

DEPARTMENT OF
TREASURY AND FINANCE

**2021
-22**
ANNUAL
REPORT

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Australia

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Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Treasury and Finance Annual Report for the year ended 30 June 2022.



David Martine
Secretary

13 October 2022

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 Victoria
- developing the fiscal objectives and strategy for 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 Victoria
- 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 and Minister for Trade.

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
- oversight of the Essential Services Commission, the independent economic regulator of the state's essential services
- oversight of the Registrar of Housing Agencies, which 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 Housing and Minister for Government Services.

Senior Executives

DTF is managed by the DTF Board, which comprises the Secretary, Deputy Secretaries and the CEOs of the Office of Projects Victoria and Invest Victoria. Collectively, the DTF Board has significant public and private sector management experience in the areas of economics, finance, commercial risk management, infrastructure, people management and technology.

David Martine

Secretary, DTF

David joined the Department of Treasury and Finance as Secretary in February 2014. He leads the Department in its role providing economic, financial and resource management advice to the Government. Before moving to Victoria, David held senior roles in the Commonwealth public service including with the Commonwealth Treasury and the Department of Finance and Deregulation.

David has extensive budget, finance, policy and organisational leadership experience, and has been involved in complex policy development and reform.

David holds board positions with the Treasury Corporation of Victoria, the Victorian Funds Management Corporation and Infrastructure Victoria.

In 2019, David was awarded the Public Service Medal.

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 the Government on productivity, taxation and regulation, along with social, environmental and economic 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 COVID-19 pandemic. Chris' career includes two decades in public service in Melbourne, Canberra and internationally, 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 Victoria'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 implementation of Victoria's Social Procurement Assurance function, provision of support for the operational management of the Victorian Government Purchasing Board, implementation of the State's intellectual property policy, 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.

Cressida Wall

Chief Executive Officer, Office of Projects Victoria

Cressida has extensive experience in the property and infrastructure sector, having worked as the Victorian Executive Director of the Property Council of Australia, as well as starting her own private equity company and working as CEO of its property division.

Cressida has previously practised as a commercial litigator at Minter Ellison and Corrs, Chambers Westgarth and was on the board of State Trustees Victoria.

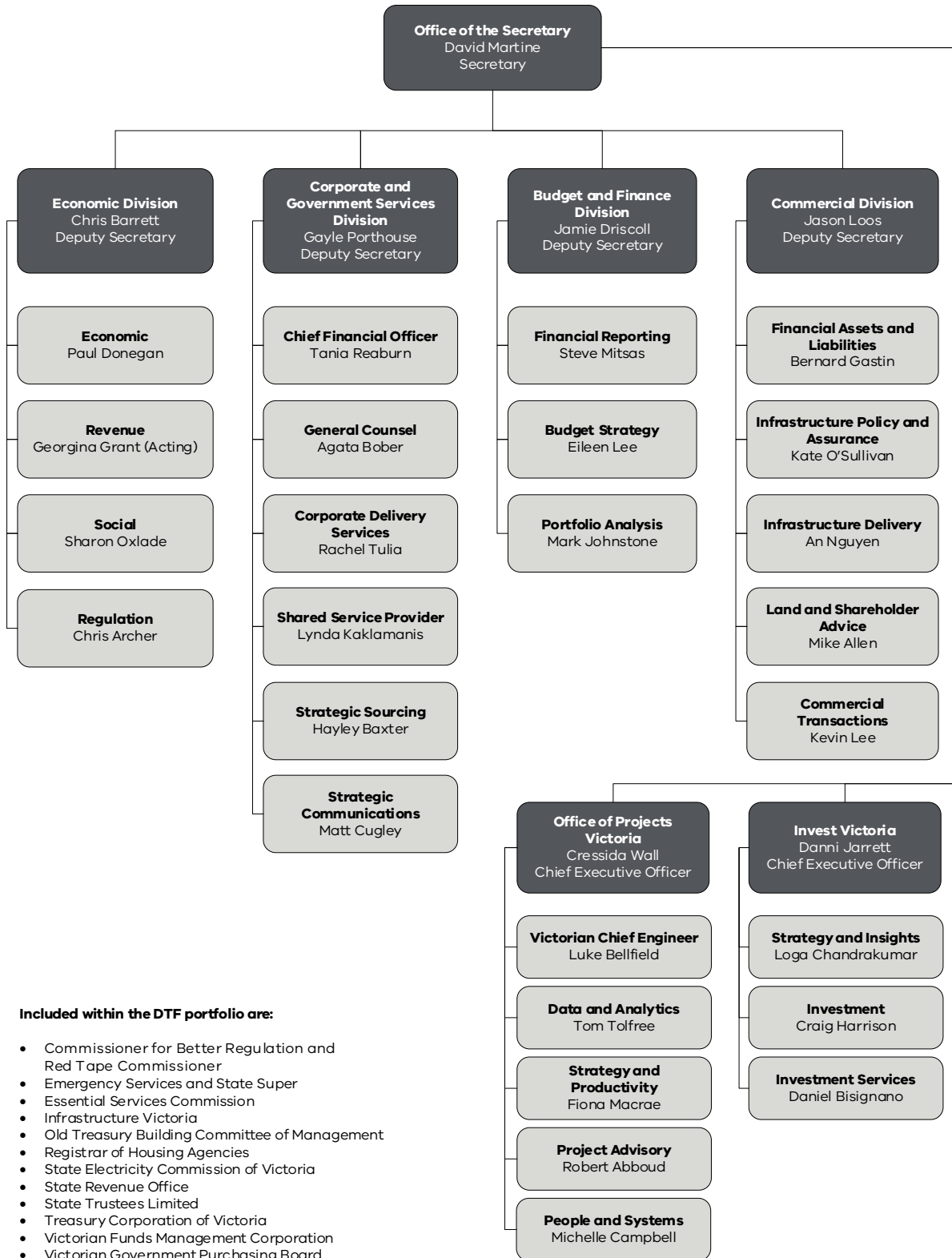
Danni Jarrett

Chief Executive Officer, Invest Victoria

Danni has held leadership roles in Invest Victoria for the past six years shaping its current priorities and initiatives, and having responsibility for identifying and securing investments to achieve sustained economic growth for Victoria.

Danni has led the team at Invest Victoria to facilitate several high profile foreign direct investments, including establishing Australia's first Genomics Hub in partnership with Illumina and the University of Melbourne, launching Amazon Web Services Asia Pacific, setting up the first Leidos Software Factory outside of the US and developing Victoria's mRNA vaccine and therapeutic manufacturing capability.

Organisational chart
as at 30 June 2022



Functions and services

The Office of the Secretary, the four DTF divisions, the Office of Projects Victoria and Invest Victoria carried out the functions and services of DTF during 2021-22.

Office of the Secretary

The Office of the Secretary supports the Secretary.

Economic Division

Economic

Supports the Government in growing employment, living standards and economic activity. The group advises on employment policy, productivity growth, macroeconomic conditions, energy, climate change and decarbonisation, industry development, business innovation, and land use planning. Key tasks include providing advice on inclusively growing jobs and living standards while responding to the impacts of the COVID-19 pandemic and the challenge of inflation, and reducing the emissions intensity of the Victorian economy.

Regulation

Supports the Government in growing employment, living standards and economic activity. The group advises on improving how government agencies regulate, risk and insurance policy, and local government. The group also provides advice on responding to the economic impacts of the COVID-19 pandemic.

Revenue

Provides analysis and advice on taxation and gambling policy and reform, supports the Treasurer in intergovernmental financial relations and forecasts state taxation revenue and the goods and services tax (GST).

Social

Provides economic and policy analysis and advice on education and training, health and human services, justice, Aboriginal Affairs, social housing and market housing. The Group also implements projects including the Victorian Homebuyer Fund, the Victorian Business Growth Fund, the Early Intervention Investment Framework and the Partnerships Addressing Disadvantage initiative; and delivers the Building Financial Capacity of Community Housing Associations low interest loans initiative and jointly administers the Social Housing Growth Fund with Homes Victoria.

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, ministerial liaison support and Cabinet, Parliamentary and legislative services. ICT also delivers record and document management services to the Department of Premier and Cabinet (DPC), financial systems services to several Victorian Public Sector entities and provides support for the whole of Victorian Government State Resource Information Management System.

Corporate Finance

Provides corporate financial services to the Department 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 requests.

Shared Service Provider

Provides centralised strategic delivery of office accommodation, government library and carpool shared services that are efficient, fit for purpose and enable departments and agencies to effectively deliver their core business.

Strategic Communications

Provides expert communications services and event and issues management advice to assist DTF to 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 insights and solutions to achieve best value for money for the Victorian Government. This includes management of state purchase contracts; procurement policy leadership supporting the Victorian Government Purchasing Board; social procurement framework assurance on high value projects; policy development and implementation of the State's Intellectual Property requirements; and management of the Standard Motor Vehicle Policy, VicFleet operations and the finance lease facility.

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, including implementing departmental funding model reform, and the 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, and 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 facilitating advice from Infrastructure Victoria.

Infrastructure Delivery

Develops policies and provides commercial, financial and risk management advice to the Government and guidance to departments and agencies on infrastructure procurement, contracting and delivery, including innovative procurement and contracting models to be applied across the Victorian Government's infrastructure pipeline. Oversees and undertakes assurance activities for the planning, structuring and development of major complex infrastructure procurements. Manages the Victorian Public Construction Procurement Framework, including standard contracts and supplier registers. Manages 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 as well as the CEO of Invest Victoria and the CEO of the Office of Projects Victoria.

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 seven times in 2021-22.

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 2022.

- 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 2021-22 Annual Report for the Department of Treasury and Finance (DTF).

DTF has played a leading role in supporting the Government's economic stimulus and support measures in a year once again dominated by the COVID-19 pandemic. It is pleasing to see how the state's economy has rebounded and rebuilt since last year's report.

