and/or not linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Department has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Department recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue (related amounts) in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15 *Revenue from Contracts with Customers* (AASB 15)
- a lease liability in accordance with AASB 16 *Leases* (AASB 16)
- a financial instrument, in accordance with AASB 9 *Financial Instruments* (AASB 9) or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137).

3 The cost of delivering services

Introduction

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

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	56
3.2	Grant expenses	58
3.3	Capital asset charge	58
3.4	Supplies and services	59
3.5	Land remediation costs	59

3.1 Expenses incurred in delivery of services

	Notes	2021 \$'000	2020 \$'000
Employee expenses	3.1	203 267	176 128
Grant expenses	3.2	103 594	92 296
Capital asset charge	3.3	71 369	62 858
Supplies and services	3.4	159 092	137 570
Land remediation costs	3.5	11 141	7 681

3.1.1 Employee expenses – comprehensive operating statement

	2021 \$'000	2020 \$'000
Salaries, wages, annual and long-service leave		
• Salaries and wages	155 458	134 820
• Annual and long-service leave	22 672	19 120
Superannuation		
• Defined contribution superannuation expense	14 251	12 286
• Defined benefit superannuation expense	1 308	1 305
On-costs	9 578	8 597
Total employee expenses	203 267	176 128

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 does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, 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 4.3).

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 terminating the employment of current employees according to a detailed formal plan, without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.1.2 Employee-related provisions – balance sheet

	2021	2020
	\$'000	\$'000
Provisions		
Current		
Annual leave		
• unconditional and expected to be settled within 12 months	11 895	10 440
• unconditional and expected to be settled after 12 months	7 553	4 119
Long-service leave		
• unconditional and expected to be settled within 12 months	2 989	3 341
• unconditional and expected to be settled after 12 months	27 260	26 832
On-costs	6 262	5 515
Performance bonus	294	517
Total current employee-related provisions	56 253	50 764
Non-current		
Long-service leave	5 561	4 269
On-costs	615	471
Total non-current employee-related provisions	6 176	4 740
Total provisions	62 429	55 504

3.1.3 Reconciliation of movement in on-costs provisions

	2021
	\$'000
Opening balance	5 986
Additional provisions recognised	1 316
Reductions arising from payments/other sacrifices of future economic benefits	(938)
Unwind of discount and effect of changes in the discount rate	513
Closing balance	6 877
Current	6 262
Non-current	615
Total on-costs provision	6 877

3. The cost of delivering services

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 Grant expenses

	2021	2020
	\$'000	\$'000
Grant expenses		
Victorian government entities	64 994	34 220
Other government entities	5 780	5 405
Other organisations	32 820	52 671
Total grant expenses	103 594	92 296

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

	2021	2020
	\$'000	\$'000
Capital asset charge	71 369	62 858

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.

3.4 Supplies and services

	2021	2020
	\$'000	\$'000
Rental and property outgoings	37 442	27 104
Purchases of services	95 289	81 661
Information and communication technology expenses	18 360	16 198
Other	8 001	12 607
Total supplies and services	159 092	137 570

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

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 \$11.1 million (2020 – \$26.1 million) is to remediate sites intended for residential and commercial development. During the year an additional provision of \$9.9 million was recognised and \$24.9 million was utilised against the provision.

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 2021 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.

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 4.3 and 8.2.

Structure

4.1	Departmental outputs	61
4.2	Centralised Accommodation Management	64
4.3	Administered items	65

4.1 Departmental outputs

4.1.1 Descriptions and objectives of the Department

A description of departmental objectives and outputs during the year ended 30 June 2021 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.

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 strategic and 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Controlled income and expenses for the year ended 30 June 2021				
Income from transactions				
Output appropriations	180 009	159 293	148 211	136 423
Other income	1 318	1 028	21 355	881
Total income from transactions	181 327	160 321	169 566	137 304
Expenses from transactions				
Employee expenses	102 318	88 410	43 403	37 662
Depreciation and amortisation	3 464	5 007	414	356
Interest expense	17	279	10	20
Grant expenses	5 636	5 514	86 944	81 670
Capital asset charge	983	880	361	361
Supplies and services	69 348	60 852	15 732	16 233
Land remediation costs	–	–	–	–
Payments to Consolidated Fund	–	–	–	–
Total expenses from transactions	181 766	160 942	146 864	136 302
Net result from transactions	(439)	(621)	22 702	1 002
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(1 229)	30	30	(18)
Net (loss) on financial instruments	–	(10)	–	–
Net gain/(loss) from revaluation of leave liabilities	2 861	(559)	872	(115)
Total other economic flows included in net result	1 632	(539)	902	(133)
Net result	1 193	(1 160)	23 604	869
Total other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus	–	–	–	–
Comprehensive result	1 193	(1 160)	23 604	869
Controlled assets and liabilities as at 30 June 2021				
Assets				
Financial assets	8 065	6 386	36 044	3 713
Non-financial assets	20 221	15 128	1 423	1 289
Total assets	28 286	21 514	37 467	5 002
Liabilities				
Total liabilities	62 384	58 573	40 800	59 023
Net assets/(liabilities)	(34 098)	(37 059)	(3 333)	(54 021)

Note:

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

4.1.3 Changes to outputs

There were no material changes to the output structure for 2020-21.

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver strategic and efficient whole of government common services		Other – Not attributable ^(a)		Departmental total	
2021	2020	2021	2020	2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
79 864	73 591	98 087	71 980	–	–	506 171	441 287
8 415	7 517	66 728	60 436	–	–	97 816	69 862
88 279	81 108	164 815	132 416	–	–	603 987	511 149
33 955	29 511	23 591	20 545	–	–	203 267	176 128
406	267	15 489	13 702	–	–	19 773	19 332
16	16	63	202	–	–	106	517
10 383	4 978	631	134	–	–	103 594	92 296
12 722	12 722	57 303	48 895	–	–	71 369	62 858
24 397	17 995	49 615	42 490	–	–	159 092	137 570
11 141	7 681	–	–	–	–	11 141	7 681
–	–	1 527	8 802	–	–	1 527	8 802
93 020	73 170	148 219	134 770	–	–	569 869	505 184
(4 741)	7 938	16 596	(2 354)	–	–	34 118	5 965
31	(17)	270	126	–	–	(898)	121
–	–	–	–	–	–	–	(10)
795	(111)	541	(75)	–	–	5 069	(860)
826	(128)	811	51	–	–	4 171	(749)
(3 915)	7 810	17 407	(2 303)	–	–	38 289	5 216
–	78 998	(3 525)	16 248	–	–	(3 525)	95 246
(3 915)	86 808	13 882	13 945	–	–	34 764	100 462
14 288	7 126	64 950	78 612	263 008	279 599	386 355	375 436
426 018	479 714	558 237	419 282	–	–	1 005 899	915 413
440 306	486 840	623 187	497 894	263 008	279 599	1 392 254	1 290 849
27 014	42 822	20 566	40 862	–	–	150 764	201 280
413 292	444 018	602 621	457 032	263 008	279 599	1 241 490	1 089 569

4. Disaggregated financial information by output

4.2 Centralised Accommodation Management

In October 2019, the Shared Service Provider commenced a phased transition of the Centralised Accommodation Management (CAM) model to ensure its operational readiness. As part of the implementation of CAM, the Shared Service Provider will manage the government's accommodation related service payments.

Accordingly, government departments' and portfolio agencies' right-of-use lease accommodation assets and associated liabilities of \$1.9 billion were transferred to the Department on 1 November 2019. This includes the right-of-use assets of the Department of \$47.7 million transferred from the controlled balance sheet to the administered balance sheet. These accommodation leases and corresponding liabilities were recognised by the Department as contributions by owners-transfer of net assets as disclosed in note 4.3.2 Administered assets and liabilities. No income or expense has been recognised in respect of the net assets transferred.

Shared Service Provider occupancy agreement

A significant judgement was made that the occupancy agreement is a service contract (rather than a lease as defined in AASB 16). The income for office accommodation rent and facilities management fees are recognised as other administered income in note 4.3.1, based on agreed receipts in the occupancy agreement.

The occupancy agreement comprises the following components:

- management fees and business improvement fees – recognised as provision of services in note 2.5 other income (controlled income for SSP)
- income for office accommodation rent and facilities management fees – recognised as other income in note 4.3.1 (administered income for SSP), with the associated expense recognised as rental and property outgoings in note 3.4 (controlled expenses for the Department); and as other expenses in note 4.3.1 (administered expense for SSP).

Total commitments receivable by SSP up to 30 June 2023 under the occupancy agreements as at 30 June 2021 is \$941.6 million (2020 – \$567.6 million). The controlled commitments receivable of \$28.2 million (2020 – \$18.8 million) and administered commitments receivable of \$913.4 million (2020 – \$548.8 million) are disclosed in note 7.5 Commitments for income.

4.3 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.

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 4.3.1 and 4.3.2. 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.

4. Disaggregated financial information by output

4.3.1 Administered income and expenses for the financial year ended 30 June 2021

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered income from transactions				
Payments on behalf of the State appropriations	1 446 421	967 752	1 048 136	550 034
Special appropriations	216 284	815 370	–	–
Commonwealth grants	–	–	18 050 390	15 369 801
Taxation	19 474 025	18 935 331	–	–
Dividends	–	–	–	–
Capital asset charge	–	–	–	–
Interest	–	–	–	–
Other income	121 831	115 239	4 278	1 071
State revenues received into Consolidated Fund, net of appropriations applied within government departments	–	–	–	–
Total administered income from transactions	21 258 561	20 833 692	19 102 804	15 920 906
Administered expenses from transactions				
Grant expenses	1 517 330	1 019 193	40 671	29 393
Interest expense	613	2 892	–	–
Superannuation – non-departmental	–	–	–	–
Contribution to GST administration costs	–	–	161 954	168 739
Depreciation and amortisation	–	–	–	–
Short-term lease expenses	–	–	–	–
Ex gratia expenses ^(a)	184	76 366	–	–
Financial guarantee expenses	–	–	–	–
Other expenses	12 275	9 577	5 508	3 836
Payments to Consolidated Fund	18 811 821	19 237 513	16 137 849	16 673 241
Total administered expenses from transactions	20 342 223	20 345 541	16 345 982	16 875 209
Administered net result from transactions	916 338	488 151	2 756 822	(954 303)
Other economic flows included in net result				
Net (loss)/gain on non-financial assets	–	–	–	–
Net (loss)/gain on financial instruments	(17 221)	(31 905)	129	–
Net gain arising from revaluation of financial assets at fair value through net result	–	–	2 198	–
Total other economic flows included in net result	(17 221)	(31 905)	2 327	–
Administered net result	899 117	456 246	2 759 149	(954 303)
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans	–	–	–	–
Administered comprehensive result	899 117	456 246	2 759 149	954 303

Note:

(a) Ex gratia payments mainly represent tax relief provided by the State in various circumstances including financial hardship.

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver strategic and efficient whole of government common services		Other – Not attributable		Departmental total	
2021	2020	2021	2020	2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2 320 120	3 213 006	51 472	152	–	–	4 866 149	4 730 944
180 257	585 448	–	–	1 141 778	1 153 635	1 538 319	2 554 453
–	206	–	–	9 313 708	8 193 338	27 364 098	23 563 345
442 909	453 520	–	–	–	–	19 916 934	19 388 851
301 714	478 410	–	–	–	–	301 714	478 410
6 899 054	6 455 241	–	–	–	–	6 899 054	6 455 241
1 446	26 711	8 045	7 603	–	–	9 491	34 314
55 846	9 945	409 412	264 602	–	–	591 367	390 857
–	–	–	–	7 717 158	4 883 152	7 717 158	4 883 152
10 201 346	11 222 487	468 929	272 357	18 172 644	14 230 125	69 204 284	62 479 567
1 410	–	–	–	3 906 327	3 819 037	5 465 738	4 867 623
1 373 307	1 199 413	52 392	42 959	–	–	1 426 312	1 245 264
–	–	–	–	1 083 988	1 039 002	1 083 988	1 039 002
–	–	–	–	–	–	161 954	168 739
–	–	215 426	208 289	–	–	215 426	208 289
–	–	3 019	65	–	–	3 019	65
–	–	–	–	–	–	184	76 366
–	3 053	–	–	–	–	–	3 053
28 074	16 862	150 111	108 761	–	–	195 968	139 036
37 120 205	23 027 692	208	1 766	5 407 381	4 374 301	77 477 464	63 314 513
38 522 996	24 247 020	421 156	361 840	10 397 696	9 232 340	86 030 053	71 061 950
(28 321 650)	(13 024 533)	47 773	(89 483)	7 774 948	4 997 785	(16 825 769)	(8 582 383)
(25)	2 493	–	–	–	–	(25)	2 493
–	–	–	–	–	–	(17 092)	(31 905)
–	–	–	–	–	–	2 198	–
(25)	2 493	–	–	–	–	(14 919)	(29 412)
(28 321 675)	(13 022 040)	47 773	(89 483)	7 774 948	4 997 785	(16 840 688)	(8 611 795)
–	–	–	–	3 937 037	(2 720 834)	3 937 037	(2 720 834)
(28 321 675)	(13 022 040)	47 773	(89 483)	11 711 985	2 276 951	(12 903 651)	(11 332 629)

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	
		2021 \$'000	2020 \$'000
<i>Constitution Act, No. 8750 of 1975 – Governors' Pensions</i>	Governors' pensions	1 906	2 007
<i>Constitution Act, No. 8750 of 1975 – Supreme Court Judges</i>	Judges' pensions	15 061	14 031
<i>County Court Act, No. 6230 of 1958 – Judges</i>	Judges' pensions	21 303	20 036
<i>Financial Management Act, No. 18 of 1994, Section 39</i>	Interest on advances	17 301	7 247
<i>Gambling Regulation Act, No. 114 of 2003, Section 3.6.12</i>	Payments to Community Support Fund	79 759	111 808
<i>Liquor Control Reform Act, No. 94 of 1998, Section 177(2)</i>	Safety net payments	4 391	4 162
<i>State Owned Enterprises Act, No. 90 of 1992, Section 88</i>	State equivalent tax refunds	–	8 568
<i>State Superannuation Act, No. 50 of 1988, Section 90(2) – Contributions</i>	Superannuation contributions	1 103 508	1 117 561
<i>Taxation (Interest on Overpayments) Act, No. 35 of 1986, Section 11</i>	Interest on overpayments of tax	613	2 892
<i>Taxation Administration Act 1997, Section 121^(a)</i>	Tax waivers, refunds and court costs	131 520	696 508
<i>Treasury Corporation of Victoria Act, No. 80 of 1992, Section 38 – Debt Retirement</i>	Budget sector debt retirement	162 957	569 633
Total special appropriations		1 538 319	2 554 453

Note:

(a) During the 2020 and 2021 financial years, the Victorian Government provided a number of taxation and other revenue relief measures as part of the Economic Survival Package to support Victorians in response to COVID-19.

Commonwealth grants

Grants recognised under AASB 1058

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.

The Department has determined that the Commonwealth grants have been earned under arrangements that are either not enforceable and/or not linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Department has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Department recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue (related amounts) in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability, in accordance with AASB 16
- a financial instrument, in accordance with AASB 9 or
- a provision, in accordance with AASB 137.

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediately on passed to the relevant recipient entities on behalf of the Commonwealth Government.

The GST is collected by the Commonwealth and paid to states and territories in the form of general-purpose grants. Funds are typically remitted by the Commonwealth monthly throughout the financial year based on estimates of each State's relative share of the GST pool for that financial year. The Commonwealth subsequently updates each State's share of the national GST pool when the final aggregate GST pool is known and adjusts any over or under payment during the year through the remittance of funds in the subsequent year. The State has made the significant judgement that the legislation, operation and objectives of the GST arrangements are such that its entitlement to the annual GST pool forms the basis for GST income recognition, rather than the funding progressively received from the Commonwealth across the financial year. As a result, the State monitors and tracks its share of the GST pool progressively to determine if a receivable or payable needs to be recognised at the end of each reporting period.