There is work ahead to continue 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 2021-22 include:

- providing detailed analysis and advice to the Government on the four-step fiscal strategy and presenting opportunities to ensure progress towards these goals. The Government is now projected to achieve Step 3 of the plan – returning to an operating surplus – by the end of the forward estimates
- producing key financial publications including the *2021-22 Budget Update*, the *2022-23 Budget*, and the *2020-21 Financial Report*
- launching the Victorian Homebuyer Fund, which has already helped more than 1500 Victorians to buy homes and another 1200 to start house hunting, and securing Government approval to unlock up to a further \$1 billion in low interest loans for more social and affordable housing
- completing the VicRoads Modernisation Project, generating \$7.9 billion for the Victorian Future Fund
- embedding the Early Intervention Investment Framework for the second year through the *2022-23 Budget*
- completing the first gender responsive budget for the *2022-23 Budget* and supporting the Government to implement departmental funding model reforms
- providing timely analysis and advice to help the Government respond to the economic impact of the COVID-19 pandemic. The Victorian economy has rebounded strongly, with unemployment near record lows by the end of 2021-22
- continuing to support procurement and delivery of significant and innovative infrastructure projects, such as the Frankston Hospital Redevelopment that includes a new facility with an all-electric energy solution
- developing and co-ordinating the *Victorian Infrastructure Plan 2021*, which outlines the Government's five-year infrastructure priorities
- building public sector capacity to deliver projects with the Australian Major Project Leadership Academy, delivered in a hybrid format
- providing building management support and assurance for the VPS' safe return to worksite, including enhanced cleaning services and building systems reviews in line with prevailing Department of Health COVID-19 guidelines
- establishing the VicFleet zero emissions vehicle program and commencing the rollout of vehicles and charging infrastructure
- supporting 125 agencies to transition to the Victorian Government Purchasing Board's supply policy framework for attestation of compliance on 30 June 2022
- delivering a new banking and financial services State Purchase Contract panel model, providing a broad range of banking services to agencies, improved financial management through the central banking system, and social and environmental outcomes.

Future challenges/projects

In 2022-23, 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 *2022-2026 Corporate Plan* will drive our agenda to deliver on Victorian Government priorities.

Significant priorities for 2022-23 include:

- preparing the State's key financial publications, including the annual state budget, budget update, annual financial report, and the pre-election budget update
- continuing to advise the Government on its delivery of the four-step fiscal strategy
- providing economic advice to the Government on responding to inflation and cost pressures experienced by Victorian households and businesses
- continuing to improve infrastructure policies and procedures to support the State Capital Program
- continuing to implement DTF-led programs including the Victorian Homebuyer Fund, Gender Responsive Budgeting and the Early Intervention Investment Framework
- leveraging the Social Housing Growth Fund to deliver up to 1 000 new social housing dwellings and a pipeline to meet demand for social housing, delivering on the Government's *Homes for Victorians* strategy
- supporting procurement and delivery of major projects including Melbourne Airport Rail, the Suburban Rail Loop, the North East Link and the Big Housing Build (including with the procurement of a second Ground Lease Model project)
- monitoring the capital program and responding to market capacity constraints in delivering the infrastructure pipeline
- engaging with the Commonwealth Government on intergovernmental funding and reform to position Victoria to receive a fair share of Commonwealth funding, including the distribution of GST revenue and negotiation of major agreements in housing and skills
- achieving efficiencies across the VPS property portfolio to support sustainable workforce and hybrid working policies
- continuing to implement the Centralised Accommodation Management (CAM) initiative across SSP's managed portfolio, to deliver efficiencies and savings for the Victorian Government while effectively meeting department and agency shared service needs
- introducing policy reforms to ensure greater streamlining of Victoria's procurement processes and increase industry participation and efficiencies.

Our people

While the COVID-19 pandemic kept DTF staff working remotely for most of the first half of 2021-22, by February 2022 we began transitioning towards a hybrid model that allowed DTF staff to spend more time working together in person. DTF staff brought the lessons of remote working during the pandemic together with the benefits of in-person collaboration to successfully produce another state budget in May 2022.

We have established a Return to Office Hub to support our transition to a hybrid model. The hub provides tools for managers and employees to help establish new ways of working, including team rituals and routines for the hybrid working week.

The past few years have taught us all about the importance of wellbeing at work. That's why this year we have focused on implementing programs and initiatives that help ensure the wellbeing of DTF staff. These include the *Quarterly Wellbeing and Workload Management Indicators* board report, the introduction of wellbeing-related challenge goals in Performance Development Plans, and the development of workload management tools and guidance for employees and managers. These initiatives, paired with an overall emphasis on the wellbeing of our staff, have helped make DTF an even better place to work.

DTF is also committed to the learning and development of our employees. This year, our People and Culture team launched a new centralised learning management system, Kando Central, to give staff more opportunities to enhance their skills and knowledge. We have also re-introduced our Jobs Transfer Program, which will help to solve resourcing and workload issues across the Department and give participants the opportunity to further their careers and take on new challenges.

We want to ensure DTF continues to be a great place for everyone to work. To that end, we launched the Diversity and Inclusion Framework in February 2022, which includes a range of initiatives to ensure that employees are treated fairly and respectfully and that our positive workplace culture continues to thrive.

In January we released DTF's Gender Equality Action Plan, which was officially approved by the Commission for Gender Equality in the Public Sector as meeting the requirements of the *Gender Equality Act 2020*. This important document strengthens the Department's commitment to improving gender equity within our workplace.

I am also pleased to say that this year DTF's Diversity Scholarship program is supporting two new recipients to undertake tertiary studies. Since beginning two years ago, these scholarships have helped young people through university, actively supporting diversity within the Department and the wider community.

Our staff can be proud of their efforts to deliver on DTF's objectives under continued uncertainty. The leadership and expertise that DTF provides is an essential resource to the Victorian Government and a key component of our financial and economic framework. DTF staff have shown a commendable ability to innovate and adapt, and I wish to thank them for their efforts during the year.



David Martine
Secretary

13 October 2022

2021-22 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 achieving its outputs as specified in the State's 2021-22 Budget Paper No. 3 *Service Delivery*. Of the Department's 64 quantity, quality and timeliness output performance targets that are available, 88 per cent were met or exceeded.

Departmental objectives, indicators and outputs

The Department's objectives, associated indicators and linked outputs as set out in the 2021-22 Budget Paper No. 3 *Service Delivery* are shown below.

Departmental objective	Indicators	Outputs
<p>Optimise Victoria's fiscal resources</p> <p>The Department of Treasury and Finance has a central role in providing high-quality advice to the 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.</p> <p>The Budget and Financial Advice output contributes to this objective by providing strategic, timely and comprehensive analysis and information to the Government to support decision-making and reporting.</p> <p>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.</p>	<p>General government net debt as a percentage of gross state product (GSP) to stabilise in the medium term.</p> <p>Fully fund the unfunded superannuation liability by 2035.</p> <p>A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered after the COVID-19 pandemic.</p> <p>General government interest expense as a percentage of revenue to stabilise in the medium term.</p> <p>Agency compliance with the Standing Directions under the <i>Financial Management Act 1994</i>.</p> <p>Advice contributes to the achievement of government policies and priorities relating to optimising Victoria's fiscal resources.</p>	<p>Budget and Financial Advice</p> <p>Revenue Management and Administrative Services to Government</p>
<p>Strengthen Victoria's economic performance</p> <p>The Department of Treasury and Finance provides the Government with advice on key economic matters and policies to increase economic productivity, competitiveness and equity across the Victorian economy.</p> <p>The Economic and Policy Advice output contributes to this objective by providing strategic, timely and comprehensive analysis and information to the Government to support decision-making and reporting.</p> <p>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.</p> <p>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.</p>	<p>Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change).</p> <p>Total Victorian employment to grow each year (annual percentage change).</p> <p>Advice contributes to the achievement of government policies and priorities relating to economic and social outcomes.</p>	<p>Economic and Policy Advice</p> <p>Economic Regulatory Services</p> <p>Invest Victoria</p>

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 the 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 state purchase contracts managed by the Department, 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 2021-22

Objectives

Changes to departmental objectives for 2021-22 are reflected in the table below.

2021-22 departmental objective	2020-21 departmental objective	Reason for change
No change		

Output structure

Changes to the Department's output structure for 2021-22 are reflected in the table below.

2021-22 outputs	2020-21 outputs	Reason for change
No change		

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 after the coronavirus (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 *2022-23 Budget*, net debt is expected to be lower in each year of the forward estimates than was forecast in the *2021-22 Budget Update*.

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

As outlined in the *2022-23 Budget*, the Government is on track to fully fund the unfunded superannuation 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 after the coronavirus (COVID-19) pandemic.

This indicator will be assessed once the economy recovers from the COVID-19 pandemic as fiscal outcomes continue to be impacted, affecting the Australian and Victorian economies.

As outlined in the *2022-23 Budget*, from 2022-23 the Government is continuing to forecast a return to operating cash surpluses.

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 *2022-23 Budget*, interest expense as a share of revenue is expected to average 6.0 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.

The annual financial management compliance report was provided to the Assistant Treasurer in December 2021 outlining key compliance deficiencies and risks across the public sector.

Overall compliance was positive with agencies continuing to become more familiar with requirements. There was a continued reduction in the number of departments and agencies reporting material compliance deficiencies, with agencies indicating material issues mainly related to internal controls and systems and asset management.

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 the Government throughout the year to support the achievement of government policies and priorities relating to optimising Victoria’s fiscal resources.

The Department supported the *2022-23 Budget* process by providing advice on budget bids, as well as highlighting accounting and financial reporting implications as relevant. DTF also continued to advise on the year-end forecasting process in preparation for the *2021-22 Financial Report*.

The Department continued to advise on several projects across the sector, with the Financial Reporting Group contributing to the development of proposals, specifically relating to the financial and accounting implications of those projects.

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

Indicator	Unit of measure	2018-19 actual	2019-20 actual	2020-21 actual	2021-22 actual
A net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered after the COVID-19 pandemic.	\$ billion	7.39	(2.91)	(12.96)	(8.86)
General government net debt as a percentage of gross state product (GSP) to stabilise in the medium term. ^(a)	per cent	5.5	9.4	15.3	19.4

Note:

(a) 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 activity is expected to continue to recover after a strong second half of 2021.

GSP growth is expected to exceed population growth in 2022-23.

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

Employment growth was positive in 2021-22 and forecast to be strong in 2022-23, as outlined in the *2022-23 Budget*. The labour market remains tight, with indicators of labour demand remaining strong.

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 in 2021-22.

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 and Assistant Treasurer by providing advice that helped shape decisions about economic and social recovery, along with broader government priorities. DTF continued to advise the Government on implementation issues for revenue initiatives announced in the *2021-22 Budget* and *2022-23 Budget*.

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

Indicator	Unit of measure	2018-19 actual	2019-20 actual	2020-21 actual	2021-22 actual
Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change).	per cent	0.8	-1.9	-0.4	n/a ^(a)
Total Victorian employment to grow each year (annual percentage change).	per cent	3.4	1.2	-1.1	3.7

Note:

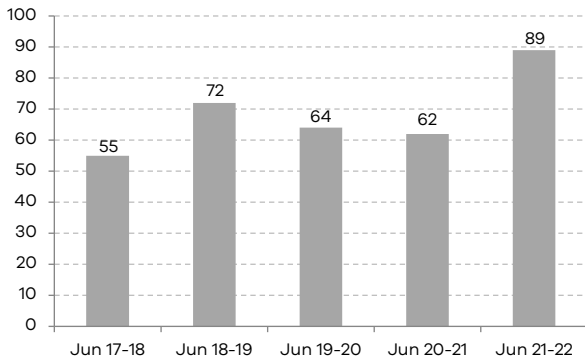
(a) GSP per capita for 2021-22 will be published by the ABS in November 2022.

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, arts, precincts and education portfolios.

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

DTF regularly delivers Gateway Reviews and the Office of Projects Victoria undertakes Project Assurance Reviews.

Objective Indicator 2: Government Business Enterprises performing against agreed financial and non-financial indicators.

As part of its oversight of Government Business Enterprises (GBEs) in 2021-22, the Department provided advice to the Government, departments and agencies relating to GBEs’ strategic direction and performance, significant capital expenditure proposals, dividends and capital repatriations.

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

All GBEs’ 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. GBEs remain financially viable and are achieving the objectives set by shareholder Ministers on behalf of the State as owner of these entities. Shareholder Ministers are also briefed on key risks and their management.

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 continues to provide advice to the Treasurer and Assistant Treasurer on balance sheet management, commercial activities and public sector infrastructure as it relates to:

- government land sales and utilisation policies
- activities undertaken by Victorian public non-financial corporations for which the Treasurer is the shareholder.

In 2021-22, DTF monitored the whole of Victorian Government (WoVG) balance sheet credit exposures and reported its findings to the Debt Portfolio Management Committee (DPMC).

The Department contributed to the completion of the market engagement phase of the VicRoads Modernisation Project, with the successful joint venture partner announced by the Government on 1 July 2022. Key priorities for the next phase of this project are to focus on completion and separation activities, and the establishment of the Victorian Future Fund to facilitate financial completion by August 2022.

During 2021-22, DTF provided advice on several projects including:

- Frankston Hospital Redevelopment and New Footscray Hospital
- Melbourne Airport Rail
- Metro Tunnel and High Capacity Metro Trains
- Geelong Exhibition and Convention Centre
- North East Link
- Big Housing Build
- State Tolling Corporation
- Level Crossing Removal Program
- Suburban Rail Loop project.

The Department provided strategic advice on several notable projects including the MR5 franchise development, the Next Generation Ticketing Solution (NGTS) and the 2026 Commonwealth Games.

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 August 2021, Infrastructure Victoria published its 30-year infrastructure strategy, and in December 2021, the Victorian Government released *The Victorian Infrastructure Plan*, which accepted in full, in part or in principle 88 per cent of the strategy's recommendations. Towards the end of 2021, Infrastructure Victoria published *The post-pandemic commute: the effects of more working from home in Victoria* and *Towards 2050: gas infrastructure in a net zero emissions economy*, which were delivered to the Treasurer.

In 2022, Infrastructure Victoria has been progressing a program of research to further contribute to infrastructure policy and inform public discussion.

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 state purchase contracts managed by the Department, 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 state purchase contracts managed by the department, including reduced and avoided costs.

DTF manages 18 common use whole of Victorian Government goods and services contracts totalling approximately \$1.5 billion of expenditure in 2021-22.

A number of sourcing projects to refresh state purchase contracts (SPCs) were completed, including Banking and Financial Services, Staffing Services, Fuel and Associated Products, Print Management Services and Rapid Antigen Tests. Other sourcing projects were also significantly progressed towards completion such as the new Mail and Delivery Services SPC. DTF continues to actively manage the full lifecycle of all SPCs through a range of levers to achieve value for money outcomes.

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

The vacancy rate for 2021-22 is at 0.63 per cent which is a slight increase on last year's 0.42 per cent. This can be attributed to the effective management of client space by prioritising backfilling of vacant space within the current portfolio before taking on additional lease liabilities.

In 2021-22, the accommodation portfolio under management decreased by 5.2 per cent compared to last year's net lettable area (NLA). This represents a total NLA of 1 105 958 m².

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

The Shared Service Provider (SSP) Client Satisfaction survey for FY2021-22 was conducted from 27 May to 24 June 2022. The result of 62.1 per cent is lower than the target of 70 per cent by 7.9 per cent. Compared with previous years' surveys, two key factors have impacted the results:

- A notably lower response rate (9 per cent compared with 13 per cent in 2021).
- The effects of remote working requirements for the survey period resulted in a narrower segment of respondents (i.e. mostly respondents who were required to attend VPS office worksites for essential services).

Both accommodation and carpool services in particular were significantly impacted by remote working conditions, with fewer staff accessing accommodation services over the year.

Business-as-usual carpool short-term hire services were also significantly reduced. Other lag data, such as SSP query and complaints records, indicate a correlation between increased attendance to site with heightened sensitivity about cleaning requirements in response to prevailing COVID-19 health orders and government guidelines.

Regardless of these compounding circumstances, SSP is analysing the survey results and qualitative information provided, to identify any underlying systemic performance themes that may require further review and improvement. With the implementation of a new Service Level Agreement with departments and agencies for 2022-23, SSP will also be identifying fit for purpose feedback measures that provide more timely and relevant information to improve the service experience for departments and agencies.

The results from the VicFleet client survey showed that 80 per cent of respondents were either satisfied or very satisfied.

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

Indicator	Unit of measure	2018-19 actual	2019-20 actual	2020-21 actual	2021-22 actual
Benefits delivered as a percentage of expenditure by mandated agencies under state purchase contracts managed by the department, including reduced and avoided costs.	per cent	5.6	10.1 ^(a)	6.3	6.48
Low vacancy rates for government office accommodation maintained.	per cent	1.31	0.32	0.42	0.63

Note:

(a) The calculation for the MAMS SPC overstated actual savings achieved in 2019-20. The new MAMS SPC commenced in May 2021 and has revised how savings are calculated from 2021-22.

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 2022.

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 the 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 the 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 after 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 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 VPS 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.

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

Performance measures	Unit of measure	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Number of funding reviews contributed to by DTF The higher 2021-22 actual is due to the Government approving an increase in funding reviews.	number	5	3	67	✓
Quality					
Variance of the revised estimate of general government budget expenditure	per cent	2.7	≤5.0	–	✓
Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements	number	2	2	–	✓
Recommendations on financial management framework matters made by PAEC and VAGO and supported by the 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 The higher 2021-22 actual is due to strong satisfaction with the support provided to departments and agencies in meeting their compliance obligations in the COVID-19 environment.	per cent	100	80	25	✓
Timeliness					
Delivery of advice to the Government on portfolio performance within agreed timeframes	per cent	100	100	–	✓
Annual budget published by date agreed by Treasurer	date	May 2022	May 2022	–	✓
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	date	10 Dec 2021	By 15 Dec 2021	–	✓
Cost					
Total output cost	\$ million	37.8	36.8	3	○

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	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Revenue collected as a percentage of state budget target	per cent	106	≥99	-	✓
Cost to collect \$100 of tax revenue raised is less than the average of state and territory revenue offices	achieved/not achieved	tbc	achieved	n/a	n/a
The 2021-22 actual will not be available until later in the calendar year after the Commissioners Interjurisdictional Business Practices process is completed					
Compliance revenue assessed meets target	per cent	161	≥95	-	✓
Quality					
Customer satisfaction level	per cent	96	≥85	-	✓
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	-	✓
Ratio of outstanding debt to total revenue (monthly average)	per cent	3.20	<2	60	■
Debt levels have increased due to necessary changes in approach during the COVID-19 pandemic. Changes to debt collection activities included payment deferrals, extensions, and the suspension of reminder letters, legal action and referrals to external debt collection agencies. Following a successful amnesty, debt collection activities resumed, with a phased transition to business-as-usual. Debt levels are improving and with the ongoing increase in debt collection activities, the ratio of outstanding debt to total revenue will continue to reduce over time.					
Objections received to assessments issued as a result of compliance projects	per cent	0.69	<3	-	✓
Timeliness					
Revenue banked on day of receipt	per cent	100	≥99	-	✓
Timely handling of objections (within 90 days)	per cent	81	≥80	-	✓
Timely handling of private rulings (within 90 days)	per cent	86	≥80	-	✓
Cost					
Total output cost	\$ million	155.8	153.1	2	○

Strengthen Victoria's economic performance

Under this objective, the Department delivers advice on economic policy, forecasts, legislation and frameworks. It also supports the 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 the 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, as well as 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.