Victoria's GST income was \$15.4 billion in the 2020 financial year, which was \$1.3 billion lower than that progressively paid by the Commonwealth during the year based on the forecast GST pool included in the Commonwealth's 2019-20 Mid-year Economic and Fiscal Outlook. The reduction was largely driven by a lower national GST pool due to weaker national household consumption and dwelling investment, along with a fall in the share of consumption subject to GST during the COVID-19 pandemic. As a result, the State has made the judgement that the overpayment of \$1.3 billion needs to be recognised as unearned income in the 2020 financial year (refer note 4.3.2) representing funding received in advance for the following year's GST income entitlement.

In the 2021 financial year, Victoria's GST income is \$18.1 billion, which is \$0.6 billion higher than what was progressively paid by the Commonwealth during the year based on the national GST pool forecasts published in the Commonwealth's 2021-22 Budget. The \$0.6 billion increase is largely driven by a higher national GST pool due to stronger national household consumption and dwelling investment, along with changes in the share of consumption subject to GST during the COVID-19 pandemic. As a result, the State has made the judgement that the underpayment of \$0.6 billion be recognised as a receivable in the 2021 financial year (refer to note 4.3.2).

4. Disaggregated financial information by output

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.

During the financial year, as part of the Economic Survival Package, the State provided emergency tax relief measures to support the Victorian community. These tax relief measures include a combination of waivers, deferrals and refunds. The taxes affected include payroll tax, land tax, land transfer duty, motor vehicle duty, liquor licence fees, congestion levy and commercial passenger vehicle levy. The State taxation revenue that is forgone due to the tax refunds or waivers are recognised as reductions in income. The taxes refunded or waived were payroll tax of \$284.4 million (2020 – \$672.6 million), land tax of \$247.5 million (2020 – \$37.7 million), liquor license fees of \$0.1 million (2020 – \$22.6 million), congestion levy of \$26.3 million (2020 – \$nil), land transfer duty of \$336.6 million (2020 – \$nil) and commercial passenger vehicle levy of \$5.8 million (2020 – \$nil).

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 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.

Grant expenses

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

Depreciation and amortisation

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Short-term lease expenses and low-value assets

The following lease payments are recognised on a straight-line basis:

- short-term leases – leases with a term less than 12 months
- low-value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10 000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

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

4.3.2 Administered assets and liabilities as at 30 June 2021

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Administered assets				
Financial assets				
Cash and deposits	–	–	–	–
Receivables ^(a)	4 024 231	3 157 312	635 818	20 984
Advances paid	–	–	–	–
Investments in controlled entities ^(b)	–	–	–	–
Other investments	–	–	34 143	30 000
Total financial assets	4 024 231	3 157 312	669 961	50 984
Non-financial assets				
Right-of-use assets ^(c)	–	–	–	–
Prepayments	–	–	–	–
Total non-financial assets	–	–	–	–
Total administered assets	4 024 231	3 157 312	669 961	50 984
Administered liabilities				
Payables	32 540	38 555	41 933	38 855
Advances received	–	–	–	–
Public Account State Administration Unit liability	–	–	–	–
Provisions	–	–	–	–
Unearned income ^(d)	–	–	–	1 302 369
Advances for capital works	–	–	–	–
Borrowings ^(e)	–	–	–	–
Leases ^(c)	–	–	–	–
Superannuation liability ^(f)	–	–	–	–
Total administered liabilities	32 540	38 555	41 933	1 341 224
Net administered assets	3 991 691	3 118 757	628 028	(1 290 240)

Notes:

(a) Receivables include the underpayment of GST from the Commonwealth of \$0.6 billion based on the preliminary Commonwealth GST receipts data for financial year 2021.

(b) The State's investment in all its controlled entities includes the investment in the Department's portfolio entities.

(c) Right-of-use accommodation leases and the associated lease liabilities transferred to the Department under Centralised Accommodation Management during the 2020 financial year. AASB 16 Leases was applied for the first time from 1 July 2019.

(d) Unearned income in the 2020 financial year includes overpayment of GST from the Commonwealth of \$1.3 billion primarily due to COVID-19 impacts on the national GST pool.

(e) The higher borrowings are primarily due to the requirement to finance the response to COVID-19 and to maintain higher liquidity levels.

(f) The Department discloses on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. Refer to note 4.3.2 Administered assets and liabilities – superannuation liability for detailed disclosures of the plans.

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver strategic and efficient whole of government common services		Other – Not attributable		Departmental total	
2021	2020	2021	2020	2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
27 167	28 782	–	–	7 113 432	6 232 826	7 140 599	6 261 608
162 335	147 896	485 454	557 725	–	–	5 307 838	3 913 917
1 249 611	2 179 341	–	–	–	–	1 249 611	2 179 341
–	–	–	–	180 025 548	163 027 190	180 025 548	163 027 190
1 326 537	1 074 150	–	–	–	–	1 360 680	1 074 150
2 765 650	3 430 169	485 454	557 725	187 138 980	169 260 016	195 084 276	176 456 206
–	–	1 427 465	1 866 129	–	–	1 427 465	1 866 129
–	–	31 119	29 550	–	–	31 119	29 550
–	–	1 458 584	1 895 679	–	–	1 458 584	1 895 679
2 765 650	3 430 169	1 944 038	2 453 404	187 138 980	169 260 016	196 542 860	178 351 885
102 315	91 847	32 391	9 192	39 739	–	248 918	178 449
1 249 611	2 179 341	–	–	–	–	1 249 611	2 179 341
–	–	–	–	14 075 294	11 305 707	14 075 294	11 305 707
44	51	7 180	2 933	–	–	7 224	2 984
61 359	49 154	34 334	12 778	–	–	95 693	1 364 301
–	–	127 375	110 917	–	–	127 375	110 917
73 700 626	44 930 455	338 792	313 792	–	–	74 039 418	45 244 247
–	–	1 514 527	1 959 454	–	–	1 514 527	1 959 454
–	–	–	–	27 219 430	31 225 375	27 219 430	31 225 375
75 113 955	47 250 848	2 054 599	2 409 066	41 334 463	42 531 082	118 577 490	93 570 775
(72 348 305)	(43 820 679)	(110 561)	44 338	145 804 517	126 728 934	77 965 370	84 781 110

4. Disaggregated financial information by output

Administered assets and liabilities

Receivables

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

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.

Property, plant and equipment

Following the CAM implementation on 1 November 2019, government departments' and portfolio agencies' right-of-use lease accommodation assets and associated liabilities of \$1.9 billion were transferred to the administered balance sheet. The accounting policies for the right-of-use assets are disclosed in note 5.1.

Public Account State Administration Unit 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 GST funding received in advance from the Commonwealth for the following year's GST income entitlement, and 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), lease liabilities 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.

Leases

Recognition and measurement of leases as a lessee

Lease liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Department's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or comprehensive operating statement if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Department has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in comprehensive operating statement on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

The Department presents right-of-use assets as property, plant and equipment unless they meet the definition of investment property, in which case they are disclosed as investment property in the balance sheet. Lease liabilities are presented as borrowings in the balance sheet.

Advances received

Advances received are from Melbourne 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. Remeasurements of the liability are recognised in full in the statement of administered income and expenses in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The superannuation liability recognised in the administered balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. This liability mainly represents the State's superannuation liability with respect to superannuation funds operated principally for general government sector employees, being the State's share of the shortfall between the total net assets of the State's general government sector superannuation funds at 30 June 2021 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.

4. Disaggregated financial information by output

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
- 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 \$27 219 million as at 30 June 2021 (2020 – \$31 225 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 \$1 346 million (2020 – \$1 280 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

	2021 \$m	2020 \$m
Reconciliation of the present value of the defined benefit obligation		
Balance at the start of the period	53 816	52 413
Current service cost	1 274	1 097
Interest cost	519	741
Contributions by plan participants	247	237
Actuarial (gains)/losses	(120)	1 622
Benefits paid	(2 297)	(2 294)
Balance at the end of the period	53 439	53 816
Reconciliation of fair value of superannuation plan assets		
Balance at the start of the period	22 591	23 782
Interest income	215	334
Expected return on plan assets excluding interest income	1 332	1 315
Actuarial gains/(losses)	2 484	(2 414)
Employer contributions	1 648	1 630
Contributions by plan participants	247	238
Benefits paid (including tax paid)	(2 297)	(2 294)
Balance at the end of the period	26 220	22 591
Reconciliation of liabilities disclosed in the administered statement of assets and liabilities		
State Superannuation Fund/Emergency Services Superannuation Scheme	25 812	29 859
Other funds	1 407	1 366
Total superannuation liability	27 219	31 225

	2021 %	2020 %
Actuarial assumptions		
<i>State Superannuation Fund/Emergency Services Superannuation Scheme</i>		
Expected return on assets	7.6	7.6
Discount rate	1.8	1.0
Wages growth	3.3	2.4
Inflation rate	1.8	0.9
<i>Constitutionally Protected Pensions</i>		
Discount rate	1.8	1.0
Wages growth	3.3	2.4
Inflation rate	n/a	n/a
<i>Health Superannuation Fund</i>		
Expected return on assets	3.8	4.8
Discount rate	1.8	1.0
Wages growth	3.3	2.4
Inflation rate	1.8	0.9

4. Disaggregated financial information by output

Impact of COVID-19

While the economic uncertainty associated with COVID-19 adversely impacted investment returns on the State's defined benefit superannuation assets in financial year 2020, the investment returns on these assets have exceeded expectations in financial year 2021. The Commonwealth Government bond yields that underlie the key superannuation valuation assumptions also increased in financial year 2021, which reduced the defined benefit superannuation obligation the State is required to report under the Australian Accounting Standards. This is in contrast to the impact that reductions in these bond yields in financial year 2020 had on the value of this obligation. In combination, favourable investment returns and bond yield movements have reduced the State's reported superannuation liability in financial year 2021, and largely reversed the impact of the unfavourable experience in financial year 2020.

Changes in the reported superannuation liability that arise solely due to changes in the bond yields that underlie its valuation do not affect the amount of cash required to fund this liability over time. However, superannuation funding requirements will vary over time to reflect any differences between the actual and expected returns on superannuation assets. Based on investment experience to date, the investment volatility associated with COVID-19 has not had a significant impact on the State's superannuation funding requirements.

Sensitivity analysis

The key risks associated with the State's defined benefit superannuation plans are:

- investment risk – the risk that investment returns will be lower than assumed and that State contributions will need to increase to offset the shortfall
- wages growth risk – the risk that wages or salaries (on which future benefits are based) will rise more rapidly than assumed, thereby increasing defined benefits and requiring additional employer contributions
- pension growth risk – the risk that CPI and therefore pension increases will be higher than assumed, thereby increasing defined benefit pension payments and requiring additional employer contributions
- longevity risk – the risk that pensioners will live longer than expected, thereby increasing defined benefit pension payments and requiring additional employer contributions.

To illustrate the impact that movements in these assumptions can have on the State's superannuation liability, the defined benefit obligation has been remeasured under the scenarios below.

The assumptions below have been adjusted while maintaining all other assumptions. There have been no changes to the methods and assumptions used to prepare this sensitivity analysis since the prior period.

These scenarios are expected to have the following impact on the State's defined benefit obligation:

	Base case	Discount rate plus 0.5 per cent	Wage growth plus 0.5 per cent	Inflation rate plus 0.5 per cent
Sensitivity analysis				
Discount rate (per cent a year)	1.8	2.3	1.8	1.8
Salary growth (per cent a year)	3.3	3.3	3.8	3.3
Inflation rate (per cent a year)	1.8	1.8	1.8	2.3
Estimated increase/(decrease) (per cent)	n/a	(5.9)	1.3	4.7
Estimated increase/(decrease) in defined benefit obligation (\$ million)	n/a	(3 153)	695	2 512

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

The major categories of plan assets are as follows:

	2021 %	2020 %
Domestic equity	19.3	19.3
International equity	29.1	29.0
Domestic debt assets	17.2	24.9
International debt assets	4.2	3.0
Property	7.3	7.4
Cash	7.8	7.8
Other	15.1	8.6
	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	80
5.2	Intangible assets	86

5.1 Property, plant and equipment

	2021 \$'000	2020 \$'000
Land		
At valuation	636 522	636 522
Buildings (including heritage buildings)		
At independent valuation	187 539	191 061
At cost	143 357	16 066
Less: accumulated depreciation	(52 000)	(36 925)
	278 896	170 202
Construction in progress – at cost	15 278	25 988
Total buildings	294 174	196 190
Leasehold improvements		
Leasehold improvements – at fair value	9 035	8 985
Less: accumulated depreciation	(9 017)	(8 940)
Total leasehold improvements	18	45
Plant and equipment		
Office and computer equipment – at fair value	6 191	3 595
Less: accumulated depreciation	(3 169)	(2 592)
	3 022	1 003
Motor vehicles under lease	6 994	6 777
Less: accumulated depreciation	(2 255)	(1 781)
	4 739	4 996
Total plant and equipment	7 761	5 999
Total property, plant and equipment	938 475	838 756

Initial recognition

Property, plant and equipment are recognised initially at cost and subsequently revalued 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.

Right-of-use asset acquired by lessees – Initial measurement

The Department recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received plus
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Subsequent measurement

Property, plant and equipment is subsequently measured at fair value less accumulated depreciation. 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. Independent valuations of the Department's land and building assets were last conducted 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 (VGV), Urbis Valuation Pty Ltd, Dominion Group Pty Ltd and Value IT Pty. Ltd. In addition, for right-of-use assets, the net present value of the remaining lease payments is often the proxy for fair value of relevant right-of-use assets.

In accordance with Financial Reporting Direction (FRD) 103I – *Non-financial physical assets*, the Department annually assesses the fair values of its land and buildings using indices recommended by the VGV. In the 2020 financial year, this assessment indicated a material increase in values over carrying amounts. This increase was in excess of the threshold set out in FRD 103H and required management to recognise adjustments to the Department's asset values. As a result, the Department has recognised revaluation increases of \$79.0 million for land and \$16.2 million for buildings in the 2020 financial year in comparison to the 2017 financial year independent valuations. In assessing the fair value of non-financial assets, management recognises the uncertainties associated with COVID-19 but considers that the VGV indices are currently the best available basis of valuation. Management acknowledges that these uncertainties may result in the fair value of non-financial assets moving significantly in the short-term.

Right-of-use asset – Subsequent measurement

The Department depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

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 \$106.9 million (2020 – \$106.5 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 FRDs 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 FRD. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

5. Key assets available to support output delivery

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.

5.1.1 Depreciation and amortisation

Charge for the period

Buildings – structures and ground development
Buildings – other building components
Leasehold improvements
Office and computer equipment
Motor vehicles under lease
Capitalised software development
Total depreciation and amortisation

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.

	2021 \$'000	2020 \$'000
Buildings – structures and ground development	8 416	9 624
Buildings – other building components	6 709	5 092
Leasehold improvements	27	28
Office and computer equipment	583	329
Motor vehicles under lease	1 098	1 339
Capitalised software development	2 940	2 920
Total depreciation and amortisation	19 773	19 332

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 estimated useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their estimated useful life, 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 begin 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 2021 and 30 June 2020 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 lease	2–3 years
Capitalised software development	3–7 years

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

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.

The following tables are subsets of property, plant and equipment by right-of-use assets.

5.1.2 Total right-of-use assets: buildings and plant and equipment

	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Transfer through contributed capital	Net carrying amount
	2021	2021	2021	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings at fair value	–	–	–	50 011	(2 313)	(47 698)	–
Office and computer equipment	2 547	(274)	2 273	66	(24)	–	42
Motor vehicles under lease	6 994	(2 255)	4 739	6 777	(1 781)	–	4 996
Net carrying amount	9 541	(2 529)	7 012	56 854	(4 118)	(47 698)	5 038

	Buildings ^(a)	Office and computer equipment	Motor vehicles under lease
	\$'000	\$'000	\$'000
Opening balance – 1 July 2020	–	42	4 996
Additions	–	2 505	2 548
Disposals	–	–	(1 707)
Depreciation	–	(274)	(1 098)
Closing balance – 30 June 2021	–	2 273	4 739
Opening balance – 1 July 2019	49 858	66	5 165
Additions	153	–	2 717
Disposals	–	–	(1 547)
Transfer through contributed capital	(47 698)	–	–
Depreciation	(2 313)	(24)	(1 339)
Closing balance – 30 June 2020	–	42	4 996

Note:

(a) The Department's right-of-use buildings were transferred from the controlled balance sheet to the administered balance sheet under CAM on 1 November 2019. CAM is described in note 4.2.