The departmental objective indicators are:

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

Economic and policy advice

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

- medium and longer-term strategies to strengthen productivity, participation and the state's overall competitiveness
- state tax and revenue policy
- 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.
- 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	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy The higher 2021-22 actual is due to the timely completion of reports and the work program of the various teams across Economic Division.	number	11	8	38	✓
Regulation reviews completed The higher 2021-22 actual is due to additional reviews undertaken in response to requests from the Minister for Regulatory Reform.	number	9	6	50	✓
High-level engagement with non-Victorian Public Service stakeholder groups that contributes to public policy debate The greater number of high level engagements with non-Victorian Public Service stakeholder groups reflects consultation and workshops with industry and stakeholder groups on the implementation of key government decisions and initiatives announced in the 2021-22 and 2022-23 budgets, including those associated with the Windfall Gains Tax, Social Housing Growth Fund and the Victorian Homebuyer Fund.	number	43	20	115	✓
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 The higher 2021-22 actual is due to higher than forecast land transfer duty collections associated with stronger than expected activity in the Victorian property market.	percentage variance	14.9	≤5.0	198	■
Accuracy of estimating the employment growth rate in the state budget Victoria's employment recovery was stronger than forecast in the 2021-22 Budget due to a more rapid recovery from the impact of the COVID-19 pandemic resulting in much stronger labour demand than predicted.	percentage point variance	1.2	≤1.0	20	■
Accuracy of estimating the gross state product growth rate in the state budget The gross state product growth estimate will be available when the ABS State Accounts are released in November 2022.	percentage point variance	tbc	≤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 The higher 2021-22 actual is due to all surveyed respondents finding Better Regulation Victoria's support highly valuable.	per cent	100	90	11	✓
Proportion of people making inquiries to the Red Tape Unit who found it responsive to issues raised The higher 2021-22 actual is due to all surveyed respondents finding Better Regulation Victoria's advice responsive.	per cent	100	80	25	✓

Performance measures

Timeliness

Briefings on key Australian Bureau of Statistics economic data on day of release

Unit of measure	2021-22 actual	2021-22 target	Performance variation (%)	Result
per cent	100	100	-	✓

Better Regulation Victoria's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments

per cent	100	90	11	✓
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The higher 2021-22 actual is due to all surveyed respondents finding Better Regulation Victoria's advice timely.

Regulation reviews completed by scheduled date

per cent	100	100	-	✓
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Cost

Total output cost

\$ million	80.2	96.8	(17)	✓
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The lower 2021-22 actual reflects funding reallocated into future years due to timing of project delivery.

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	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
New or revised regulatory instruments issued	number	9	9	–	✓
Performance reports for regulated businesses or industries	number	16	12	33	✓
The higher 2021-22 actual is due to additional reports relating to the effects of the COVID-19 pandemic.					
Performance reviews and compliance audits of regulated businesses	number	95	142	(33)	■
The lower 2021-22 actual is due to an extension to the timeframe for energy retailers to submit information on their certificate obligations and fewer field audits of accredited persons due to COVID-19 restrictions.					
Price approvals of regulated businesses	number	18	20	(10)	■
The lower 2021-22 actual is due to no council rate variation applications made in 2021-22.					
Registration, project-based activity, product and accreditation decisions/approvals in relation to the Victorian Energy Upgrades program	number	9 083	5 250	73	✓
The higher 2021-22 actual is due to updated processes resulting in more approval decisions and a higher number of certificate submissions across a wider range of VEU program areas.					
Reviews, investigations or advisory projects	number	3	2	50	✓
The higher 2021-22 actual is due to the inclusion of the five yearly Port of Melbourne pricing review.					
Compliance and enforcement activities – energy	number	855	150	470	✓
The higher 2021-22 actual is due to increased capability of the Commission to deliver compliance and enforcement actions, an increase in compliance activities and several large enforcement matters that were concluded.					
Setting of regulated price and tariffs	number	31	15	107	✓
The higher 2021-22 actual is due to additional Victorian Default Offer prices being set in the financial year.					
Quality					
Decisions overturned on review or appeal	number	0	0	–	✓
Timeliness					
Delivery of major milestones within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	36.4	31.7	15	■
The higher actual reflects funding provided after the published budget for programs such as the Expansion of Regulatory Activities of the Essential Services Commission. Furthermore, there were expenses relating to software impairment and funding carried over from the previous financial year that resulted in the higher actual output cost.					

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	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Jobs generated from international investment secured through Government facilitation services and assistance <small>The higher 2021-22 actual reflects a small number of high yielding projects being secured in a single financial year. As this measure captures Foreign Direct Investment related job creation it may also include outcomes that could be reported in other departments' BP3 jobs facilitation outcomes.</small>	number	3 721	1 250	198	✓
Wages generated from international investment secured through Government facilitation services and assistance <small>The higher 2021-22 actual is due to a small number of high yielding projects being secured in a single financial year delivering over 40 per cent of the outcome.</small>	\$ million	431	110	292	✓
Innovation expenditure generated from international investment secured through Government facilitation services and assistance <small>The higher 2021-22 actual is due to the initial target being based on past jobs and capital expenditure outcomes with the expectation that the measures will be refined as results are obtained. The innovation expenditure methodology was trialed in 2020-21 and 2021-22 and it has been determined that it is overly broad. Invest Victoria has developed a new, more targeted calculation methodology which will be implemented in 2022-23.</small>	\$ million	596	60	893	✓
Cost					
Total output cost <small>The lower 2021-22 actual reflects funding reallocated into future years due to timing of grant payments.</small>	\$ million	68.7	147.7	(53)	✓

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 the 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 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 the Government and guidance to departments on infrastructure investment and other major commercial projects
- overseeing a range of commercial and transactional activities on behalf of the Government, including providing governance oversight of Government Business Enterprises and advice to the 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, and insurance claims liabilities, and overseeing the registration and regulation of rental housing agencies
- providing commercial, financial and risk management advice to the 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 the 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	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Gateway Reviews undertaken The higher 2021-22 actual reflects the number of projects moving into the procurement phase and some carryover of deferred reviews from the prior reporting year.	number	87	70	24	✓
Develop and implement policy guidance and infrastructure investment frameworks to govern and build capability to deliver infrastructure The higher 2021-22 actual is due to the additional development of policy advice in quarter three, including the development of new Procurement Strategy and Collaborative Contracting Guidelines.	number	72	58	24	✓
Develop and implement training to build capability to deliver infrastructure The higher 2021-22 actual is due to the increased demand from VPS delivery agencies for Commercial Capability Training, resulting in an increase to the number of training days delivered.	number	69	56	23	✓
Undertake project reviews to support the Government's program in the delivery of public infrastructure projects	number	12	12	–	✓
Number of cost redesign reviews undertaken	number	9	9	–	✓
Revenue from sale of surplus government land including Crown land The 2021-22 actual was lower than expected due to delays in the sale of many properties, as COVID-19, prevented public auctions, inspections and valuations from being conducted for several months in 2021. A softening in the market between March and June 2022 resulted in other properties being passed in at auction, further limiting the 2021-22 actual.	\$ million	53.5	150	(64)	■
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 The higher 2021-22 actual reflects Project Assurance Plans (PAPs) for the six new HVHR projects approved in the 2021-22 Budget and an additional four PAPs for Commonwealth-funded road projects: Clyde Road upgrade, Dorset Road extension, Napoleon Road upgrade, Racecourse Road upgrade.	number	10	6	67	✓
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	per cent	90	90	–	✓
Credit agencies agree that the presentation and information provided support annual assessment The higher 2021-22 actual reflects credit rating agencies providing the highest rating for quality and responsiveness.	per cent	100	80	25	✓
Senior responsible owner agrees Gateway Review was beneficial and would impact positively on project outcomes	per cent	90	90	–	✓

Performance measures	Unit of measure	2021-22 actual	2021-22 target	Performance variation (%)	Result
Timeliness					
Advice provided to the 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	per cent	100	95	5	✓
The higher 2021-22 actual reflects all corporate plan reviews being completed, including the Breakthrough Victoria corporate plan in the June quarter.					
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	90.4	83.6	8	■
The higher actual reflects funding provided after the published budget for programs such as the COVID-19 Event Insurance Pilot and remediation works at the Energy Brix site. This is partly offset by funding reallocated into future years due to timing of project delivery.					

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	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Number of publications or discussion papers released	number	8	6	33	✓
<p>The higher 2021- 22 actual is due to the release of Infrastructure Victoria's 30-year infrastructure strategy in August. The release of the strategy increased the overall number of expected publications for the 2021-22 financial year.</p>					
Quality					
Stakeholder satisfaction with consultation process	per cent	75	75	–	✓
Timeliness					
Delivery of research, advisory or infrastructure strategies within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	9.7	9.9	(2)	✓

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, carpool and government library services.

The departmental objective indicators are:

- benefits delivered as a percentage of expenditure by mandated agencies under state purchase contracts managed by the department, 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 that promote the efficient and effective use of common services including procurement, office accommodation management, carpool 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 carpool and government library services.

Performance measures	Unit of measure	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quantity					
Total accommodation cost The higher 2021-22 actual is primarily due to a large proportion of onboarded properties being located in the CBD/fringe area with a higher \$/sqm rental profile. Further, the Managed Portfolio has reduced with the vacated number of smaller regional sites and the offboarding of a significant site, Jacksons Hill Sunbury site to DELWP. This reduction in the regional area, which generally carry lower \$/sqm profile, had an adverse effect on the overall \$/per sqm.	\$ per square metre per year	424	397	7	■
Workspace ratio	square metre per FTE	11.8	12.0	(2)	✓

Performance measures	Unit of measure	2021-22 actual	2021-22 target	Performance variation (%)	Result
Quality Client agencies' satisfaction with the service provided by the Shared Service Provider The 2021-22 actual is lower than the target. Two key differences may have impacted the results: a lower response rate (9 per cent compared with 13 per cent in 2021), and remote working requirements for most of the survey period. Both accommodation and carpool services were significantly impacted by remote working conditions, with fewer staff accessing accommodation services over the year. Business-as-usual carpool short term hire services were also significantly reduced.	per cent	62.1	70	(11)	■
Cost Total output cost The lower actual reflects funding reallocated into future years due to timing of project delivery.	\$ million	44.3	48.9	(9)	✓

Discontinued operations

There were no discontinued operations in 2021-22.

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)

	2021-22 actual \$m
Opening cash balance	1466
Receipts into the trust	
Interest revenue	0
Commonwealth funding ^(b)	515
State Appropriations ^(c)	1 719
Total funding available	3 700
Payments from the trust	
Level Crossing Removal Program	2 437
North East Link	448
Airport Rail Link	218
Regional Rail Revival	241
Wyndham Vale Stabling Yard	2
Movement in accounts payable and provisions	(256)
Total payments from the trust	3 091
Closing balance	609

Note:

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

(b) Reflects the Commonwealth's contribution to North East Link and Gippsland Line Upgrade – Stage 1.

(c) Reflects the State Appropriations relating to North East Link and 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 the Essential Services Commission and Infrastructure Victoria in addition to that of the Department. 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. Further, 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 2022

Controlled	2021-22 budget	2021-22 actual	Variance
	\$m	\$m	\$m
Income from transactions			
Output appropriations ^(a)	587.8	516.4	(71.4)
Sale of goods and services ^(b)	15.2	67.5	52.3
Grants ^(c)	18.1	8.2	(9.9)
Other income	37.3	48.2	10.9
Total income from transactions	658.4	640.3	(18.1)
Expenses from transactions			
Employee benefits ^(d)	244.9	262.7	17.8
Depreciation ^(e)	31.8	23.7	(8.1)
Grants and other transfers ^(a)	138.9	94.3	(44.6)
Other operating expenses ^(f)	237.9	199.6	(38.3)
Total expenses from transactions	653.5	580.3	(73.2)
Net result from transactions	4.9	60.0	55.1
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ^(g)	(7.1)	(1.8)	5.3
Net gain/(loss) on financial instruments and statutory receivables/payables	–	(0.2)	(0.2)
Other gains/(losses) from other economic flows	–	4.2	4.2
Total other economic flows included in net result	(7.1)	2.2	9.3
Net result	(2.2)	62.2	64.4
Other economic flows – other comprehensive income ^(h)	–	246.3	246.3
Comprehensive result	(2.2)	308.5	310.7

Notes:

(a) The variance is primarily due to the rephasing of budgets from 2021-22 to future years for a range of initiatives including grant programs administered by Invest Victoria.

(b) The variance is primarily due to the Essential Services Commission's regulatory fees collected for the first time in the portfolio controlled accounts as part of the new trust arrangements. They were previously recognised through the administered accounts.

(c) The variance primarily reflects grant revenue from the Department of Education and Training for the Illumina-University of Melbourne Genomics Hub Project, which was expected to be received in 2021-22 but was received in 2020-21 instead.

(d) The variance is primarily due to additional funding for employee expenses approved after the budget, including funding related to the Victorian Homebuyer Fund.

(e) The variance primarily reflects lower than budgeted depreciation for buildings and fit outs.

(f) The variance primarily reflects funding for various initiatives being rephased into future years.

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

(h) The variance mainly relates to an increase in the fair values of land and buildings as a result of the scheduled revaluations during the 2021-22 year.

Budget portfolio outcomes

Balance sheet as at 30 June 2022

Controlled	2021-22 budget	2021-22 actual	Variance
	\$m	\$m	\$m
Financial assets			
Cash and deposits ^(a)	68.0	120.6	52.6
Receivables from government	320.5	329.2	8.7
Other receivables ^(b)	31.9	49.5	17.6
Total financial assets	420.4	499.3	78.9
Non-financial assets			
Inventories ^(c)	49.4	15.9	(33.5)
Property, plant and equipment ^(d)	1 052.0	1 151.3	99.3
Intangible assets	23.0	24.2	1.2
Other assets	4.0	5.8	1.8
Total non-financial assets	1 128.4	1 197.2	68.8
Total assets	1 548.8	1 696.5	147.7
Liabilities			
Payables ^(e)	92.0	65.9	(26.1)
Borrowings	4.1	9.5	5.4
Provisions	83.3	89.0	5.7
Total liabilities	179.4	164.4	(15.0)
Net assets	1 369.4	1 532.1	162.7
Equity			
Contributed capital ^(f)	498.6	316.9	(181.7)
Reserves ^(d)	652.2	895.0	242.8
Accumulated surplus	218.6	320.2	101.6
Total equity	1 369.4	1 532.1	162.7

Notes:

(a) The variance primarily reflects increase in the balance in the Shared Corporate Services Trust and the balances held in the Essential Services Commission's new trust fund established during 2021-22.

(b) The variance primarily relates to Greener Government Building loans issued to various departments.

(c) The variance primarily reflects the sale of the Highett Gasworks property, which was recognised as land/inventory held for sale in the budget.

(d) The variance mainly relates to an increase in the fair values of land and buildings as a result of the scheduled revaluations during 2021-22.

(e) The variance is primarily due to public account advances to the Department that were not required in 2021-22.

(f) The variance primarily reflects the rephase of the purchase of the Bendigo GovHub from 2021-22 to 2022-23 and the sale of the Highett Gasworks property.

Budget portfolio outcomes

Cash flow statement for the year ended 30 June 2022

Controlled	2021-22 budget	2021-22 actual	Variance
	\$m	\$m	\$m
Cash flows from operating activities			
Receipts from government ^(a)	571.6	475.1	(96.5)
Other receipts ^(b)	77.5	114.7	37.2
	649.1	589.8	(59.3)
Payments of grants and other transfers ^(a)	(145.9)	(94.3)	51.6
Payments to suppliers and employees ^(c)	(476.6)	(448.9)	27.7
Interest and other finance costs	(1.3)	(0.2)	1.1
	(623.8)	(543.4)	80.4
Net cash flows from operating activities	25.3	46.4	21.1
Cash flows from investing activities			
Net payments for non-financial assets ^(d)	(160.4)	(20.3)	140.1
Proceeds from sale of non-financial assets	–	1.6	1.6
Net loans to other parties ^(e)	–	(16.6)	(16.6)
Net cash flows used in investing activities	(160.4)	(35.3)	125.1
Cash flows from financing activities			
Owner contributions by the State Government ^(d)	147.1	22.3	(124.8)
Repayment of leases and service concession liabilities	(2.2)	(0.1)	2.1
Net borrowings	–	2.3	2.3
Net cash flows from financing activities	144.9	24.5	(120.4)
Net increase/(decrease) in cash held	9.8	35.6	25.8
Cash at the beginning of the financial year ^(f)	58.2	85.0	26.8
Cash at the end of the financial year	68.0	120.6	52.6

Notes:

(a) The variance is primarily due to the rephasing of budgets from 2021-22 to future years for a range of initiatives including grant programs administered by Invest Victoria.

(b) The variance is primarily due to the Essential Services Commission's regulatory fees collected for the first time in the portfolio controlled accounts as part of the new trust arrangements. They were previously recognised through the administered accounts.

(c) The variance primarily reflects funding for various initiatives being rephased into future years.

(d) The variance primarily reflects the rephase of the purchase of the Bendigo GovHub from 2021-22 to 2022-23.

(e) The variance primarily relates to Greener Government Building loans issued to various departments.

(f) The variance primarily reflects an increase in the balance in the Shared Corporate Services Trust and the balances held in the Essential Services Commission's new trust fund established during 2021-22.

Budget portfolio outcomes

Statement of changes in equity for the year ended 30 June 2022

Controlled	Reserves	Accumulated surplus	Contributed capital	Total
	\$m	\$m	\$m	\$m
2021-22 original budget				
Balance at 1 July 2021	652.2	220.8	353.9	1 226.9
Net result for the year	–	(2.2)	–	(2.2)
Transactions with owners in their capacity as owners	–	–	144.7	144.7
Balance at 30 June 2022	652.2	218.6	498.6	1 369.4
2021-22 actuals				
Balance at 1 July 2021	648.7	258.0	349.7	1 256.4
Net result for the year	–	62.2	–	62.2
Revaluation increment/(decrement) (net)	246.3	–	–	246.3
Transfer to contributed capital	–	–	(32.8)	(32.8)
Balance at 30 June 2022	895.0	320.2	316.9	1 532.1
Variance to original budget				
Balance at 1 July 2021	(3.5)	37.2	(4.2)	29.5
Net result for the year	–	64.4	–	64.4
Transfer to contributed capital	–	–	(32.8)	(32.8)
Revaluation increment/(decrement) (net)	246.3	–	–	246.3
Transactions with owners in their capacity as owners	–	–	(144.7)	(144.7)
Balance at 30 June 2022	242.8	101.6	(181.7)	162.7

Budget portfolio outcomes

Administered items statement for the year ended 30 June 2022

	2021-22 budget	2021-22 actual	Variance
	\$m	\$m	\$m
Administered income from transactions			
Appropriations - payments made on behalf of the State ^(a)	20 025.8	4 962.1	(15 063.7)
Special appropriations	2 728.1	2 678.2	(49.9)
Interest	73.0	27.9	(45.1)
Sales of goods and services ^(b)	408.0	450.0	42.0
Grants ^(c)	26 460.8	31 106.6	4 645.8
Other income ^(d)	22 506.8	26 903.3	4 396.5
Total administered income from transactions	72 202.5	66 128.1	(6 074.4)
Administered expenses from transactions			
Expenses on behalf of the State ^(a)	2 722.4	650.9	(2 071.5)
Employee benefits ^(a)	3 385.0	1 425.3	(1 959.7)
Grants and other transfers ^(a)	8 627.8	6 898.3	(1 729.5)
Interest expense	1 732.9	1 715.9	(17.0)
Payments into the Consolidated Fund ^(e)	49 800.8	80 601.0	30 800.2
Total administered expenses from transactions	66 268.9	91 291.4	25 022.5
Net result from transactions	5 933.6	(25 163.3)	(31 096.9)
Other economic flows included in the net result			
Net gain/(loss) on non-financial assets ^(f)	23.3	(112.7)	(136.0)
Net gain/(loss) on financial instruments and statutory receivables/payables ^(g)	–	(48.9)	(48.9)
Total other economic flows included in the net result	23.3	(161.6)	(184.9)
Net result	5 956.9	(25 324.9)	(31 281.8)
Other economic flows – other non-owner changes in equity			
Remeasurement of superannuation defined benefit plans ^(h)	1 240.5	7 791.4	6 550.9
Other	–	(184.0)	(184.0)
Total other economic flows – other non-owner changes in equity	1 240.5	7 607.4	6 366.9
Comprehensive result	7 197.4	(17 717.5)	(24 914.9)
Administered assets			
Cash and deposits	102.6	20.7	(81.9)
Receivables ⁽ⁱ⁾	61 137.1	7 391.3	(53 745.8)
Other financial assets	1 180.0	1 607.6	427.6
Property, plant and equipment ^(j)	5 180.6	1 694.6	(3 486.0)
Total administered assets	67 600.3	10 714.2	(56 886.1)

	2021-22 budget	2021-22 actual	Variance
	\$m	\$m	\$m
Administered liabilities			
Payables	1 183.7	1 539.7	356.0
Borrowings ^(k)	102 158.4	99 500.3	(2 658.1)
Provisions	3.0	12.7	9.7
Superannuation ^(l)	27 992.8	19 759.1	(8 233.7)
Total administered liabilities	131 337.9	120 811.8	(10 526.1)

Notes:

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

(b) The variance primarily reflects higher than expected operating revenue collected for the accommodation services provided on behalf of other departments and agencies.