5.1.3 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 lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021							
Carrying amount at the start of the year	636 522	170 202	25 988	45	1 003	4 996	838 756
Additions	–	112 068	4 566	–	2 602	2 548	121 784
Disposals	–	–	–	–	–	(1 707)	(1 707)
Transfers between classes	–	15 276	(15 276)	–	–	–	–
Transfers through contributed capital	–	–	–	–	–	–	–
Impairment written back to revaluation reserve	–	(3 525)	–	–	–	–	(3 525)
Depreciation expense (note 5.1.1)	–	(15 125)	–	(27)	(583)	(1 098)	(16 833)
Carrying amount at the end of the year	636 522	278 896	15 278	18	3 022	4 739	938 475
2020							
Carrying amount at the start of the year	599 781	158 674	26 111	73	1 173	5 165	790 977
Recognition of right-of-use assets on initial application of AASB 16	–	49 858	–	–	66	–	49 924
Adjusted balance at 1 July 2019	599 781	208 532	26 111	73	1 239	5 165	840 901
Additions	–	182	7 531	–	93	2 717	10 523
Disposals	(42)	–	–	–	–	(1 547)	(1 589)
Transfers between classes	–	7 654	(7 654)	–	–	–	–
Transfers through contributed capital	–	(47 698)	–	–	–	–	(47 698)
Net transfers from/(to) property held for sale	(42 216)	–	–	–	–	–	(42 216)
Asset revaluation increment	78 999	16 248	–	–	–	–	95 247
Depreciation expense (note 5.1.1)	–	(14 716)	–	(28)	(329)	(1 339)	(16 412)
Carrying amount at the end of the year	636 522	170 202	25 988	45	1 003	4 996	838 756

5. Key assets available to support output delivery

5.2 Intangible assets

	2021 \$'000	2020 \$'000
Capitalised software development	71 468	69 699
Less: accumulated amortisation	(62 317)	(59 399)
Total capitalised software development	9 151	10 300
Intangible assets under development	4 774	3 492
Total intangible assets	13 925	13 792
Reconciliations of carrying amounts		
Capitalised software development		
Carrying amount at the start of the year	10 300	7 765
Additions	113	181
Transfers from intangible assets under development	2 958	5 274
Impairment expense	(1 280)	–
Amortisation expense (note 5.1.1)	(2 940)	(2 920)
Carrying amount at the end of the year	9 151	10 300
Intangible assets under development		
Carrying amount at the start of the year	3 492	6 583
Additions	4 240	2 183
Transfers to capitalised software development	(2 958)	(5 274)
Carrying amount at the end of the year	4 774	3 492

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
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

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

Impairment of intangible assets

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

6 Other assets and liabilities

Introduction

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

Structure

6.1	Receivables	87
6.2	Payables	88
6.3	Non-financial assets classified as held for sale	89
6.4	Unearned income	89

6.1 Receivables

	2021 \$'000	2020 \$'000
Current:		
Contractual		
Debtors	14 116	37 681
	14 116	37 681
Statutory		
Amounts owing from Victorian Government ^(a)	279 487	276 611
GST recoverable	4 947	3 673
	284 434	280 284
Total current receivables	298 550	317 965
Non-current:		
Statutory		
Amounts owing from Victorian Government ^(a)	5 169	4 008
Total non-current receivables	5 169	4 008
Total receivables	303 719	321 973

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
- 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. Other assets and liabilities

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	
2021							
Receivables	14 116	9 888	321	3 164	565	178	–
2020							
Receivables	37 681	11 919	1 663	12 237	11 717	145	–

Impairment of financial assets under AASB 9

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.

The Department has assessed its debtors as at 30 June 2021, in light of the potential increased risk of debtors defaulting as a result of the economic impacts of COVID-19 public health restrictions. No further adjustments or provisions have been made as the Department's debtors are predominantly government entities and assessed as low credit risk entities.

6.2 Payables

	2021 \$'000	2020 \$'000
Current:		
Contractual		
Creditors and accruals	46 289	88 306
Statutory		
Amounts payable to other government agencies	19 759	21 652
Total payables	66 048	109 958

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
- statutory payables, amounts owing to government agencies.

Contractual payables are classified as financial instruments and measured 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.

6.2.1 Maturity analysis of contractual payables

At balance date the carrying amount and nominal amount of contractual payables amounted to \$46.3 million (2020 – \$88.3 million). The contractual payables for the 2021 and 2020 financial years were neither past due nor impaired.

6.3 Non-financial assets classified as held for sale

	2021 \$'000	2020 \$'000
Vehicles held for sale	–	165
Properties held for sale	49 215	49 215
Total non-financial assets classified as held for sale	49 215	49 380

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 and paid in advance by 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

7.1	Borrowings	90
7.2	Cash flow information and balances	92
7.3	Trust account balances	94
7.4	Commitments for expenditure	97
7.5	Commitments for income	98

7.1 Borrowings

	2021 \$'000	2020 \$'000
Current:		
Unsecured		
Bank overdrafts (note 7.2)	–	–
Secured		
Lease liabilities	2 841	2 891
Total current borrowings	2 841	2 891
Non-current:		
Secured		
Lease liabilities	4 057	2 330
Total non-current borrowings	4 057	2 330
Total borrowings	6 898	5 221
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 lease liabilities	4 739	4 996

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.

7.1.1 Lease liabilities

Information about leases for which the Department is a lessee is presented below.

The Department's leasing activities

The Department leases motor vehicles. The lease contracts are typically made for fixed periods of one to five years. The Department does not provide an option to renew the lease after that date.

The Department leases information and communications technology equipment with contract terms of one to three years. These leases are short-term and or/leases of low-value items. The Department has elected not to recognise right-of-use assets and lease liabilities for these leases. At 30 June 2021, the Department was committed to short term leases and the total commitment at that date was \$4.2 million (2020 – \$2.9 million).

Interest expense on lease liabilities	
Expenses relating to short-term leases	
Expenses relating to leases of low-value assets	
Total amount recognised in the comprehensive operating statement	

Right-of-use assets

Right-of-use assets are presented in note 5.1.2.

Amounts recognised in the comprehensive operating statement

The following amounts are recognised in the comprehensive operating statement relating to leases:

	2021	2020
	\$'000	\$'000
	106	517
	6 546	4 179
	544	174
	7 196	4 870

Amounts recognised in the cash flow statement

The following amounts are recognised in the cash flow statement for the year ended 30 June 2021 relating to leases:

	2021	2020
	\$'000	\$'000
Total cash outflow for leases	2 367	4 667

For any new contracts entered into, the Department considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Department assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Department and for which the supplier does not have substantive substitution rights
- whether the Department has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Department has the right to direct the use of the identified asset throughout the period of use
- whether the Department has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

The recognition and measurement of leases as a lessee is described in note 4.3.2 Administered assets and liabilities – leases.

7. Financing our operations

7.1.2 Maturity analysis of borrowings

	Carrying amount	Nominal amount	Maturity dates ^(a)				
			Less than 1 month	1-3 months	3 months – 1 year	1-5 years	Greater than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021							
Lease liabilities	6 898	7 013	1 151	294	1 596	3 972	–
Bank overdrafts	–	–	–	–	–	–	–
	6 898	7 013	1 151	294	1 596	3 972	–
2020							
Lease liabilities	5 221	5 393	437	369	2 204	2 383	–
Bank overdrafts	–	–	–	–	–	–	–
	5 221	5 393	437	369	2 204	2 383	–

Note:

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

7.2 Cash flow information and balances

	2021 \$'000	2020 \$'000
Cash on hand	2 092	598
Funds held in trust	80 604	52 865
Total cash and deposits disclosed in the balance sheet	82 696	53 463
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	82 696	53 463
Less: bank overdrafts (note 7.1)	–	–
Balance as per cash flow statement	82 696	53 463

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.

7.2.1 Reconciliation of net result to cash flows from operating activities

	2021 \$'000	2020 \$'000
Net result	38 289	5 216
Depreciation and amortisation expense	19 773	19 332
Net loss/(gain) on disposal of property, plant and equipment	(382)	(121)
Impairment expense	1 280	–
Change in operating assets and liabilities, net of effects of restructuring		
• decrease in receivables	18 257	3 040
• decrease/(increase) in other operating assets	9 201	(9 235)
• (decrease)/increase in payables	(43 910)	30 736
• (decrease) in other operating liabilities	(8 223)	(24 627)
Net cash flows from operating activities	34 285	24 341

7.2.2 Non-cash financing and investing activities

During the reporting period, motor vehicles with a fair value of \$2.5 million (2020 – \$2.7 million) were acquired by means of leases.

7. Financing our operations

7.3 Trust account balances

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

Controlled 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.
Victorian Social Housing Growth Fund – <i>Financial Management Act 1994</i>	To facilitate the secretariat that supports the review of the Social Housing Regulation panel.

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

Administered trust account	Purpose
Asset Sales Deposit Trust Account – <i>Financial Management Act 1994</i>	To record the receipt of deposits lodged in connection with asset sales and their disbursement in accordance with the terms of settlement.
Cattle Compensation Fund – <i>Livestock Disease Control Act 1994</i>	To receive stamp duties paid by agents relating to sale of cattle, and fines and monies received from the Commonwealth; and make payments including compensation claims from graziers, and costs of transportation and destruction of condemned cattle.
Community Support Fund Trust – <i>Gaming Machine Control Act 1991</i>	To record the receipt (under special appropriations) of certain gambling revenues and the disbursement of these funds in accordance with the requirements of the Act, including the funding of gambling research and various community programs.
Debt Portfolio Trust – <i>Financial Management Act 1994</i>	To facilitate the recording of the cash transactions associated with Public Account borrowings and their management, aimed at enhancing administrative and operational efficiency.
Finance Agency Trust – <i>Financial Management Act 1994</i>	To record the receipt of funds from client departments and agencies pending disbursement for fitout works, minor and major capital works, construction and construction related works and general projects undertaken on their behalf.
HomesVic Trust – <i>Financial Management Act 1994</i>	To record the receipt and disbursement of funds relating to the State's shared equity scheme to support lower to moderate income first home buyers enter into home ownership.

Administered trust account

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

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

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

Security Trust – *Financial Management Act 1994*

Shared Corporate Services Trust Account – *Financial Management Act 1994*

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

Swine Compensation Trust – *Livestock Disease Control Act 1994*

Treasury Trust – *Financial Management Act 1994*

Vehicle Lease Trust – *Financial Management Act 1994*

Purpose

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

To hold land compensation monies where claimant not found.

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

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

To record receipts and payments for shared corporate services, including, but not limited to, the operations of the CAM initiative on behalf of the Government.

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.

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.

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

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

Administered trust account

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

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

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

Purpose

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

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.

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

	2021				2020			
	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)	13 220	2 879	(8 615)	7 484	12 341	9 507	(8 628)	13 220
Government Accommodation Trust	13 737	48 574	(49 660)	12 651	2 729	38 653	(27 645)	13 737
Inter-departmental Transfer Trust	9 486	34 459	(16 741)	27 204	7 085	12 171	(9 770)	9 486
Master Agencies Media Services Trust	239	14	(171)	82	869	–	(630)	239
Shared Corporate Services Trust Account ^(b)	5 766	63 682	(47 930)	21 518	7 564	194 353	(196 151)	5 766
Treasury Trust	4 370	1 219	(1 350)	4 239	5 342	747	(1 719)	4 370
Vehicle Lease Trust ^(c)	6 047	2 407	(2 751)	5 703	6 401	2 317	(2 671)	6 047
Victorian Social Housing Growth Fund	–	2 052	(329)	1 723	–	–	–	–
Total controlled trusts	52 865	155 286	(127 547)	80 604	42 331	257 748	(247 214)	52 865
Administered trusts								
Asset Sales Deposit Trust Account	7 551	–	–	7 551	7 551	7	(7)	7 551
Cattle Compensation Fund	–	6 000	(6 000)	–	–	5 353	(5 353)	–
Community Support Fund Trust	27 164	79 787	(51 741)	55 210	53 319	112 232	(138 387)	27 164
Debt Portfolio Trust	1 363	–	–	1 363	351 363	–	(350 000)	1 363
Finance Agency Trust ^(a)	110 010	212 383	(192 065)	130 328	95 388	119 504	(104 882)	110 010
HomesVic Trust	20 675	385	(2 000)	19 060	28 770	2 000	(10 095)	20 675
Inter-departmental Transfer Trust	23 498	4 098	(8 838)	18 758	31 186	3 223	(10 911)	23 498
Public Service Commuter Club Trust	(152)	337	(28)	157	(252)	689	(589)	(152)
Security Trust	16 485	14 633	(14 811)	16 307	27 475	32 502	(43 492)	16 485
Shared Corporate Services Trust Account ^(b)	1 738	603 606	(460 023)	145 321	–	393 870	(392 132)	1 738
Sheep And Goat Compensation Fund	–	1 409	(1 409)	–	–	1 269	(1 269)	–
Swine Compensation Trust	–	192	(192)	–	–	192	(192)	–
Treasury Trust	–	3 938 972	(3 938 948)	24	3 166	3 825 504	(3 828 670)	–
Vehicle Lease Trust ^(c)	20 317	185 474	(172 734)	33 057	30 548	213 591	(223 822)	20 317
Victorian Natural Disasters Relief Account	–	–	–	–	65 273	8 000	(73 273)	–
Victorian Social Housing Growth Fund	–	846 527	(2 838)	843 689	–	351 458	(351 458)	–
Victorian Transport Fund	9 230	930 793	(930 793)	9 230	9 230	1 868 940	(1 868 940)	9 230
Total administered trusts	237 879	6 824 596	(5 782 420)	1 280 055	703 017	6 938 334	(7 403 472)	237 879

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 SSP business unit that operates the CAM initiative on behalf of the State operates through the controlled portion of the Shared Corporate Services Trust. The administered trust relates to the rent and facilities management revenue and associated costs incurred in delivering the CAM initiative.

(c) 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.

7.4 Commitments for expenditure

Commitments for future expenditure include capital, outsourcing and lease commitments arising from contracts (including those administered on behalf of the State, where applicable). 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.

	2021 \$'000	2020 \$'000
Capital commitments		
Contracted commitments for capital expenditure on building improvements, fitouts and information technology development, at the reporting date but not recognised as liabilities, and payable:		
Capital commitments – Controlled		
• within one year	7 116	9 545
Total capital commitments (inclusive of GST)	7 116	9 545
Capital commitments – Administered		
• within one year	60 393	96 089
Total capital commitments (inclusive of GST)	60 393	96 089
Outsourcing commitments – Controlled		
Commitments under outsourcing contracts for human resource, property management, security services and information technology services, and payable		
• within one year	21 489	19 297
• later than one year but not later than five years	23 262	37 064
Total outsourcing commitments (inclusive of GST)	44 751	56 361
In addition, the outsourcing of information technology services from Cenitex is subject to an open-ended memorandum of understanding with an annual cost to the Department of \$6 426 426 (2020 – \$5 844 900).		
Outsourcing commitments – Administered		
Commitments under outsourcing contracts for property management and security services, and payable:		
• within one year	8 686	8 694
Total outsourcing commitments (inclusive of GST)	8 686	8 694
Lease commitments – Controlled		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
• within one year	1 449	1 057
• later than one year but not later than five years	2 754	1 854
• later than five years	–	–
Total lease commitments (inclusive of GST)	4 203	2 911

7. Financing our operations

7.5 Commitments for income

The Shared Service Provider has occupancy agreements, ending on 30 June 2023, with government departments and portfolio agencies for office accommodations and related services.

The income for management fees and business improvement fees are recognised as provision of services based on agreed receipts in the occupancy agreement.

Shared Service Provider fees receivable – Controlled

Due within one year

Due later than one year but not later than five years

Due later than five years

Total commitments receivable (inclusive of GST)

2021
\$'000

2020
\$'000

14 965

14 101

13 209

4 705

–

–

28 174

18 806

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.

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

arrangements do not include an option to purchase the property at the expiry of the tenancy. These tenancy arrangements are based on a 5-year lease term. The risks associated with rights that the Department retains in underlying assets are not considered to be significant as the Department employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Department when a property has been subject to excess wear and tear during the lease term.

Government Accommodation Trust rental income receivable – Controlled

Due within one year

Due later than one year but not later than five years

Due later than five years

Total commitments receivable (inclusive of GST)

2021
\$'000

2020
\$'000

34 489

37 505

108 714

149 615

8 229

5 139

151 432

192 259

The income under Centralised Accommodation Management for office accommodation rent and facilities management fees are recognised as other income in note 4.3.1, based on agreed receipts in the occupancy agreement.

Shared Service Provider rental and facilities management receivable – Administered

Due within one year

Due later than one year but not later than five years

Due later than five years

Total commitments receivable (inclusive of GST)

2021
\$'000

2020
\$'000

447 783

408 448

465 614

140 373

–

–

913 397

548 821

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*.

Guarantees issued on behalf of the Department are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

Categories of financial assets

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
- 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

8.1	Financial instruments specific disclosures	99
8.2	Contingent assets and contingent liabilities	102
8.3	Fair value determination	103

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
- 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 the 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 the 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 liabilities

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 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	2021 \$'000	2020 \$'000
Financial assets				
Cash and deposits	7.2	Financial assets at amortised cost	82 696	53 463
Receivables ^(a)	6.1	Financial assets at amortised cost	14 116	37 681
Total contractual financial assets			96 812	91 144
Financial liabilities				
Payables ^(a)	6.2	Financial liabilities at amortised cost	46 289	88 306
Borrowings	7.1	Financial liabilities at amortised cost	6 898	5 221
Total contractual financial liabilities			53 187	93 527

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

	Category	2021 \$'000	2020 \$'000
Financial liabilities			
Borrowings	Financial liabilities at amortised cost	(106)	(517)
Total contractual financial liabilities		(106)	(517)

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
- 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 debtors are Victorian government entities.

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 (Aa1 credit rating)	Total
	\$'000	\$'000	\$'000
2021			
Receivables			
Government departments/councils	–	9 721	9 721
Other entities	–	167	167
Total contractual financial assets	–	9 888	9 888
2020			
Receivables			
Government departments/councils	–	11 676	11 676
Other entities	–	243	243
Total contractual financial assets	–	11 919	11 919

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 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 50 (2020 – 50) basis points up and down. The impact on the net operating result and value of each category of financial instruments held by the Department at year end, if the above movement was to occur, is immaterial for the 2021 financial year.

Interest rate risk

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

8. Risks, contingencies and valuation judgements

8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities (including those administered on behalf of the State, where applicable) are not recognised in the balance sheet and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively. At balance date, the Department had no contingent assets (2020 – \$nil) and a quantifiable contingent liability in relation to land remediation costs amounting to \$4 million (2020 – \$4 million).

Quantifiable contingent assets – Administered

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

Legal proceedings and disputes

Total

	2021 \$m	2020 \$m
Legal proceedings and disputes	500	–
Total	500	–

Quantifiable contingent liabilities – Administered

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

Specific guarantees and indemnities under statute

Guarantees for loans to water industry entities

Guarantees for loans to other entities

Litigation against State Revenue Office

Other

Total

	2021 \$m	2020 \$m
Specific guarantees and indemnities under statute	1 114	834
Guarantees for loans to water industry entities	14 299	14 075
Guarantees for loans to other entities	1 004	941
Litigation against State Revenue Office	140	49
Other	28	36
Total	16 585	15 935

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 insures its clients for property, public and products liability, professional indemnity, medical indemnity, contract works and a range of other insurances. The VMIA also provides domestic building insurance to Victorian residential builders.

The VMIA reinsures in the private market up to limits that protect from events with a likelihood of at least 1 in 200 years and considers reinsurance on a cost benefit basis beyond that point. The risk of losses above what VMIA reinsures in the private market is borne by the State.

The VMIA also insures the Department of Health for all public sector medical indemnity claims incurred from 1 July 2003. Under a deed of indemnity, that provides stop loss protection for the VMIA, the Department has agreed to reimburse the VMIA if the costs of claims for a policy year exceeds the initial estimate, on which the risk premium was based, by more than 20 per cent.

Under a separate deed of indemnity, in relation to claims other than medical indemnity and domestic building insurance, the Department has agreed to reimburse VMIA if the cost of claims for a policy year exceeds the initial estimate, determined by the appointed actuary at the end of that policy year, by more than an amount that would result in a 16 per cent drop in VMIA's insurance funding ratio from the midpoint of the preferred funding range.

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
- unclaimed monies, which may be subject to future claims by the general public against the State.

8.3 Fair value determination

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

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

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

8. Risks, contingencies and valuation judgements

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community service obligations 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	Community service obligation 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 2020.

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 community services obligations (CSO) to reflect the specialised nature of the land being valued.

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

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 2021. For all assets measured at fair value, the current use is considered the highest and best use.

8. Risks, contingencies and valuation judgements

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Fair value measurement hierarchy at 30 June 2021				
Land at fair value				
Specialised land	629 169	–	–	629 169
Non-specialised land	7 353	–	7 353	–
Total land at fair value	636 522	–	7 353	629 169
Buildings at fair value				
Buildings (including heritage buildings)	278 896	–	–	278 896
Total buildings at fair value	278 896	–	–	278 896
Plant and equipment at fair value				
Office and computer equipment	3 022	–	–	3 022
Total plant and equipment at fair value	3 022	–	–	3 022
Fair value measurement hierarchy at 30 June 2020				
Land at fair value				
Specialised land	629 169	–	–	629 169
Non-specialised land	7 353	–	7 353	–
Total land at fair value	636 522	–	7 353	629 169
Buildings at fair value				
Buildings (including heritage buildings)	170 202	–	–	170 202
Total buildings at fair value	170 202	–	–	170 202
Plant and equipment at fair value				
Office and computer equipment	1 003	–	–	1 003
Total plant and equipment at fair value	1 003	–	–	1 003

8. Risks, contingencies and valuation judgements

Reconciliation of Level 3 fair value

	Specialised land	Buildings (including heritage buildings)	Office and computer equipment
	\$'000	\$'000	\$'000
2021			
Opening balance	629 169	170 202	1 003
Net acquisitions/(disposals)	–	112 551	2 605
Transfers between classes	–	14 793	–
Impairment	–	(3 525)	–
Depreciation	–	(15 124)	(584)
Closing balance	629 169	278 897	3 024
2020			
Opening balance	530 874	158 674	1 173
Recognition of right-of-use assets on initial application of AASB 16	–	49 858	66
Adjusted opening balance at the start of the year	530 874	208 532	1 239
Net acquisitions/(disposals)	–	182	93
Transfers through contributed capital	–	(47 698)	–
Transfers between classes	–	7 654	–
Transfers from/(to) held for sale	(23)	–	–
Asset revaluation increment	98 318	16 248	–
Depreciation	–	(14 716)	(329)
Closing balance	629 169	170 202	1 003

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
Fair value measurement hierarchy at 30 June 2021				
Land at fair value				
Specialised land	49 215	–	–	49 215
Total land at fair value	49 215	–	–	49 215
Fair value measurement hierarchy at 30 June 2020				
Land at fair value				
Specialised land	49 215	–	–	49 215
Total land at fair value	49 215	–	–	49 215

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.

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.

Structure

9.1 Other economic flows included in net result	107
9.2 Responsible persons	107
9.3 Remuneration of executives	108
9.4 Related parties	109
9.5 Remuneration of auditors	110
9.6 Subsequent events	110
9.7 Australian Accounting Standards issued that are not yet effective	110
9.8 Glossary of technical terms	111

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 wage inflation, and the revaluation of restoration costs provision.

The net gain from the revaluation of leave liabilities is due to higher discount rates from 0.87 per cent in 2020 to 1.491 per cent in 2021 and lower wage inflation rates from 4.25 per cent in 2020 to 2.95 per cent in 2021.

9.2 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 2020 to 30 June 2021 unless otherwise stated) were as follows:

- Tim Pallas MP, Treasurer of Victoria, Minister for Economic Development
- Hon Danny Pearson MP, Assistant Treasurer and Minister for Regulatory Reform
- Mr David Martine, Secretary

Hon Danny Pearson MP and Hon James Merlino MP acted for the Treasurer during the absences of Tim Pallas MP. Tim Pallas MP acted for the Assistant Treasurer during the absences of Hon Danny Pearson MP. Jamie Driscoll and Jason Loos 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 \$640 000–\$650 000 (\$640 000–\$650 000 in 2019-20).

9. Other disclosures

9.3 Remuneration of executives

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

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

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

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

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

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers retired, resigned or were retrenched in the past year.

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

	Total remuneration	
	2021 \$'000	2020 \$'000
Short-term employee benefits	23 800	20 227
Post-employment benefits	2 132	1 891
Other long-term benefits	90	1 242
Termination benefits	58	72
Total remuneration ^(a)	26 080	23 432
Total number of executives ^{(a)(b)}	127	112
Total annualised employee equivalents ^{(a)(c)}	113	97

Notes:

(a) The total number of executives include the eight departmental Chief Financial Officers (CFOs) employed by the DTF Secretary. The total remuneration excludes the eight CFOs remuneration as the expenses are recouped from the departments. Prior year comparatives have been restated to conform with the current year's presentation.

(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.

9.4 Related parties

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

Related parties of the Department, include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- 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 the Hon Danny Pearson MP, the Secretary, David Martine, the Commissioner of State Revenue Victoria, Paul Broderick, and members of the Senior Executive Team, which includes:

- Deputy Secretary, Budget and Finance Division, Jamie Driscoll
- Deputy Secretary, Economic Division, Amy Auster (until 17 July 2020)
- Acting Deputy Secretary, Economic Division, Trudy Hart (from 18 July 2020 until 17 January 2021)
- Deputy Secretary, Economic Division, Chris Barrett (from 18 January 2021)
- Deputy Secretary, Commercial Division, Jason Loos
- Deputy Secretary, Corporate and Government Services Division, Gayle Porthouse

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

	2021 \$'000	2020 \$'000
Short-term employee benefits	3 255	3 206
Post-employment benefits	174	171
Other long-term benefits	74	160
Termination benefits	–	–
Total remuneration	3 503	3 537

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. Other disclosures

9.5 Remuneration of auditors

	2021 \$'000	2020 \$'000
Audit fees paid or payable to the Victorian Auditor-General's Office		
Annual financial statements of the Department	340	425
Annual financial report for the State of Victoria	388	380
Annual budget for the State of Victoria ^(a)	893	–
	1 621	805

Note:

(a) Includes the annual budget 2020-21 and 2021-22 for the State of Victoria.

9.6 Subsequent events

No other 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.

9.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Department's Financial Statements. The Department is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early adopt the Standard. The Department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Department's reporting.

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-7 *Amendments to Australian Accounting Standards – COVID-19-Rent Related Concessions: Tier 2 Disclosures*
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform.*

9.8 Glossary of technical terms

The following is a summary of the major technical terms used in these financial statements.

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- (b) the effects of changes in actuarial assumptions.

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

Borrowings refer to 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.

Capital asset charge is 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 include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

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.

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

Ex gratia expenses mean 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.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Financial asset is any asset that is:

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

Financial instrument 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 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

9. Other disclosures

- (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 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*
- (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.

Grant expenses are 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. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. 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.

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 are 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 represent identifiable non-monetary assets without physical substance.

Interest expense represents costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest components of lease 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 includes interest received on bank term deposits, interest from investments, and other interest received.

Investment properties are 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.

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

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 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 are all assets that are not 'financial assets'.

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 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 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 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.

Appendices

Appendix 1	Workforce data.....	115
Appendix 2	DTF occupational health and safety report 30 June 2020.....	126
Appendix 3	Environmental reporting.....	134
Appendix 4	Statutory compliance and other information.....	141
Appendix 5	Disclosure index.....	156

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 the Department in achieving its objectives through several key strategic initiatives, including a tailored leadership development program for all people leaders, a broad range of diversity and inclusion initiatives, and initiatives that support mental health and wellbeing.

The DTF Staff Hub provides links and resources to support staff with wellbeing strategies and hybrid working during the COVID-19 pandemic.

The Department has a comprehensive Diversity and Inclusion Framework, which includes an Aboriginal Employment Action Plan and an All Abilities Action Plan. Performance development, workforce planning, talent management, learning and development, career development and capability development are all supported and embedded in the People Strategy.

People development

Key focus areas for the Department that align directly to the People Matter Survey are outlined in the DTF Ongoing Action Plan, and include wellbeing and workplace stress, leadership, diversity and inclusion, respectful workplace culture, and flexible working arrangements.

Initiatives undertaken to support these areas include a leadership development program for Senior Executive Service (SES), STS7 and VPS6 staff, as well as training in mental health and wellbeing, bullying and sexual harassment, career planning, leading and working in a hybrid workplace, Aboriginal cultural awareness, disability confidence, LGBTIQ+ awareness, building positive workplace relationships, performance management, the Human Rights Charter and workload management.

In addition, the Department has had 44 SES staff participate in the Victorian Leadership Academy (VLA) program, approved 12 new studies assistance applications, and supported one staff member in the ANZSOG Executive Fellows Program, one staff member in the Executive Masters of Public Administration and one staff member in the Deputies Leadership Program.

DTF also supports skill development through an external program offering delivered by the Office of Projects Victoria (OPV). OPV has a key role to build the necessary capability for the Victorian Government to deliver major infrastructure projects. In helping to achieve this aim, OPV oversees several learning and development programs, including commercial capability training and the project delivery graduate stream. In addition, each year OPV delivers the Australian Major Projects Leadership Academy (AMPLA), which helps to build and maintain the executive talent required to deliver on complex infrastructure projects across Australia.

Employee relations

During 2020-21, 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, two 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) Enterprise Agreement 2020 bargaining process. This resulted in the development of the VPS Enterprise Agreement, which came into effect Friday 9 October 2020.

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 fairly and equitably based on key selection criteria and other role accountabilities, without discrimination.

In February 2021, a dedicated, centralised recruitment and mobility function within the People and Culture team was established, including upgrading recruitment technology. The new function provides strategic and tactical support and services across all areas of recruitment and has reduced the administrative effort for hiring managers.

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. Throughout the year, DTF have provided staff to COVID-19 surge workforce requests across the Victorian Government.

Graduate recruitment scheme

The Department continues to support the recruitment and development of university graduates by participating in the Victorian Government graduate program. In addition, DTF managed the accounting and finance and the economist graduate streams on behalf of the VPS. The Department employed 11 graduates including one from the Aboriginal graduate pathway and one from the disability graduate pathway. The Department offered nine internships to penultimate university students in economics, legal and engineering.

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 2020-21, the Department continued to implement the Diversity and Inclusion Framework, demonstrate its commitment to achieving gender balance in leadership roles and reducing unconscious bias in all people-related decisions, including recruitment, performance assessments and access to professional development.

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 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. The Department has an internal LGBTIQ+ Network that champions days of significance and provides a safe space for LGBTIQ+ employees.

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 participated in the Stepping Into Internship program for people with disability, appointing four interns in a diverse range of positions.

In 2019–20, the Department launched a Diversity Scholarship. This initiative has continued in 2020-21 with the department successfully awarding scholarships to two recipients from diverse backgrounds. The scholarship supports talented members of the community who come from a diverse background to undertake tertiary study in the next academic year. It incorporates both mentoring and financial support and includes an opportunity to participate in a work placement within the Department.