(c) The variance is mainly due to higher than expected Commonwealth grants.

(d) The variance is mainly due to higher than expected stamp duty on conveyances and land transfers.

(e) The variance is mainly due to higher than budgeted payments into the Consolidated Fund from borrowings for major capital investment programs and the requirement to finance responses to COVID-19.

(f) The variance is primarily due to the revaluation decrease as a result of the fair value assessment of the right of use assets.

(g) The variance is mainly due to provision for doubtful debts from taxes receivables recognised by the State Revenue Office.

(h) 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.

(i) Lower than budgeted receivables are mainly due to inter-entity receivables from other departments.

(j) The budget for the Department includes the estimates for Treasurer's Advances that may be provided during the year to all departments for capital projects.

(k) The variance is mainly due to lower than budgeted borrowings for major capital investment programs and the requirement to finance responses to COVID-19.

(l) The variance is primarily due to remeasurement gain that arose due to the impact of increased bond yields, which was partly offset by investment losses on superannuation assets.

Financial performance

Overview

The Department recorded a net surplus from transactions of \$21.5 million in 2021-22 compared to \$34.1 million in 2020-21. The decrease in the 2021-22 surplus is mainly due to an advance received in 2020-21 for the Illumina-University of Melbourne Genomics Hub project. DTF will record an operating surplus in 2021-22, largely driven by surplus movements in various trust funds. This is partially offset by expenses funded through existing balances in the SAU under S33 of the *Financial Management Act 1994*.

Total assets of the Department increased from \$1.4 billion in 2020-21 to \$1.7 billion in 2021-22, mainly due to the 2021-22 scheduled revaluations for land and buildings. 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 increased from \$151 million in 2020-21 to \$195 million in 2021-22, mainly due to payables owing to the Essential Services Commission as it transitions into a trust-funded model. 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 \$516 million, from \$506 million in 2020-21. The increase is mainly due to funding received for various projects including the State Revenue Office Advanced Revenue Management Program, Monitoring and Assurance of the State Capital Program, Improving Expenditure Advice, and Embedding Early Intervention in Government Service Delivery.

The following table details operational revenue by output group.

Revenue from the provision of outputs^(a)

Output group	2021-22 \$m	2020-21 \$m	Change \$m
Optimise Victoria's fiscal resources	196	180	16
Strengthen Victoria's economic performance	198	148	50
Improve how government manages its balance sheet, commercial activities and public sector infrastructure	75	80	(5)
Deliver strategic and efficient whole of government common services	47	98	(51)
Total	516	506	10

Note:

(a) Includes only Parliamentary appropriations.

Five-year financial summary: departmental (controlled) activities

	2021-22 ^(a) \$m	2020-21 ^(b) \$m	2019-20 ^(c) \$m	2018-19 ^(d) \$m	2017-18 \$m
Government output appropriations income	516	506	441	403	300
Other income	91	98	70	61	58
Total income from transactions	607	604	511	464	358
Total expenses from transactions	(585)	(570)	(505)	(454)	(356)
Net result from transactions	22	34	6	10	2
Total other economic flows included in net result	4	4	(1)	(2)	-
Net result	26	38	5	8	2
Net cash flow from operations	19	34	24	31	21
Total assets	1 676	1 392	1 291	1 184	1 154
Total liabilities	195	151	201	195	166

Notes:

(a) The increase in the value of assets is mainly due to an increase of \$248 million in the fair value of land, buildings and cultural assets as a result of the 2021-22 scheduled revaluations of these assets.

(b) The 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.

(c) The increase in output appropriation income mainly relates to Invest Victoria transfer impact for the full year.

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

Financial statements

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Declaration in the financial statements

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the Department as at 30 June 2022.

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 29 September 2022.



Tania Reaburn
Chief Financial Officer
Department of Treasury and Finance

Melbourne
29 September 2022



David Martine
Secretary
Department of Treasury and Finance

Melbourne
29 September 2022

Independent auditor's report



Independent Auditor's Report

To the Secretary of the Department of Treasury and Finance

Opinion	<p>I have audited the financial report of the Department of Treasury and Finance (the department) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2022• 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 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 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 <i>APES 110 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 <i>Refer to Note 4.3.2 of the financial report - Administered assets and liabilities as at 30 June 2022</i></p>	
<p>Defined benefit superannuation liability: 19.8 billion</p> <p>The Emergency Services and State Super funds account for \$18.6 billion (93.9 per cent) of the State's defined benefit superannuation liability (the liability). The Emergency Services Superannuation Board (ESSB) manage these funds.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the 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 during the year ESSB transitioned core member administration and fund accounting to an outsourced service provider. An independent assurance auditor was engaged by ESSB to report on the design, implementation and operating effectiveness of controls at the outsourced service provider extensive disclosures are required by Australian Accounting Standards which are critical to the users understanding of the valuation of the liability. <p>Each year, the department 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"> gaining an understanding of the design and implementation of key controls over the outsourced arrangement, and then testing their operating effectiveness, including those: <ul style="list-style-type: none"> supporting the completeness and accuracy of membership data pre and post migration assisting with the management and oversight of the arrangement obtaining the independent assurance auditor's report over the outsourced service provider's controls and: <ul style="list-style-type: none"> assessing the adequacy of the scope of work agreed between management and the assurance auditor assessing the professional competence and independence of the assurance auditor considering the relevance of the stated control objectives and controls covered by the assurance report assessing the testing performed by the assurance auditor and the results of the tests assessing the sufficiency and appropriateness of the audit evidence provided by the assurance report assessing the professional competence and independence of the department's actuary obtaining the department's actuarial report and year-end adjustments, and engaging an appropriately qualified independent actuary to assist in obtaining sufficient appropriate audit evidence for the liability and disclosures, including to: <ul style="list-style-type: none"> assess the appropriateness of the model used to value the liability review the reasonableness of membership data in the model by comparing it to the data in the service providers system assess the appropriateness of the department's selection and application of the method, significant assumptions and data 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.

Independent auditor's report (continued)

Secretary's responsibilities for the financial report	<p>The Secretary is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none">• 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 our 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. <p>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.</p>

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report (continued)	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.
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MELBOURNE
3 October 2022



Andrew Greaves
Auditor-General

Comprehensive operating statement

for the financial year ended 30 June 2022

		2022	2021
	Notes	\$'000	\$'000
Revenue and income from transactions			
Output appropriations	2.3	516 392	506 171
Other income	2.5	90 618	97 816
Total revenue and income from transactions		607 010	603 987
Expenses from transactions			
Employee expenses	3.1.1	233 232	203 267
Depreciation and amortisation	5.1.1	23 329	19 773
Interest expenses	8.1.1	125	106
Grant expenses	3.2	136 739	103 594
Capital asset charge ^(a)	3.3	–	71 369
Supplies and services	3.4	188 673	159 092
Land remediation costs	3.5	(597)	11 141
Payments to Consolidated Fund		4 033	1 527
Total expenses from transactions		585 534	569 869
Net result from transactions		21 476	34 118
Other economic flows included in net result			
Net (loss)/gain on non-financial assets	9.1	560	(898)
Net (loss) on financial instruments	9.1	(169)	–
Net gain from revaluation of leave liabilities	9.1	3 879	5 069
Total other economic flows included in net result		4 270	4 171
Net result		25 746	38 289
Other economic flows – other comprehensive income			
Changes in physical asset revaluation surplus	9.2	246 310	(3 525)
Comprehensive result		272 056	34 764

The accompanying notes form part of these financial statements.

Note:

(a) The capital asset charge (CAC) was discontinued on 1 July 2021. The details of CAC are described in note 3.3 Capital asset charge.

Balance sheet

as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Assets			
Financial assets			
Cash and deposits	7.2	88 682	82 696
Receivables	6.1	393 419	303 719
Total financial assets		482 101	386 415
Non-financial assets			
Prepayments		5 149	4 284
Non-financial assets classified as held for sale	6.3	15 923	49 215
Property, plant and equipment	5.1	1 148 644	938 475
Intangible assets	5.2	24 190	13 925
Total non-financial assets		1 193 906	1 005 899
Total assets		1 676 007	1 392 314
Liabilities			
Payables	6.2	101 303	66 048
Employee related provisions	3.1.2	73 558	62 429
Provision for land remediation	3.5	7 131	11 074
Contract liabilities	6.4	6 160	4 375
Borrowings	7.1	7 045	6 898
Total liabilities		195 197	150 824
Net assets		1 480 810	1 241 490
Equity			
Contributed capital		315 875	348 611
Physical asset revaluation surplus	9.2	894 970	648 660
Accumulated surplus		269 965	244 219
Net worth		1 480 810	1 241 490

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the financial year ended 30 June 2022

		Contributed capital	Physical asset revaluation surplus	Accumulated surplus	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		231 454	652 185	205 930	1 089 569
Net result for the year		–	–	38 289	38 289
Other comprehensive income for the year	9.2	–	(3 525)	–	(3 525)
Capital appropriations	2.3	117 157	–	–	117 157
Balance at 30 June 2021		348 611	648 660	244 219	1 241 490
Net result for the year		–	–	25 746	25 746
Other comprehensive income for the year	9.2	–	246 310	–	246 310
Capital appropriations	2.3	22 345	–	–	22 345
Transfer through contributed capital		(55 081)	–	–	(55 081)
Balance at 30 June 2022		315 875	894 970	269 965	1 480 810

The accompanying notes form part of these financial statements.

Cash flow statement

for the financial year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from government		563 369	588 900
Receipts from other entities		11 124	269
Goods and services tax (GST) recovered from the ATO ^(a)		320	9 768
Total receipts		574 813	598 937
Payments to suppliers and employees		(423 106)	(375 993)
Grants paid		(132 802)	(117 184)
Capital asset charge paid	3.3	–	(71 369)
Interest and other finance costs paid	8.1.1	(125)	(106)
Total payments		(556 033)	(564 652)
Net cash flows from operating activities	7.2.1	18 780	34 285
Cash flows from investing activities			
Payments for property, plant and equipment		(4 246)	(117 004)
Proceeds from sale of property, plant and equipment		1 602	1 515
Payments for intangible assets		(13 937)	(4 353)
Loans granted to Victorian Government agencies and other entities		(16 598)	–
Net cash flows (used in) investing activities		(33 179)	(119 842)
Cash flows from financing activities			
Owner contributions by the State Government – appropriation for capital expenditure purposes		22 345	117 157
Repayment of borrowings and principal portion of lease liabilities ^(b)		(1 982)	(2 367)
Net cash flows from/(used in) financing activities		20 363	114 790
Net increase in cash and cash equivalents		5 964	29 233
Cash and cash equivalents at the start of the year		82 696	53 463
Cash and cash equivalents at the end of the year	7.2	88 660	82 696
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 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 as a 'Significant judgement or estimates'.

These financial statements cover the Department as an individual reporting entity and include all the controlled activities of the Department. Infrastructure Victoria and the 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.

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 financial year's presentation.

1. About this report

Impact of material events on this report

The Victorian economy recovered strongly from the effects of the COVID-19 pandemic by the end of financial year 2022. The economic rebound has been accompanied by strong demand for goods and services among Victorian consumers and businesses.

A recovery in revenue and the tapering of tax relief measures related to the COVID-19 pandemic has resulted in higher taxation revenue (refer to note 4.3.1 Administered income and expenses – taxation). The increase of \$6.6 billion in taxation revenue compared to financial year 2021 is largely attributable to an increase in land transfer duty resulting from the strength of the Victorian property market, and higher payroll tax due to a stronger labour market in the second half of financial year 2022. Land tax also contributed to an increase in taxation revenue, mainly reflecting the tapering of land tax relief measures implemented in financial year 2021, increased land tax rates for high-value landholdings and an increase in land valuations.

Grants income of \$31.3 billion (refer to note 4.3.1 Administered income and expenses – grants) was higher by \$3.9 billion compared to financial year 2021. The increase was primarily due to an increase in grants from the Commonwealth relating to the support for COVID-19 impacted businesses.

Grant expenses of \$6.9 billion (refer to note 4.3.1 Administered income and expenses – grant expenses) were higher by \$1.4 billion compared to financial year 2021. The increase was primarily due to the impact of measures as part of the Government's response to COVID-19 to support businesses and grants to Homes Victoria as part of the Big Housing Build.

The increase in net debt reflects the additional borrowings of \$23.6 billion required to finance an increase in service delivery, including the Government's response to the COVID-19 pandemic, and to fund the Government's infrastructure program. The State's borrowings of \$97.6 billion are reported in note 4.3.2 Administered assets and liabilities – borrowings.

Significant assumptions used in the accounting estimates prepared by management may also be affected by COVID-19, inflation and global economic growth, specifically, the fair value of land and building (refer to note 5.1 Property, plant and equipment) and superannuation liability (refer to note 4.3.2 Administered assets and liabilities – superannuation liability).

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 that ensures 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

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2.2	Appropriations	55
2.3	Summary of compliance with annual Parliamentary appropriations	56
2.4	Annotated income agreements	57
2.5	Other revenue and income	58

2.1 Summary of income that funds the delivery of our services

		2022	2021
	Notes	\$'000	\$'000
Revenue and income from transactions			
Output appropriations	2.3	516 392	506 171
Other income	2.5	90 618	97 816
Total revenue and income from transactions		607 010	603 987

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. Funding delivery of our services

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		Variance \$'000
	Annual appropriations – as published \$'000	Advance from Treasurer \$'000	Section 29 ^(a) \$'000	Section 30 \$'000	Section 32 \$'000	Parliamentary authority \$'000	Appropriations applied \$'000		
2022									
Controlled									
Provision of outputs	579 292	21 900	9 732	(52 000)	14 411	573 335	516 392	56 943	
Additions to net assets	147 120	13 208	–	(124 100)	–	36 228	22 345	13 883	
Administered									
Payments made on behalf of the State	4 004 495	941 100	–	176 100	1 356	5 123 051	4 962 099	160 952	
2022 total	4 730 907	976 208	9 732	–	15 767	5 732 614	5 500 836	231 778	
2021 ^(b)									
Controlled									
Provision of outputs	596 746	18 593	11 599	–	15 277	642 215	506 171	136 044	
Additions to net assets	123 451	–	–	–	–	123 451	117 157	6 294	
Administered									
Payments made on behalf of the State	5 246 079	904 168	–	–	–	6 150 247	4 866 149	1 284 098	
2021 total	5 966 276	922 761	11 599	–	15 277	6 915 913	5 489 477	1 426 436	

Notes:

(a) Revenue retained by the Department under section 29 of the FMA is provided in note 2.4 Annotated income agreements.

(b) The amounts for financial year 2021 have been restated to reflect the actual advance from Treasurer drawdowns for the year.

Explanation of key variances between total Parliamentary authority and appropriations applied – year ended 30 June 2022:

- **Provision of outputs**

\$56.9 million was not applied primarily due to the timing of grant expenses relating to Invest Victoria now expected to occur in financial year 2023 and future years.

- **Additions to net assets**

Capital funding of \$13.9 million was not applied in financial year 2022 due to the Department's utilisation of depreciation equivalent for the purchase of infrastructure, plant and equipment.

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

Funds transferred from provision of outputs and addition to net assets under section 30 of the FMA to meet expected payments made on behalf of the State, were not fully utilised as at 30 June 2022.

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.

	2022 \$'000	2021 \$'000
User charges		
State Revenue Office (SRO) land tax certificates	5 206	4 665
Victorian Energy and Efficiency Target certificates	2 500	2 500
Receipts from other departments, agencies and municipal councils		
Building reform review secretariat	593	637
Construction supplier register	459	740
Government bodies gymnasium	3	133
Public financial corporations' risk prudential supervision	164	186
Commercial Capability Training	–	63
Social impact bonds	–	250
Invest Victoria international investment attraction	–	150
Asset sales cost recovery		
Government land and property (land sales)	807	2 275
Total annotated income agreements	9 732	11 599

2. Funding delivery of our services

2.5 Other revenue and income

	2022	2021
	\$'000	\$'000
Provision of services	32 922	26 369
Rental accommodation income	44 381	40 421
Other income	13 315	31 026
Total other revenue and income	90 618	97 816

Provision of services

Income from the provision of services where they can be deployed to achieve departmental objectives, is accounted for under AASB 15 *Revenue from Contracts with Customers* and 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. Revenue 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 (note 6.4). Where the performance obligation is satisfied but not yet billed, a contract asset is recorded.

Other income

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

Grants recognised under AASB 1058

The Department has determined that grants included in other income relate to 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 first 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 disaggregated 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	59
3.2	Grant expenses	62
3.3	Capital asset charge	62
3.4	Supplies and services	63
3.5	Land remediation costs	63

3.1 Expenses incurred in delivery of services

	Notes	2022 \$'000	2021 \$'000
Employee expenses	3.1.1	233 232	203 267
Grant expenses	3.2	136 739	103 594
Capital asset charge	3.3	–	71 369
Supplies and services	3.4	188 673	159 092
Land remediation costs	3.5	(597)	11 141

3.1.1 Employee expenses – comprehensive operating statement

	2022 \$'000	2021 \$'000
Salaries and wages	171 257	155 458
Annual leave and long service leave	26 756	22 672
Defined contribution superannuation expense	17 184	14 251
Defined benefit superannuation expense	1 172	1 308
On-costs	11 891	9 578
Termination benefits	4 972	–
Total employee expenses	233 232	203 267

3. The cost of delivering services

Employee expenses comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation expenses represent the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Department 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 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 accepts 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. During the financial year, the Department announced a voluntary Early Retirement Scheme and Early Retirement Package offers were made to eligible employees. The final date for the acceptance of offers was in May 2022.

3.1.2 Employee-related provisions – balance sheet

	2022	2021
	\$'000	\$'000
Provisions		
Current		
Annual leave		
• unconditional and expected to be settled within 12 months	12 972	11 895
• unconditional and expected to be settled after 12 months	9 915	7 553
Long service leave		
• unconditional and expected to be settled within 12 months	2 771	2 989
• unconditional and expected to be settled after 12 months	28 836	27 260
On-costs	7 853	6 262
Performance bonus	307	294
Termination benefits	4 110	-
Total current employee related provisions	66 764	56 253
Non-current		
Long service leave	6 034	5 561
On-costs	760	615
Total non-current employee related provisions	6 794	6 176
Total provisions	73 558	62 429

3.1.3 Reconciliation of movement in on-costs provisions

	2022
	\$'000
Opening balance	6 877
Additional provisions recognised	2 997
Reductions arising from payments/other sacrifices of future economic benefits	(1 694)
Unwind of discount and effect of changes in the discount rate	433
Closing balance	8 613
Current	7 853
Non-current	760
Total on-costs provision	8 613

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 that 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. The cost of delivering services

3.2 Grant expenses

	2022	2021
	\$'000	\$'000
Grant expenses		
Victorian government entities	85 522	64 994
Non-Victorian government entities	13 726	5 780
Other organisations	37 491	32 820
Total grant expenses	136 739	103 594

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

	2022	2021
	\$'000	\$'000
Capital asset charge	–	71 369

A capital asset charge (CAC) was a charge levied on the written down value of controlled non-current physical assets in a department's balance sheet. In previous years, the CAC had been used to demonstrate the opportunity cost of utilising government assets.