The Department's Aboriginal Employment and Inclusion Action Plan contains four areas of focus, including improving attraction and recruitment, creating a culturally safe workplace, enhanced support for Aboriginal staff, and creation of progressive career experiences. This plan aligns with and leverages Barring Djinang, the Aboriginal Employment Strategy for the VPS. In 2020, DTF had one staff member participate in the Barring Djinang Leadership Development Program.

In 2020-21, several significant events were celebrated and recognised including Reconciliation Week, NAIDOC week, International Day Against Homophobia, Biphobia, Interphobia and Transphobia (IDAHOBIT), Wear it Purple Day, International Day of People with Disability and 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 VPS Leading the Way approach in 2017, integrating the holistic framework with existing strategic occupational health and safety priorities that support mental health and wellbeing initiatives.

The Department has put in place several initiatives to combat the unique challenges presented by the COVID-19 pandemic, including the Wellbeing and Resilience Framework, Wellbeing Toolkit, the provision of learning pathways via LinkedIn Learning and the Return to Office Staff hub. Our leadership team plays a critical role in driving policies and practices that promote employee wellbeing with a focus on building a positive culture towards wellbeing, empowering staff to be resilient, providing resources to manage workload and in the face of continuing restrictions, a safe and phased return to the office.

In 2020-21, the Department continued to provide mental health and wellbeing training with participation from 512 staff across the Department. Additionally, the online compliance mental health and wellbeing training *Managing Psychological Conditions in the Workplace* has been delivered to 75 executives and managers.

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

The diversity and wellbeing events calendar promoted events such as Men's Health Week, Women's Health Week, RUOK Day, Mindful in May, Mental Health Week and Safe Work Month.

The Department recognises mental health and wellbeing as being critical in delivering outcomes. In 2020-21, the Department continued to train a group of mental health first aid officers to ensure they are specifically equipped in mental health acute response.

Human Rights Charter

Throughout 2020-21, DTF employees continued to consider human rights in the course of their work, including in 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 by including the human rights e-learning modules into compulsory compliance training for new starters, and refresher training every two years for all staff. Staff are required to complete training within 28 days of receiving the training email with measures in place to monitor completion rates.

Given the nature of its portfolio, the Department's interactions with the public tend to focus on individuals who are currently engaged, or 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. The Department's 2019-20 workforce data disclosures have been corrected in this year's publication to ensure compliance with Financial Reporting Directions 29C and 15E. 2019-20 workforce figures stated in this publication will therefore vary to last year's publication.

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 (2021), and in the last full pay period in June of the previous reporting period (2020).

Profile of Department of Treasury and Finance's workforce: June 2021

	June 2021 ^(a)						June 2020 ^(b)							
	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	429	422	363	11	371	55	51	388	380	340	14	351	34	29
Female	415	390	293	74	346	48	44	386	364	276	72	327	38	37
Self-described														
Age														
15-24	41	37	25	2	27	14	10	42	40	31	1	32	10	8
25-34	238	236	201	5	205	32	31	203	199	173	5	176	25	23
35-44	240	227	172	42	202	26	25	243	228	172	48	206	23	22
45-54	186	177	141	23	157	22	20	157	152	129	17	142	11	10
55-64	104	102	90	7	95	7	7	98	95	87	10	95	1	1
65+	35	33	27	6	31	2	1	31	29	24	5	27	2	2
VPS1-6 Grades	724	696	550	76	605	98	92	667	641	522	77	577	68	64
Grade 1	10	10	-	-	-	10	10	4	4	-	-	-	4	4
Grade 2	38	32	18	2	20	18	13	31	27	17	2	18	12	8
Grade 3	86	83	68	12	77	6	6	94	91	74	12	83	8	8
Grade 4	137	133	111	14	121	12	12	122	119	99	13	109	10	10
Grade 5	213	208	169	18	183	26	25	202	197	163	19	177	20	20
Grade 6 ^(c)	240	231	184	30	205	26	26	214	204	169	31	191	14	14

	June 2021 ^(a)								June 2020 ^(b)						
	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	
Senior employees	118	114	105	9	111	4	3	106	102	93	9	100	4	2	
STS	11	10	8	1	9	2	1	11	9	7	1	8	3	1	
Executives	106	103	96	8	101	2	2	94	92	85	8	91	1	1	
Secretary	1	1	1	–	1	–	–	1	1	1	–	1	–	–	
Other^(d)	2	1	1	–	1	1	–	1	1	1	–	1	–	–	
Total employees	844	812	656	85	717	103	95	774	744	616	86	678	72	66	

Notes:

(a) DTF's ongoing and fixed-term and casual employment levels increased over the reporting period as a result of recruitment:

- to support delivery of budget initiatives announced in the *2020-21 Budget* and *2021-22 Budget*
- to support delivery of projects required to improve delivery of corporate services, such as centralised recruitment, technology initiatives supporting new ways of working and upgrades to technology systems such as the State Resource Information Management System
- for employment programs such as the Youth Employment Program and VPS graduate program.

(b) DTF's workforce profile for 2019-20 has been corrected in this year's annual report to ensure compliance with Financial Reporting Direction 29C.

(c) There were three VPS-6 employees acting as senior employees under long-term acting arrangements at the end of June 2021.

(d) One Legal Officer and one casual employee are disclosed in the 'other' category.

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						
\$160 000–\$179 999		1				
\$180 000–\$199 999	26 ^(a)	6				
\$200 000–\$219 999	25 ^(b)	2 ^(c)				
\$220 000–\$239 999	18 ^(d)	2 ^(e)				
\$240 000–\$259 999	6					
\$260 000–\$279 999	8					
\$280 000–\$299 999	9					
\$300 000–\$319 999	7 ^(f)					
\$320 000–\$339 999	2					
\$340 000–\$359 999						
\$360 000–\$379 999						
\$380 000–\$399 999						
\$400 000–\$419 999	5					
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	106^(g)	11				

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

Notes:

- (a) There is one employee employed on a part-time basis at a 0.7 FTE rate.
- (b) There are four employees employed on a part-time basis, one at a 0.6 FTE rate and three at a 0.8 FTE rate.
- (c) There is one employee employed on a part-time basis at a 0.1 FTE rate.
- (d) There are two employees employed on a part-time basis, one at a 0.6 FTE rate and one at a 0.2 FTE rate.
- (e) There is one employee employed on a part-time basis at a 0.9 FTE rate.
- (f) There is 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 2021

	June 2021						June 2020							
	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	317	312	278	17	291	22	22	315	310	274	19	288	22	21
Female	362	336	252	84	310	26	26	355	329	249	81	305	25	24
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age														
15-24	24	23	16	2	17	6	6	27	27	17	-	17	10	10
25-34	152	148	118	14	128	20	20	156	151	124	13	133	19	19
35-44	199	186	151	36	174	12	12	195	182	148	36	171	11	10
45-54	152	145	123	25	141	4	4	149	142	118	27	138	4	4
55-64	121	117	98	19	113	4	4	118	113	96	19	111	3	2
65+	31	30	24	5	28	2	2	25	24	20	5	24	-	-
VPS1-6 Grades	647	617	503	96	570	48	47	638	608	496	96	564	46	44
Grade 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 2	86	80	44	16	55	26	25	82	76	34	13	43	35	34
Grade 3	194	184	153	32	175	9	9	199	189	159	34	183	6	6
Grade 4	151	145	127	21	142	3	3	151	144	127	22	142	2	1
Grade 5	155	149	126	22	142	7	7	150	144	125	22	141	3	3
Grade 6	61	59	53	5	56	3	3	56	54	51	5	54	-	-
Senior employees	9	9	7	2	9	-	-	9	9	7	2	9	-	-
STS	1	1	1	-	1	-	-	1	1	1	-	1	-	-
Executives	8	8	6	2	8	-	-	8	8	6	2	8	-	-
Other	23	22	20	3	22	0	0	23	22	20	2	21	1	1
Total employees	679	648^(a)	530	101	601	48	47	670	639	523	100	593	47	45

Note:

(a) SRO's FTE increased from 2019-20 to 2020-21 due to more new starters than exits in the reporting period. Most SRO new starters filled fixed-term roles in SRO's Operations Division. Ongoing roles were also filled by new starters in other SRO branches including Corporate Affairs, Finance and Administration and Legal Services.

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

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

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

Note:

(a) There are two employees employed on a part-time basis at a 0.6 rate and a 0.9 FTE rate.

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 departments progress against this target for 2020-21.

Workforce inclusion policy initiative	Target	Actual progress in 2020-21	Actual progress in 2019-20
Gender diversity at executive levels	Executives: 50 per cent male 50 per cent female	Executives: 57 per cent male 43 per cent female	Executives: 56 per cent male 44 per cent female

Note: The actual gender diversity reported excludes the Departmental Secretary (one male).

Executive data

For a Department, a member of the Senior Executive Service (SES) is defined as an executive employed under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an executive is defined as a person employed as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Public Entity Executive Remuneration Policy applies.

The definition of an SES officer and public entity executive does not include a statutory office holder or an Accountable Officer.

Administrative Office (AO) Heads are classified under corresponding SES remuneration bands outlined in the Victorian Public Service Executive Classification Framework.

The following tables disclose executive employment levels of the Department and its portfolio agencies as at the last full pay period in June for stated reporting periods:

- Tables 1 and 2 disclose the total numbers of SES staff for the Department and SRO respectively, broken down by gender
- Table 3 provides a reconciliation of executive numbers presented between the report of operations and note 9.8 'Remuneration of executives' in the financial statements
- Table 4 provides the total executive numbers for all of the Department's portfolio agencies
- Tables 1 to 4 also disclose the variations, denoted by 'var', between the current and previous reporting periods.

Table 1 – Total number of executives for the Department, broken down into gender

Class	All		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES-3 ^(a)	5	0	3	1	2	0	0	0
SES-2	27	8	12	4	15	5	0	0
SES-1	74	23	45	7	29	7	0	0
Total	106	31	60	12	46	12	0	0

Table excludes the Secretary (Accountable Officer).

Table includes Office of Projects Victoria and Invest Victoria.

Administrative Office (AO) heads are classified under corresponding SES remuneration bands outlined in the Victorian Public Service Executive Classification Framework (e.g. AO-3 is disclosed under SES-3).

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

Table includes the VPS departmental Chief Financial Officers, employed by the DTF Secretary.

Note:

(a) Excludes position currently occupied under acting arrangements.

Table 2 – Total number of executives for SRO, broken down into gender

Class	All		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES-3	0	0	0	0	0	0	0	0
SES-2	6	1	4	0	2	1	0	0
SES-1	1	-1	0	0	1	-1	0	0
Total	7	0	4	0	3	0	0	0

Table excludes the Commissioner of State Revenue (Accountable Officer).

Reconciliation of executive members

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

The financial statements note excludes the Accountable Officer and does not:

- distinguish between executive levels
- distinguish between executives employed by the State Revenue Office and executives employed by the Department
- disclose the number of separations for the financial year
- disclose inactive executives as at the end of June.

Separations are executives who have left the Department during the relevant reporting period. Inactive executives are executives who were on leave without pay or absent on secondment at the end of the reporting period.

To assist readers, these two disclosures are reconciled below.

Table 3 – Reconciliation of DTF executive members: June 2021

	2021	2020
Executives (financial note 9.3)	127	112
Accountable Officers (Secretary)	1	1
SRO executives	-8	-7
Inactive DTF executives	-2	-2
Separations	-11	-9
Total executive numbers at 30 June	107	95

DTF Portfolio Executives

Portfolio agencies	Total		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Emergency Services and State Super	4	-2	4	-2	-	-	-	-
Essential Services Commission	4	-	3	-	1	-	-	-
Infrastructure Victoria	5	2	3	1	2	1	-	-
State Revenue Office	7	-	4	-	3	-	-	-
State Trustees Limited	5	-	2	-	3	-	-	-
Treasury Corporation of Victoria	6	1	5	1	1	-	-	-
Victorian Funds Management Corporation	5	-	1	-1	4	1	-	-
Victorian Managed Insurance Authority	7	-2	2	-2	5	-	-	-
Total	43	-1	24	-3	19	2	-	-

Figures have been corrected from last year's disclosure to exclude Accountable Officers who are excluded from the definition of Executive Officers in Financial Reporting Direction 15E.

Advancing self-determination in DTF

DTF's commitment to Aboriginal self-determination is reflected in our Advancing Self-Determination in DTF plan (the Plan). The Plan was published on DTF's website in May 2020 and represents the Department's first steps to delivering reforms aimed at self-determination, with changes to the way we work and within our workforce.

Since delivering the first set of reforms published in the Plan, the Taskforce has undertaken a series of workshops to progress new plans and expanded its scope to include the Department's preparations for treaty.

Key next steps DTF will be taking include action on potential budget process reform, cultural safety and how the Department can support improved outcomes for Aboriginal Victorians.

Recent work contributing to DTF's efforts to promote self-determination include:

- involvement in the Treaty Interdepartmental Committee and working group and supporting DPC's planning for the framework elements needed to advance Treaty. DTF is also involved in the Interdepartmental Committee and working group for the Government's response to the Yoo-rrook Justice Commission
- preparing options for the State and the First Peoples' Assembly of Victoria on the potential structure of the Self-Determination Fund (the Fund)
- consideration of long-term reforms to the budget development process to promote self-determination
- providing funding related advice as part of Victoria's Closing the Gap Implementation Plan and helping deliver the Side by Side Partnership Addressing Disadvantage, an innovative funding arrangement and partnership between Berry Street Victoria and the Victorian Aboriginal Child Care Agency to improve educational outcomes for disadvantaged Aboriginal children
- supporting the delivery of the HomesVic Aboriginal Victorians Shared Equity Program with Aboriginal Housing Victoria, which helps Aboriginal Victorians purchase their first home with deposits of at least 5 per cent
- implementation of DTF's Aboriginal Employment and Inclusion Action Plan
- ongoing delivery of Aboriginal cultural awareness training to increase awareness and improve understanding to better support a culturally safe workplace
- offering annual internships to connect Aboriginal tertiary students with a career in the department
- participating in the First Principles' Review of the *Traditional Owner Settlement Act 2010* that considers the appropriateness of compensation paid for activities that impact on traditional owners' rights under the Act, including recommendations regarding potential revisions to the existing compensation formulae for economic loss in response to the High Court of Australia's Timber Creek decision.

Appendix 2 DTF occupational health and safety report 30 June 2021

The Department continued its commitment to occupational health and safety (OHS) and has continued to manage the workforce having to work from home because of the public health response to COVID-19. The health, safety and wellbeing of staff continues to be the Department's highest priority.

The Department's OHS program continues to adjust to meet the everchanging COVID-19 response. DTF has continued its focus on wellbeing, and remote work arrangements; this includes the safe workstation set up of staff when working from home. As of 30 June 2021, over 95 per cent of staff had directly interacted with OHS regarding their work from home. In addition, zero WorkCover claims were associated with remote work.

Key achievements

The Department has delivered several key achievements during 2020-21:

- Incidents reported across the Department decreased to 11 (down 48 per cent compared with 2019-20)
- Zero WorkCover claims were lodged
- A Safety Month program held during October (in alignment with Safe Work month). This program focused on tips to deal with anxiety, setting up a safe workspace at home, electrical and physical safety, mindfulness challenges, training sessions on the ergonomic and psychosocial considerations of working from home for managers and leading during COVID-19
- 84 per cent of DTF staff have completed Mental Health and Wellbeing training, including 118 people leaders
- DTF's Health and Safety Committee met four times during 2020-21
- The annual on-site flu vaccination program was held, with 267 employees receiving flu vaccinations. This number was lower than the previous year. A mixed mode of delivery (on-site injections and vouchers for delivery by a third party) was offered this year to accommodate COVID-19 work from home directives and reduced capacity limits for returning to the office
- Provision of 122 workstation ergonomic assessments were conducted, including 70 face-to-face assessments, 18 virtual or face-to-face home workstation assessments to support employees working from home, and 34 online assessments via DTF's safe workstation setup online module
- Provision of DTF's eye testing procedure, with 23 eyewear reimbursements claimed
- *Managing Psychological Conditions in the Workplace* training was provided to 75 executives and managers
- Enhanced promotion of DTF's Employee Assistance Program. A total of 90 new referrals were raised during 2020-21
- 12 DTF Safe People were provided with specialist training which incorporated the unique challenges presented by COVID-19 in mental health and wellbeing, to support this important initiative
- Several wellbeing initiatives were developed in direct response to the continuing COVID-19 restrictions to support staff, including work from home directives and a phased return to the office. Specifically, these included:
 - ongoing maintenance of DTF's COVID-19 Staff Hub, which included updates to resources such as DTF's Wellbeing Check-In Action Plan and Coping with Social Isolation. New resources were developed including centralised information about returning to the workplace in a COVID-safe manner, relaxation techniques and promoting work-life balance in both face-to-face and remote working environments, as well as learning pathways via LinkedIn Learning
 - launch of the 'Wellbeing and Resilience Framework' reflecting DTF's commitment to promote and protect the mental health of all employees
 - online training, webinars and courses facilitated by Transitioning Well and the VPS Innovation Network, on topics such as:
 1. how to identify signs of burnout
 2. combatting loneliness during lockdown
 3. working from home with children
 4. adjusting to life after lockdown
 5. becoming a high-performing hybrid team
 - launch of a 'Wellbeing Toolkit' designed to assist people leaders support their employee's wellbeing. This online resource provides tips, tools, and activities for managers to access and use with their teams
 - free access to the Corporate Health Management virtual fitness classes and online portal for all DTF staff

DTF's performance against OHS management measures

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
Incidents	Number of incidents	28	21	11
	Rate per 100 FTE	4.59 (based on FTE 610.11)	2.80 (based on FTE 749.61)	1.35 (FTE 812.00)
	No. of incidents requiring first aid and/or further medical treatment	15	8	3
Claims	Number of standardised claims ^(b)	2	1	0
	Rate per 100 FTE	0.33	0.13 (based on FTE 749.61)	0
	Number of lost time claims ^(c)	2	0	2
	Rate per 100 FTE	0.33	0	0.25 (FTE 812.00)
	Number of claims at 13 weeks ^(d)	2	0	0
	Percentage of claims at 13 weeks against total number of claims	n/a	0	0 per cent
	Number of claims exceeding 13 weeks	2	0	0
	Rate per 100 FTE	0.33	0	0
	No. of claims at 26 weeks	n/a	0	0
	Percentage of claims at 26 weeks against total number of claims	n/a	0	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim ^(d)	\$3 524.36	\$539.83	\$0.00
Absenteeism	No. of days absent due to sickness		3 554 ^(e)	2 468
	Rate per 100 FTE		474.14 (based on FTE 749.61) ^(e)	303.93 (based on FTE 812.00)
Return to work	Percentage of claims with return-to-work plan <30 days	100 per cent	100 per cent	n/a
Legislative compliance	No. of WorkSafe Victoria Notices issued	n/a	nil	nil
	Rate of notices issued per inspector visit	n/a	nil (no inspector visits)	nil (no inspector visits)
	No. of prosecutions	n/a	nil	nil
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management on OHS, and OHS plans (signed by CEO or equivalent)	Statement of Commitment signed by the Secretary. Acting Head of People and Culture chairs Quarterly Health and Safety (HSC) Meetings. DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Sub-Committee and working groups. OHS Advisory was involved in the implementation of dedicated incident reporting system for emergency related incidents across DTF.	Statement of Commitment signed by the Secretary Manager People and Culture chaired Quarterly Health and Safety (HSC) Meetings. DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Subcommittee and working groups.	Statement of Commitment signed by the Secretary Manager People and Culture chaired Quarterly Health and Safety (HSC) Meetings. DTF continued its participation in the whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Subcommittee and working groups.

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
	Evidence of OHS criteria in purchasing guidelines (including goods, services, and personnel)	<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. 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>	<p>OHS Advisory continues to be involved in the procurement of portable sit-stand desks and other ergonomic equipment as required.</p> <p>Services and personnel engaged to support OHS program (i.e. flu vaccination program, training, etc.) have been implemented to provide evidence of competency and insurance information.</p> <p>OHS Advisory involved in recommending and ordering personal protective equipment associated with coronavirus (COVID-19) management.</p>	<p>OHS Advisory continues to be involved in the procurement of portable sit-stand desks and other ergonomic equipment as required.</p> <p>Services and personnel engaged to support OHS program (i.e. flu vaccination program, training, etc.) have been implemented to provide evidence of competency and insurance information.</p> <p>OHS Advisory involved in recommending and ordering personal protective equipment associated with coronavirus (COVID-19) management</p>
Consultation and participation	Evidence of agreed structure of designated work groups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)	<p>Four Health and Safety Committee meetings were held during this period.</p> <p>Designated work group structures are aligned to reflect DTF's spread of employees across multiple workplace locations and floors.</p>	<p>Four Health and Safety Committee meetings were held during this period on 3/7/2019, 9/10/2019, 21/1/2020, 9/04/2020.</p> <p>Designated Work Group structures were reviewed and continue to reflect DTF's distribution of employees across multiple workplace locations and floors.</p>	<p>Four Health and Safety Committee meetings were held covering this period on 18/08/2020, 20/01/2021, 14/04/2021 and 30/06/2021.</p> <p>Designated Work Group structures were reviewed and continue to reflect DTF's distribution of employees across multiple workplace locations and floors.</p>
	Compliance with agreed structure on DWGs, HSRs, and IRPs	<p>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.</p> <p>HSC meetings took place in September 2018, December 2018, April 2019, and the June 2019 meeting were postponed to 3 July 2019.</p>	<p>All HSR positions were filled for the full year.</p> <p>HSR Position was filled for Invest Victoria.</p>	<p>All HSR positions were filled for the full year.</p>
	Number of quarterly OHS Committee meetings	The committee met in each quarter in 2018-19.	The committee met in each quarter in 2019-20	The committee met in each quarter in 2020-21.

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
Risk management	Percentage of internal audits/inspections conducted as planned	<p>90 per cent of quarterly workplace inspections were completed across the 14 locations where workplace inspections were scheduled to take place.</p> <p>Locations included:</p> <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) 	<p>100 per cent of quarterly workplace inspections were completed before directive to work from home due to coronavirus (COVID-19) was given.</p> <p>Locations included:</p> <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) 	<p>Not all regularly scheduled workplace inspections were completed because of the COVID-19 lockdown response. However, workplace inspections and risk assessments were conducted by respective stakeholders as part of the Departments return to the office program.</p>
	Percentage of reported incidents investigated	<p>100 per cent completion of quarterly first aid room inspection.</p> <p>76 per cent completion of quarterly first aid kit replenishment inspections were completed.</p> <p>The following annual internal audits were completed: (i) OHS Management System Review; (ii) Register Audit; and (iii) SLA Audit.</p>	<p>100 per cent of quarterly first aid room inspections were completed before directive to work from home due to coronavirus (COVID-19) was given.</p> <p>88 per cent completion of quarterly first aid kit replenishment inspections were completed before directive to work from home due to coronavirus (COVID-19) was given.</p> <p>An audit of DTF Policies and Procedures was conducted in June 2020.</p> <p>The DTF OHS Advisory SLA Annual Audit was not completed under the direction of People and Culture Management; due to this being a contract re-engagement year.</p>	
	No. of Improvement Notices issued across the Department by WorkSafe Inspector	<p>Out of the 28 incidents reported, 100 per cent of these incidents were investigated.</p>	<p>Of the 21 incidents reported, 100 per cent of these incidents were investigated.</p>	<p>Of the 11 incidents reported, 100 per cent of these incidents were investigated.</p>
	Percentage of issues identified actioned arising from:	<p>No improvement notices were issued for 2018-19.</p>	<p>None</p>	<p>None</p>

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
OHSMS development and improvement	<ul style="list-style-type: none"> internal audits 	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.	Zero corrective actions were identified for DTF Policy and Procedures review	Zero corrective actions were identified for DTF Policy and Procedures review
	<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
	No. of procedures developed and approved, and/or	n/a	Guidance for working remotely – due to coronavirus (COVID-19) work from home directive – was approved in April 2020	6 new DTF procedures were developed and approved.
Training	No. of procedures reviewed and refined	n/a	31 DTF policies and procedures were reviewed.	47 DTF policies and procedures were reviewed
	Percentage of managers and staff that have received OHS training: <ul style="list-style-type: none"> induction management training contractors, temps, and visitors 	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.	60 DTF employees have attended mental health and wellbeing training for people leaders. 303 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 40 per cent of DTF's FTE. 45 (6 per cent) executive and senior DTF staff have completed Online Mental Health Training. Coronavirus (COVID-19) issues have resulted in delays to training for First Aid Officers. As of June 2020, one appointed First Aid Officer had not received their initial training and one First Aid Officer was due for training. A training session was held in April 2020 for First Aid in the coronavirus (COVID-19) age. DTF currently has four Mental Health trained First Aid Officers	118 DTF employees have attended mental health and wellbeing training for people leaders. 267 DTF employees and contractors have successfully completed OHS online learning modules through Wisetech Global. This reflects 33 per cent of DTF's FTE. 75 (20 per cent) executive and senior DTF staff have completed Online Mental Health Training through Wisetech Global. COVID-19 issues have resulted in delays to training for First Aid Officers. As of 30 June 2021, one (1) newly appointed First Aid Officer (FAO) was to undergo FAO Induction and one FAO was scheduled for training in August 2021. Six FAOs had received training on HLT AID003 'Provide First Aid'. Four First Aid Officers had received training on HLT AID001 'Provide cardiopulmonary resuscitation'. DTF currently has four Mental Health trained First Aid Officers
	<ul style="list-style-type: none"> executive officers training 	n/a	72 per cent	31 per cent of DTF executives have completed relevant training aligned with the VPS' Mental Health and Wellbeing Charter Framework.

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
	<ul style="list-style-type: none"> management training; 	n/a	49 per cent	38 per cent of DTF management staff have completed relevant training aligned with the VPS' Mental Health and Wellbeing Charter Framework.
	<ul style="list-style-type: none"> contractors, temps, and visitors 	n/a	n/a	n/a
	Percentage of HSRs trained:	On 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.	On 30 June 2020, 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.	On 30 June 2021, 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"> one vacancy at 121 Exhibition Street is currently being recruited. 	<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"> re-training (annual refresher) 	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.	WorkSafe Approved HSR Initial OHS Training was offered and is either scheduled or has been rejected by HSRs after being offered.	100 per cent WorkSafe Approved HSR Initial OHS Training was offered and is either scheduled or has been rejected by HSRs after being offered.
	<ul style="list-style-type: none"> reporting of incidents and injuries 	Investigations are led by OHS Advisory in consultation with the HSRs. All reported incidents have been investigated. Incident trends are reported on a quarterly basis.	Investigations are led by OHS Advisory in consultation with the HSRs and relevant manager as appropriate. All reported incidents have been investigated. Incident trends are reported on a quarterly basis including to the HSC.	Investigations are led by OHS Advisory in consultation with the HSRs and relevant manager as appropriate. Zero per cent of HSR's were directly trained in reporting of incidents and injuries. Incident and injury management is however a standing agenda item of HSC.
Hazards	No. of hazards reported	n/a	8	0
	Rate per 100 FTE	n/a	1.07 (based on FTE 749.61)	0
Corrective actions	No. of corrective actions	n/a	8	7
	Percentage of corrective actions completed	n/a	100 per cent	57 per cent. Three corrective actions were unable to be completed due to COVID-19 and the difficulties associated with access to the DTF buildings. These will be addressed once COVID-19 restrictions allow.
OHSMS audits	No. of OHSMS audits conducted	n/a	0	0
	Percentage of workplaces audited	n/a	0	0
OHSMS implementation	Percentage of an averaged OHSMS audit score	n/a	0	0
Management participation in audits	Percentage of managers that have participated in the total no. of workplace audits conducted	n/a	0	0

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
Mental health and wellbeing training	No. of senior management participating in departmental OHSMS review and evaluation per two-year cycle	n/a	0	0
	No. of mental health and wellbeing training initiatives/activities delivered	n/a	12	24
	Percentage of senior leaders, people leaders and staff that have completed mental health and wellbeing training:	n/a	25 per cent	84 per cent
	• senior leaders training	n/a	72 per cent	31 per cent
	• people leaders training	n/a	49 per cent	38 per cent
	• staff training	n/a	n/a (yet to commence)	83 per cent
	Evidence of staff having participated in at least two wellbeing initiatives/activities	n/a	DTF currently does not have a system with the capability to track individual employees' training records to the extent required by this measure. The Department has opted into the whole of Victorian Government implementation of the Human Capital Management (HCM) project. This includes a learning management system which allows for accurate tracking of training requirements moving forward.	DTF currently does not have a system with the capability to track individual employees' training records to the extent required by this measure. The Department has opted into the whole of Victorian Government implementation of the Human Capital Management (HCM) project. This includes a learning management system which allows for accurate tracking of training requirements moving forward.
Mental health and wellbeing audit	Total percentage of staff participation at mental health and wellbeing initiatives/activities	n/a	DTF currently does not have a system with the capability to track individual employees training records to the extent required by this measure. The Department has opted into the whole of Victorian Government implementation of the Human Capital Management (HCM) project. This includes a learning management system which allows for accurate tracking of training requirements moving forward.	DTF currently does not have a system with the capability to track individual employees training records to the extent required by this measure. The Department has opted into the whole of Victorian Government implementation of the Human Capital Management (HCM) project. This includes a learning management system which allows for accurate tracking of training requirements moving forward.
	Mental injury 13-week claims as a percentage of total claims	n/a	0	0
	Mental injury 26-week claims as a percentage of total claims	n/a	0	0
	Averaged fully developed costs – mental injury claims	n/a	0	0

Measure	KPI	2018-19	2019-20	2020-21 ^(a)
	Averaged no. of days/shifts lost per workers' compensation claim for mental injury	n/a	0	0
	No. of workers' compensation claims for mental injury by industry groups	n/a	0	0
	Evidence of department completing the mental health self-assessment tool	n/a	Completed	Completed
	Staff appointed as peer support officers who have attended relevant training:	n/a	7	12
	No. of staff appointed as peer support officers	n/a	14	12
	Percentage of staff appointed as peer support officers (or equivalent)	n/a	2 per cent	2 per cent

Notes:

(a) Several additional OHS metrics have been included for the financial year 2020-21, as per a decision made by the Public Sector OHS Leadership Group.

(b) Victorian WorkCover Authority (VWA) supplied data. Data for standardised claims, time lost claims and death claims is as of 30 June 2021. 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.

(c) 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.

(d) VWA supplied data based on claims reported between 1 July 2020 and 30 June 2021. Claims include payments to date plus an estimate of outstanding claims costs (further costs as calculated by the VWA's statistical case estimate model).

(e) Adjustments made to leave entries have changed the final absenteeism figures for 2019-20.

Appendix 3 Environmental reporting

Office-based environmental impacts

DTF monitored the environmental impacts of its operations during 2020-21. 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 gas emissions in the course of operations.

Changes in DTF's 2020-21 energy, water, paper, travel, vehicle fleet and greenhouse gas emissions compared to previous years are influenced by working from home directives as result of COVID-19 related restrictions.

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

Energy use

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

Indicator	2020-21	2019-20 ^(a)	2018-19
Total energy usage segmented by primary source (MJ)	8 472 427	10 721 809	10 387 146
Electricity (MJ) – excluding green power	6 087 732	7 745 392	7 678 840
Natural gas (MJ)	2 367 254	2 976 425 ^(b)	2 708 306
Green power (MJ)	–	–	–
LPG (MJ)	–	–	–
Total greenhouse gas emissions from energy consumption (t CO₂-e)	1 980	2 596	2 646
Electricity (t CO ₂ -e) – excluding green power	1 843	2 431	2 496
Natural gas (t CO ₂ -e)	131	165	150
LPG (t CO ₂ -e)	–	–	–
Percentage of electricity purchased as green power	–	–	–
Units of office energy used per FTE (MJ/FTE)	10 434	15 165^(c)	17 028
Units of office energy used per office area (MJ/m²)	558	706	684

Notes:

(a) The figures for the year 2019-20 in the 2019-20 Annual Report contained unaccrued values. The values for 2019-20 in this Annual Report have been revised. The 2020-21 figures in this Annual Report may also contain unaccrued values.

(b) The increase in gas usage can be attributed to an increase in staff between 2018-19 and 2019-20. Although gas usage increased between 2018-19 and 2019-20, units of energy used per FTE decreased.

(c) Figure excludes Invest Victoria's total FTE as energy use for 121 Exhibition Street space is reported by the Department of Jobs, Precincts and Regions.

Actions undertaken

In 2020-21, DTF undertook energy efficiency upgrades to its buildings, including:

- Design and installation of new heating, ventilation and air conditioning systems across multiple sites
- Design of rooftop solar project for metropolitan and regional office buildings
- Review of building management systems

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 by 21.3 per cent in 2020-21 compared with 2019-20 and total energy consumption decreased by 21 per cent.
- Energy use per FTE decreased by 31.2 per cent, influenced by an increase in total FTE.

Explanatory notes

- Although the majority of staff were required to work from home for the majority of the 2020-21 year, energy use did not decrease by the same proportion due to the buildings still requiring to be operational and energy use not reflecting a linear trend.
- Billing data was used to calculate the Department's energy use.
- DTF's gas usage is an office space apportioned percentage of total building gas usage. Gas usage results may therefore be under or over-estimated as a result of co-tenant gas usage.
- Electricity usage results before 2018-19 do not include base building energy consumption. Results including and since 2018-19 reflect updated FRD 24D *Reporting of office based environmental impacts* guidance to include base building consumption in electricity usage results.
- Gas usage results before 2018-19 were estimated according to FRD 24D guidance. Gas usage results from 2018-19 onwards are actuals.

Paper use

Paper use covered staff located in 1 Treasury Place, 1 Macarthur Street, 121 Exhibition Street and 570 Bourke Street.

Indicator	2020-21	2019-20	2018-19
Total units of A4 equivalent copy paper used (reams)	577	5 045	6 462
Units of A4 equivalent copy paper used per FTE (reams/FTE)	0.71	6.88	10.59
Percentage of 75–100 per cent recycled content	81	68	88
Percentage of 50–74 per cent recycled content	–	–	–
Percentage of 0–49 per cent recycled content	19	32	12
Optional indicators			
Total units of A4 equivalent paper used in publications (reams)	3 625	759 ^(a)	2 196

Notes:

(a) The lower 2019-20 outcome reflects the delayed publication of the 2020-21 State budget to later in 2020.

Actions undertaken

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

Targets

- Due to working from home directives as a result of the COVID-19 related restrictions, DTF did not assign a target to paper usage for 2020-21 given the results would not be comparable to previous or future years.

Result

- Paper usage per FTE decreased significantly in 2020-21.

Explanatory notes

- Paper use in 2020-21 decreased significantly as the use of electronic reviews, other IT solutions and digital signatures increased, largely influenced by working from home directives as a result of COVID-19.
- Paper usage is calculated using the information provided under the whole of government office stationery contract.
- The 2020-21 results for paper used in publications is reflective of the delayed publication of the *2020-21 Budget* which occurred in the 2020-21 financial year.
- Where data is unavailable, average use from the previous billing period is used.
- Figures account for Invest Victoria paper use and total FTE located at 121 Exhibition Street.

Water consumption

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

Indicator	2020-21	2019-20 ^(a)	2018-19
Total water consumption (kilolitres)	2 458	4 755	6 341
Units of office water used per FTE (kilolitres/FTE)	3.03	6.73	10.39
Units of office water used per office area (kilolitres/m ²)	0.162	0.313	0.417

Notes:

(a) The figures for the year 2019-20 in the *2019-20 Annual Report* contained unaccrued values. The values for 2019-20 in this Annual Report have been revised. The 2020-21 figures in this Annual Report may also contain unaccrued values.

(b) Figures exclude 55 Collins Street office water usage as water usage for all levels of the building is not separately metered.

(c) Figure excludes Invest Victoria's total FTE as water use for 121 Exhibition Street space is reported by the Department of Jobs, Precincts and Regions.

Actions undertaken

- Upgrades to plumbing infrastructure at 1 Macarthur Street and 1 Treasury Place occurred in 2019-20. No further upgrades occurred during 2020-21.

Explanatory notes

- The 2020-21 data was calculated using billing data.

Result

- Water consumption has decreased due to COVID-19 work from home directives.

Travel and transport

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

Indicator	2020-21	2019-20	2018-19
Total energy consumption by fleet vehicles (MJ)	43 866	152 726	171 417
Diesel	23 458	65 919	101 171
LPG	–	–	–
Unleaded	9 027	63 369	49 487
Hybrid	11 381	23 438	20 759
Total distance travelled by fleet vehicles (km)	18 007^(a)	56 780	55 893
Diesel	8 484	16 934	29 645
LPG	–	–	–
Unleaded	3 572	24 047	18 677
Hybrid	5 951	15 799	7 571
Total greenhouse gas emissions from fleet vehicles (t CO₂-e)	3.08	10.70	12.03
Diesel	1.65	4.65	7.13
LPG	–	–	–
Unleaded	0.63	4.42	3.45
Hybrid	0.79	1.63	1.45
Greenhouse gas emissions from fleet vehicles per 1 000km (t CO₂-e)	0.17	0.19	0.62
Diesel	0.19	0.27	0.24
LPG	–	–	–
Unleaded	0.18	0.18	0.18
Hybrid	0.13	0.10	0.19
Total distance travelled by air (km)	5 933	425 469	322 979.87
Percentage using sustainable transport to get to and from work by locality	86.7	93.4^(b)	93.4
Melbourne CBD	100.0	81.3 ^(b)	81.3
Metropolitan Melbourne	86.3	95.8 ^(b)	95.8
Regional Victoria	50.0	83.3 ^(b)	83.3

Notes:

(a) Fleet use has decreased due to the impacts of the COVID-19 pandemic and work from home directives.

(b) Due to the impact of COVID-19, a 2019-20 survey was not conducted. Staff were directed to work from home for the entirety of quarter 4 2019-20 (1 April to 30 June). The 2019-20 results are an estimate based on 2018-19 results.

Actions undertaken

- DTF encourages staff to use video conferencing in preference to air travel where appropriate.
- Corporate Travel Management (CTM) customers are invited to offset their travel program's carbon footprint through the CTM Climate+ program. CTM Climate+ enables businesses to offset the carbon emissions created by their air, hotel, car rental and rail travel by supporting a range of environmental sustainability initiatives including rainforest conservation, sustainable livelihood programs, wildlife protection and renewable energy.

Result

- There has been a decrease in the overall use of vehicles in 2020-21 due to the impacts of the COVID-19 pandemic and working from home directives.

- The results were obtained from a survey which considered travel to the workplace for the period March to May 2021, due to the impacts of the lockdowns in Melbourne. Although the survey results indicated a decrease in the use of sustainable transport in Metropolitan Melbourne during March to May 2021, the survey results also found that 89.6 per cent of staff residing in Metropolitan Melbourne planned to use sustainable transport after the lockdown in May/June 2021.

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	2020-21 ^(a)	2019-20 ^(b)	2018-19
Total units of waste disposed of by destination (kg/yr)	–	27 970	24 136
Landfill (kg)	–	7 764	6 700
Co-mingled recycling (kg)	–	14 175	12 232
Paper and card (kg)	–	–	–
Secure documents (kg)	–	–	–
Organics (kg)	–	6 030	5 203
Total units of waste disposed of per FTE by destination (kg/FTE)	–	39.6	39.6
Landfill (kg/FTE)	–	11.0	11.0
Co-mingled recycling (kg/FTE)	–	20.1	20.1
Paper and card (kg/FTE)	–	–	–
Secure documents (kg/FTE)	–	–	–
Organics (kg/FTE)	–	8.5	8.5
Recycling rate (per cent)	–	72	72
Greenhouse gas emissions associated with waste (t CO₂-e)	–	7.45	6.43

Notes:

(a) Due to the impact of COVID-19 work from home directives, a waste audit for 2020-21 was not undertaken. DTF considers applying an adjustment based on FTE using the 2018-19 waste audit (the method undertaken for 2019-20) would not be an accurate reflection of DTF's waste and recycling over the 2020-21 year, as the vast majority of staff did not attend the office for a significant portion of the 2020-21 year.

(b) Due to the impact of COVID-19 work from home directives, a waste audit for 2019-20 was not undertaken. The 2019-20 figures are FTE-adjusted estimates based on the 2018-19 waste audit data.

(c) The waste audit in 2018-19 was conducted only at 1 Treasury Place and 1 Macarthur Street. Waste audits were not conducted at other locations.

Actions undertaken

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

Targets

- Due to working from home directives as a result of the COVID-19 related restrictions, DTF did not assign a target to waste and recycling for 2020-21 given the results would not be comparable to previous or future years.

Result

- The 2020-21 waste and recycling results reflect an increase in DTF's total FTE employees. Units of waste disposed per FTE did not change.

Explanatory notes

- Due to COVID-19 work from home directives, DTF did not conduct its 2020-21 waste audit. The 2020-21 results are therefore estimates based on 2018-19 results.
- Assumptions to the 2020-21 estimated results are:
 - total waste disposed of increased in proportion with FTE
 - units of waste disposed of per FTE did not change.
- The 2018-19 waste data was collected from waste audits conducted at 1 Treasury Place and 1 Macarthur Street, which cover 90 per cent of staff. As the 2018-19 waste audit did not include Invest Victoria staff located at 121 Exhibition Street, the FTE employee figure used to estimate 2020-21 results excludes Invest Victoria.

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	2020-21	2019-20	2018-19
Total greenhouse gas emissions associated with energy use (t CO ₂ -e)	2 139	2 682 ^(a)	2 646
Total greenhouse gas emissions associated with vehicle fleet (t CO ₂ -e)	3.06	10.70	12.03
Total greenhouse gas emissions associated with air travel (t CO ₂ -e)	1.18	42.41	68.59
Total greenhouse gas emissions associated with waste disposal (t CO ₂ -e)	–	7.45	6.43
Greenhouse gas emissions offsets purchased (t CO ₂ -e)	1.18	42.41	–

Note:

(a) The energy figures for the year 2019-20 in the 2019-20 Annual Report contained unaccrued values. The values for 2019-20 in this Annual Report have been revised.

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.

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 2020-21 financial year, the General Order dated 22 June 2020 (in place at 1 July 2020) was supplemented by the Supplements to the General Order effective 8 July 2020 and 11 August 2020. These Supplements did not alter the responsibility of DTF's Ministers.

The General Order dated 22 June 2020 (as supplemented) was replaced by the General Order dated 29 September 2020. This General Order did not alter the responsibility of DTF's Ministers. However, the General Order did alter arrangements for the joint administration of sections of the *Agent-General and Commissioners for Victoria Act 2007* with the Minister for Economic Development. By that General Order, the Minister for Trade assumed the responsibilities for that statute formerly held by the Minister for Innovation, Medical Research and the Digital Economy. As such, sections 11(3) and 13 became the joint and several responsibility of the Minister for Trade with the Minister for Economic Development. The remainder of the Act continues to be administered by the Minister for Trade – but solely, and no longer with the Minister for Innovation, Medical Research and the Digital Economy.

The General Order dated 29 September 2020 was supplemented by the Supplements to the General Order effective 12 October 2020 and 27 November 2020. These Supplements did not alter the responsibility of DTF's Ministers.

The General Order dated 29 September 2020 (as supplemented) was replaced by the General Order dated 16 April 2021, under which section 13(4) of the *North East Link Act 2020* was added to the Treasurer's responsibilities (jointly with the Minister for Transport Infrastructure).

For reporting purposes, the legislation administered by DTF's Ministers under the General Orders dated 22 June 2020, 29 September 2020 and 16 April 2021, and their Supplements, have been included in the *2020-21 Annual Report*. References to responsibilities of other Ministers are, for convenience, provided under their current titles.

1 July 2020 – 30 June 2021

Treasurer

Alcoa (Portland Aluminium Smelter) Act 1980

Appropriation Acts (passed annually)

Audit Act 1994 – except:

- Sections 10-13, 19, 22-28 and 57 (these sections are administered by the Assistant Treasurer)
- Sections 15, 78 and 84 (these sections are jointly and severally administered with the Assistant Treasurer)

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

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)
- Parts 7, 7A, 7B, 8, sections 5, 6, 8, 13-16, 18-23(1), 27A-27C and 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
- Section 6A.4.2
- Division 1 of Part 3 of Chapter 10
- Part 6A of Chapter 4

(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)

Infrastructure Victoria Act 2015

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

North East Link Act 2020 –

- Section 13(4) (this provision is jointly administered with the Minister for Transport Infrastructure)

(The Act is otherwise administered by the Minister for Transport Infrastructure)

(refer to the summary above for changes to the administration of this Act that occurred during the financial year)

Occupational Licensing National Law Repeal Act 2016

Parliamentary Budget Officer Act 2017

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 Energy, Environment and Climate Change and 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

Snowy Hydro Corporatisation Act 1997

State Bank (Succession of Commonwealth Bank) Act 1990

State Electricity Commission Act 1958 – except:

- Section 107 (this section is administered by the Minister for Energy, Environment and Climate Change)

State Owned Enterprises Act 1992 – except:

- Division 2 of Part 2 in so far as it relates to the CenITex (in so far as they relate to that matter, these provisions are administered by the Minister for Government Services)
- 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)

Taxation Administration Act 1997

Taxation (Interest on Overpayments) Act 1986

Trans-Tasman Mutual Recognition (Victoria) Act 1998

Treasury Corporation of Victoria Act 1992

Trustee Companies Act 1984 –

The Act is jointly administered with the Attorney-General

Victorian Funds Management Corporation Act 1994

Workers Compensation Act 1958 –

- Division 8 of Part 1

(The Act is otherwise administered by the Minister for Workplace Safety)

Assistant Treasurer

Audit Act 1994 –

- Sections 10-13, 19, 22-28 and 57
- Sections 15, 78 and 84 (these sections are jointly and severally administered with the Treasurer)

(The Act is otherwise administered by the Treasurer)

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 Business Precincts, 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)

Emergency Services Superannuation Act 1986

Essential Services Commission Act 2001

Financial Management Act 1994 –

- Sections 1-3 and 7 (these provisions are jointly administered with the Treasurer)
- Parts 7, 7A, 7B and 8, sections 5, 6, 8, 13-16, 18-23(1), 27A-27C and 62-63

(The Act is otherwise administered by the Treasurer)

Government Superannuation Act 1999

Housing Act 1983 –

- Divisions 1-5, 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, 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, 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 Government Services, the Minister for Health, the Minister for Ports and Freight and the Minister for Roads and Road Safety)

Parliamentary Salaries, Allowances and Superannuation Act 1968 –

- Sections 6(6), 9K(3), 9K(5) and 9L
 - Part 3
- (The Act is otherwise administered by the Minister for Government Services)

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 Business Precincts, the Minister for Planning, the Minister for Transport Infrastructure and the Premier)

State Employees Retirement Benefits Act 1979

State Superannuation Act 1988

Superannuation (Portability) Act 1989

Transport Accident Act 1986 –

- Sections 11-14 in so far as they relate to the Transport Accident Commission's budget, financial reporting and management of the Transport Accident Fund (in so far as they relate to those matters, these sections are jointly administered with the Minister for Roads and Road Safety)
 - Sections 29, 29A and 29B (these sections are jointly administered with the Minister for Roads and Road Safety)
- (The Act is otherwise administered by the Minister for Roads and Road Safety)

Transport Superannuation Act 1988

Unclaimed Money Act 2008

Victorian Managed Insurance Authority Act 1996

Workplace Injury Rehabilitation and Compensation Act 2013 –

- 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)

(The Act is otherwise administered by the Attorney-General and the Minister for Workplace Safety)

Minister for Economic Development

Agent-General and Commissioners for Victoria Act 2007 –

- Sections 11(3) and 13 (these sections are jointly and severally administered with the Minister for Trade)

(The Act is otherwise administered by the Minister for Trade)

(refer to the summary above for changes to the administration of this Act that occurred during the financial year)

Minister for Regulatory Reform

Constitution Act 1975 –

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

(The Act is otherwise administered by the Attorney-General, the Minister for Government Services, the Minister for Training and Skills and the Premier)

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 into prior to 15 August 2018.

During 2020-21, the Department of Treasury and Finance commenced four Local Jobs First Standard Projects with a combined value of \$17.69 million. Two projects were located in regional Victoria, with an average commitment of 97 per cent local content. Two projects were located in metropolitan Melbourne with an average commitment of 99 per cent local content. The commitments to outcomes from the implementation of the Local Jobs First policy to these projects are as follows:

- an average of 98 per cent of local content
- the creation of seven new jobs and the retention of 15 local jobs
- the engagement of 26 small to medium-sized businesses through the supply chain.

During 2020-21, DTF completed two Local Jobs First Standard Projects with a combined value of \$4.53 million. The two projects were both located in regional Victoria, with an average commitment of 97 per cent local content. The outcomes achieved from the implementation of the Local Jobs First policy to these projects are as follows:

- an average of 100 per cent of local content
- a total of seven new jobs created and 14 local jobs retained
- 21 small to medium-sized businesses engaged through the supply chain.

There were no strategic projects commenced or completed and the MPSG did not apply to any of DTF's Local Jobs First projects.

Implementation of the Social Procurement Framework

Victoria is committed to social procurement and has established the Social Procurement Framework.

The Framework enables buyers and suppliers to use government 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 2020-21, DTF continued to prioritise 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
- sustainable Victorian social enterprises and Aboriginal business sectors.

In 2020-21 DTF included an additional priority of opportunities for disadvantaged Victorians. Specifically, this priority has focused on members of the community most disadvantaged during the COVID-19 pandemic, in particular women and young people.

In its strategy, DTF has also identified a number of opportunities for increasing its direct social procurement. These included:

- identifying social benefit suppliers through the print state purchase contract
- identifying communications suppliers for use in strategic communications work
- continuing to use social enterprises for group training.

The previously published strategies of ensuring that at least 50 per cent of any catering be procured through social benefit suppliers, and increasing the use of social benefit suppliers for venue hire, have been challenging to implement in a predominantly work-from-home environment.

Education and advice for procuring teams continued during 2020-21. This supported key decision makers to understand the important principles and requirements of the Framework. This resulted in social procurement priorities being included in supplier selection and contract awarding procedures. This in turn drove supplier commitment to social procurement objectives through indirect procurement.

Social procurement metric	Expenditure \$'000	No. of businesses engaged
Total spend with Victorian Aboriginal businesses	38.7	5
Total spend with Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises	0.2	2
Total spend with Victorian social enterprises led by a mission for the disadvantaged	1.9	2
Total spend with other social enterprises	345.1	21

Disclosure of government advertising expenditure

In 2020-21, there were no government advertising campaigns with total media spend of \$100 000 or greater (exclusive of GST).

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

In 2020-21, there were 66 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$24 400 852 (excluding GST). Details of individual consultancies can be viewed at www.dtf.vic.gov.au.

Details of consultancies under \$10 000

In 2020-21, there were six consultancies during the year, where the total fees payable to the individual consultancies was less than \$10 000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$27 527 (excluding GST).

Information and communication technology expenditure

Details of information and communication technology expenditure

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.

For the 2020-21 reporting period, the Department had a total ICT expenditure of \$64 834 263 with the details shown below.

	\$'000
Business as usual (BAU) ICT expenditure	46 756
Non-business as usual (non-BAU) ICT expenditure consisting of:	18 078
Operational expenditure	13 412
Capital expenditure	4 666

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 2021. 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 *Freedom of Information Act 1982 (Vic)* 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 15 to 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
- 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.ovic.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 www.ovic.vic.gov.au.

FOI statistics/timeliness

During 2020-21, the Department received 62 FOI applications. Of these requests, 32 were from Members of Parliament, two from the media, and 28 from the general public. During this financial year, 18 requests FOI applications originally received by the Department were withdrawn, not processed through the FOI process (with information generally provided outside of the process) or transferred to more appropriate agencies, with the consent of the applicant.

The Department made 49 FOI decisions during the 12 months ended 30 June 2021. 14 requests were yet to be finalised and will carry over into the following financial year period. There were 26 decisions made within the statutory time period; 19 decisions were made 1-45 days after, and four decisions were made 46 or more days after the statutory time period to decide the request. The average days to process requests above or below the due date was eight days over.

During 2020-21, five 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 www.ovic.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 2020-21, the CSF received \$79.79 million in revenue, this was lower than previous years due to the COVID-19 lockdowns throughout the year.

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
- 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 \$46.63 million in expenditure was incurred in 2020-21. There have been new grant approvals made for 21 community projects in 2020-21 (as tabled on the following page).

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

For more information in relation to the CSF please refer to <https://www.dtf.vic.gov.au/funds-programs-and-policies/community-support-fund>.

Projects approved from 1 July 2020 to 30 June 2021

Project name	Responsible area	\$
Department of Environment, Land, Water and Planning		
Wombat Gate Trial	Biodiversity Division	20 000
Five Victorian Native Wildlife Projects	Biodiversity Division	110 897
Two Landcare Groups in South Barwon	Biodiversity Division	13 195
Department of Families, Fairness and Housing		
Modern Greek Language Program – La Trobe University	Multicultural Affairs	40 000
St Kilda Gatehouse – Young Women’s Project	Office for Women	65 500
Department of Health		
Rumbalara Elders Facility – Purchase of ‘fit-for-purpose’ bus	Budget Management	84 450
Department of Jobs, Precincts and Regions		
South Alphington Fairfield Civic Association – outdoor cinema	Creative Victoria	25 000
The Baker Heart and Diabetes Institute – research equipment	The Office of Health and Medical Research	500 000
Investing in local sports infrastructure projects	Sport and Recreation Victoria	49 229 058
Victorian Government Screen Industry Strategy 2021-25	Creative Victoria	14 935 000
Creative State 2021-25 – New Creative Neighbourhoods Program	Creative Victoria	3 000 000
Creative State 2021-25 – New place-based regional partnerships and a regional out-metro touring program	Creative Victoria	4 500 000
Animal Welfare Support Package	Animal Welfare Victoria	1 100 000
Extension Northern Futures Project	Regional Development Victoria	184 000
Department of Justice and Community Safety		
Three Community Legal Centres in Gippsland	System Governance	270 000
Eastern Community Legal Centre Yarra Ranges Branch and the Hume Riverina Community Legal Services and Upper Murray Family Care	System Governance	193 420
WEstjustice – Extended ‘My Name’ project	System Governance	174 268
Eaton Mall Oakleigh purchase and install CCTV cameras with live feed availability	Community Crime Prevention Unit	50 000
Department of Premier and Cabinet		
Wadawurrung Traditional Owners Aboriginal Corporation	Aboriginal Victoria	250 000
Department of Treasury and Finance		
The community group Mums in Darebin	Corporate Finance	5 000
Hanging Rock Cricket Club	Corporate Finance	9 990
Total grant approvals		74 759 778

Note:

The list shows the CSF grants approved in the 2020–21 financial year. Expenditure of these projects has partially incurred in 2020–21 and will continue to incur until 2024–25.

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 2021, DTF was responsible for 18 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)

1 Treasury Place, Melbourne	Green Roof Building Works
Treasury Reserve, East Melbourne	Boiler and Chiller upgrade – Stage 2
70 Smith St, Warragul	Carpet Replacement
33 St Andrews Place, East Melbourne	DDA doors
436 Lonsdale Street, Melbourne	Lift replacement
21 McLachlan Street, Horsham	Air conditioning upgrades
253 Eleventh Street, Mildura	Security works

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 certificates of final inspection issued in relation to buildings owned by the department

Nine 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.
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)
- 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

No orders were issued against any DTF buildings, but the Department is working closely with the Metropolitan Fire and Emergency Services Board and municipal surveyor in relation to the finalised Fire Engineering Brief and completion of the Fire Engineering Report for 436 Lonsdale St.

Number of buildings conforming with the building standards

Sixteen buildings conform, one building (436 Lonsdale Street) is in the process of being brought into conformity, and one building (717 Flinders Street) requires complete essential service and compliance reviews post major project delivery which is currently being arranged.

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

16 buildings maintained accordingly with works in progress to rectify the remaining two properties.

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 *Public Interest Disclosures Act*

The following information is required in the Annual Report pursuant to section 70 of the *Public Interest Disclosures 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 *Public Interest Disclosures Act 2012*

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

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
- Public Interest Disclosure Coordinator or Protected Disclosure Officer
- manager or supervisor of the disclosure
- 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 Public Interest Disclosures Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers, are available on the Department's website.

Disclosures under the *Public Interest Disclosures Act 2012*

	2020-21 (number)	2019-20 (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
- details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - 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 no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



David Martine
Secretary

Compliance with DataVic Access Policy

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in an electronic readable format that will minimise access costs and maximise use and reuse.

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Department of Treasury and Finance made 10 data sets available on the DataVic website for 2020-21.

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

Asset Management Accountability Framework maturity assessment

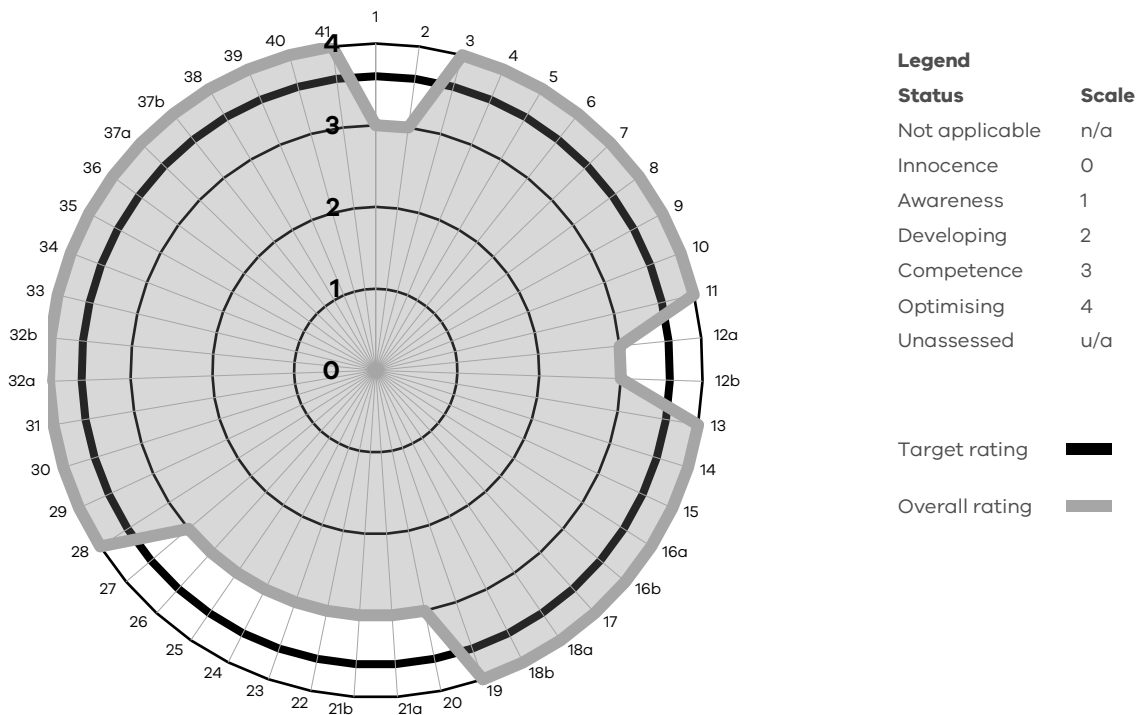
The Department has a 'competent' to 'optimising' asset management maturity assessment overall rating for 2020-21, exceeding the Asset Management Accountability Framework (AMAF) mandatory requirement. The Department's target maturity rating is 'optimising', meaning systems and processes would be leading practice, and constantly being improved to align with support and drive organisations objectives.

The Department aggregated the results of its five key asset classes using a weighted risk-based approach, considering the asset class value and criticality to service delivery.

Based on the aggregation methodology, the consolidated asset maturity assessment for DTF's assets has a rating of 'competent' towards 'optimising' against DTF's target rating of 'optimising', set out in the below diagram:

Compliance and maturity rating tool

Asset management maturity



Maturity assessment requirements

- Leadership and accountability (1-19)
- Asset Planning (20-23)
- Asset Acquisition (24-25)
- Asset Operation (26-40)
- Asset Disposal (41)

Assessment

- DTF has met its target maturity level in this category in most requirements. There is no material non-compliance in this category.
- DTF has complied with all the requirements in this category, while aiming to achieve the target level of 'optimising'.
- DTF has complied with all the requirements in this category, while aiming to achieve the target level of 'optimising'.
- DTF has met its target maturity level in this category in most requirements.
- DTF has met its target maturity level in this category.

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	11–20
FRD 22H	Key initiatives and projects	13–20
FRD 22H	Nature and range of services provided	1, 5–7
Management and structure		
FRD 22H	Organisational structure	4
Financial and other information		
FRD 8D	Performance against output performance measures	19–20
FRD 8D	Budget portfolio outcomes	33–40
FRD 10A	Disclosure index	156
FRD 12B	Disclosure of major contracts	147
FRD 15E	Executive officer disclosures	108, 118–122
FRD 22H	Employment and conduct principles	115–117
FRD 22H	Occupational health and safety policy	126–133
FRD 22H	Summary of the financial results for the year	40
FRD 22H	Significant changes in financial position during the year	40
FRD 22H	Major changes or factors affecting performance	13
FRD 22H	Subsequent events	110
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	148
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	151
FRD 22H	Statement on National Competition Policy	152
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	153
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22H	Details of consultancies over \$10 000	147
FRD 22H	Details of consultancies under \$10 000	147
FRD 22H	Disclosure of government advertising expenditure	147
FRD 22H	Disclosure of ICT expenditure	147
FRD 22H	Statement of availability of other information	154
FRD 24D	Reporting of office-based environmental impacts	134–140
FRD 25D	Local Jobs First	146
FRD 29C	Workforce data disclosures	115–124
SD 5.2	Specific requirements under Standing Direction 5.2	42
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	154
SD 5.2.3	Declaration in report of operations	Contents page

Financial statements

Direction	Requirement	Page reference
Declaration		
SD 5.2.2	Declaration in financial statements	42
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	51
SD 5.2.1(a)	Compliance with Standing Directions	42
SD 5.2.1(b)	Compliance with Model Financial Report	42
Other disclosures as required by FRDs in notes to the financial statements		
FRD 9B	Departmental disclosure of administered assets and liabilities by activity	65–68
FRD 11A	Disclosure of ex gratia expenses	n/a
FRD 13	Disclosure of Parliamentary Appropriations	53
FRD 21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	107
FRD 103H	Non-financial physical assets	80–84
FRD 110A	Cash flow statement	49
FRD 112D	Defined benefit superannuation obligations	56
FRD 114C	Financial Instruments – general government entities and public nonfinancial corporations	99
Legislation		Page reference
<i>Freedom of Information Act 1982</i>		148
<i>Building Act 1993</i>		151
<i>Public Interest Disclosures Act 2012</i>		153
<i>Carers Recognition Act 2012</i>		n/a
<i>Disability Act 2006</i>		n/a
<i>Local Jobs First Act 2003</i>		146
<i>Financial Management Act 1994</i>		42

If you would like to receive this publication in an accessible format please telephone (03) 9651 5111 or email information@dtf.vic.gov.au

This document is also available in Word and pdf format at dtf.vic.gov.au

2020–21 ANNUAL REPORT
dtf.vic.gov.au