It should be noted that the CAC policy was discontinued in financial year 2022 and also reflected in the *2021-22 Budget*. While the inclusion of the CAC was previously reflected in output cost, it did not reflect a net distribution of funds to the Department because the Department was funded from the budget for their CAC expense and the Department then immediately paid the same amount back into the Consolidated Fund.

3.4 Supplies and services

	2022	2021
	\$'000	\$'000
Rental and property outgoings	42 128	37 442
Purchases of services ^(a)	111 248	95 289
Information and communication technology expenses	20 315	18 360
Other	14 982	8 001
Total supplies and services	188 673	159 092

Note:

(a) Purchases of services include the remuneration of auditors, contract services and consultancies.

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 provision for land remediation is to remediate sites intended for residential and commercial development. During the year, unutilised provision of \$1.2 million was reversed. Additionally, land remediation costs of \$0.6 million were incurred for properties where there were no present obligation to remediate. These costs were excluded from the provision for land remediation and were recognised as expense when incurred.

Reconciliation of movements in provision for land remediation

	2022	2021
	\$'000	\$'000
Opening balance	11,079	26,125
Additional provisions recognised	–	9,897
Reductions arising from payments	(2,727)	(24,943)
Reductions resulting from remeasurement	(1,221)	–
Closing balance	7,131	11,079

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 2022 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.

4.1 Departmental outputs

4.1.1 Descriptions and objectives

Objectives and outputs of the Department

A description of departmental objectives and outputs delivered during the financial year ended 30 June 2022 are summarised below.

Objective 1: Optimise Victoria's fiscal resources

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.

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, 7.2.3, 7.3 and 8.2.

Structure

4.1	Departmental outputs	64
4.2	Centralised Accommodation Management	68
4.3	Administered items	69

Outputs

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.

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.

Objective 2: Strengthen Victoria's economic performance

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 the price, quality, efficiency and reliability of essential services.

Outputs

Economic and Policy Advice

This output strengthens Victoria's economic performance through increased productive and efficient resource allocation, competitiveness and equity.

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 the price, quality, reliability and efficiency of essential services.

Invest Victoria

This output facilitates private sector investment in Victoria through a focus on investments that strengthen innovation, productivity, job creation and export growth in Victoria's economy.

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

The Department delivers government policies focused on overseeing the State's balance sheet, major infrastructure and Government Business Enterprises by delivering and applying prudent financial and commercial principles and practices.

Outputs

Commercial and Infrastructure Advice

This output provides advice to the Government and guidance to departments on infrastructure investments and other major commercial projects, oversees a range of commercial and transactional activities on behalf of the Government and provides advice and reports on the State's financial assets and liabilities and associated financial risks.

Infrastructure Victoria

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

Objective 4: Deliver strategic and efficient whole of government common services

The Department delivers whole of government common services through working with business partners.

Output

Services to Government

This output develops and maintains 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, carpool and government library services.

4.1.2 Changes to outputs

The outputs schedule disclosures in note 4.1.3 Departmental outputs schedule, note 4.3.1 Administered income and expenses for the financial year ended 30 June 2022 and note 4.3.2 Administered assets and liabilities as at 30 June 2022 are classified by the departmental objectives.

There were no material changes to the output structure for financial year 2022.

4. Disaggregated financial information by output

4.1.3 Departmental outputs schedule

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Controlled revenue and income and expenses for the year ended 30 June 2022				
Revenue and income from transactions				
Output appropriations	196 592	180 009	197 785	148 211
Other income	1 816	1 318	1 848	21 355
Total revenue and income from transactions	198 408	181 327	199 633	169 566
Expenses from transactions				
Employee expenses	111 491	102 318	48 938	43 403
Depreciation and amortisation	4 703	3 464	290	414
Interest expense	48	17	4	10
Grant expenses	5 703	5 636	120 941	86 944
Capital asset charge	–	983	–	361
Supplies and services	72 888	69 348	23 370	15 732
Land remediation costs	–	–	–	–
Payments to Consolidated Fund	–	–	–	–
Total expenses from transactions	194 833	181 766	193 543	146 864
Net result from transactions	3 575	(439)	6 090	22 702
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	89	(1 229)	23	30
Net (loss) on financial instruments	–	–	–	–
Net gain from revaluation of leave liabilities	2 074	2 861	659	872
Total other economic flows included in net result	2 163	1 632	682	902
Net result	5 738	1 193	6 772	23 604
Total other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus	–	–	–	–
Comprehensive result	5 738	1 193	6 772	23 604
Controlled assets and liabilities as at 30 June 2022				
Assets				
Financial assets	8 338	8 065	66 245	36 104
Non-financial assets	31 237	20 221	618	1 423
Total assets	39 575	28 286	66 863	37 527
Liabilities				
Total liabilities	71 391	62 384	71 138	40 860
Net assets/(liabilities)	(31 816)	(34 098)	(4 275)	(3 333)

Note:

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

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	
2022	2021	2022	2021	2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
75 303	79 864	46 712	98 087	–	–	516 392	506 171
8 475	8 415	78 479	66 728	–	–	90 618	97 816
83 778	88 279	125 191	164 815	–	–	607 010	603 987
43 021	33 955	29 782	23 591	–	–	233 232	203 267
410	406	17 926	15 489	–	–	23 329	19 773
10	16	63	63	–	–	125	106
10 057	10 383	38	631	–	–	136 739	103 594
–	12 722	–	57 303	–	–	–	71 369
36 787	24 397	55 628	49 615	–	–	188 673	159 092
(597)	11 141	–	–	–	–	(597)	11 141
–	–	4 033	1 527	–	–	4 033	1 527
89 688	93 020	107 470	148 219	–	–	585 534	569 869
(5 910)	(4 741)	17 721	16 596	–	–	21 476	34 118
(52)	31	500	270	–	–	560	(898)
–	–	(169)	–	–	–	(169)	–
707	795	439	541	–	–	3 879	5 069
655	826	770	811	–	–	4 270	4 171
(5 255)	(3 915)	18 491	17 407	–	–	25 746	38 289
78 190	–	168 120	(3 525)	–	–	246 310	(3 525)
72 935	(3 915)	186 611	13 882	–	–	272 056	34 764
23 013	14 288	82 111	64 950	302 394	263 008	482 101	386 415
450 217	426 018	711 834	558 237	–	–	1 193 906	1 005 899
473 230	440 306	793 945	623 187	302 394	263 008	1 676 007	1 392 314
15 126	27 014	37 542	20 566	–	–	195 197	150 824
458 104	413 292	756 403	602 621	302 394	263 008	1 480 810	1 241 490

4. Disaggregated financial information by output

4.2 Centralised Accommodation Management

In October 2019, the Shared Service Provider established the Centralised Accommodation Management (CAM) model to manage the Government's accommodation related service payments to realise whole of government efficiencies and cost savings.

The right-of-use (RoU) lease accommodation assets and corresponding liabilities, previously recorded by relevant government departments and agencies, were recognised by the Department on 1 November 2019 as contributions by owners-transfer of net assets as disclosed in note 4.3.2 Administered assets and liabilities. No income or expense was 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 2022 is \$491.1 million (2021 – \$941.6 million). The controlled commitments receivable of \$13.8 million (2021 – \$28.2 million) and administered commitments receivable of \$477.3 million (2021 – \$913.4 million) are disclosed in note 7.4 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. Administered expenses include payments of administered revenue into the Consolidated Fund, grants paid to other government departments, interest on borrowings and superannuation expenses.

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 2022

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Administered income from transactions				
Payments on behalf of the State appropriations	1 282 356	1 446 421	1 188 543	1 048 136
Special appropriations	562 365	216 284	–	–
Grants	17 823	17 338	18 155 097	18 235 772
Taxation	25 786 276	19 474 025	–	–
Dividends	–	–	–	–
Capital asset charge ^(a)	–	–	–	–
Interest	–	–	–	–
Other income	97 245	104 493	2 973	3 241
State revenues received into Consolidated Fund, net of appropriations applied within government departments	–	–	–	–
Total administered income from transactions	27 746 065	21 258 561	19 346 613	19 287 149
Administered expenses from transactions				
Grant expenses	1 413 962	1 113 729	1 173 627	411 851
Interest expense	1 298	613	–	–
Superannuation - non-departmental	–	–	–	–
Contribution to GST administration costs	–	–	151 996	161 954
Depreciation and amortisation	–	–	–	–
Short-term lease expenses	–	–	–	–
Ex gratia expenses ^(b)	23 383	184	–	–
Other expenses	16 830	12 275	10 849	5 508
Payments to Consolidated Fund	26 379 342	18 811 821	18 155 773	16 137 849
Total administered expenses from transactions	27 834 815	19 938 622	19 492 245	16 717 162
Administered net result from transactions	(88 750)	1 319 939	(145 632)	2 569 987
Other economic flows included in net result				
Net (loss)/gain on non-financial assets	–	–	–	–
Net (loss)/gain on financial instruments	(51 763)	(17 221)	638	129
Net gain arising from revaluation of financial assets at fair value through net result	–	–	2 214	2 198
Total other economic flows included in net result	(51 763)	(17 221)	2 852	2 327
Administered net result	(140 513)	1 302 718	(142 780)	2 572 314
Other economic flows - other comprehensive income				
Items that will not be reclassified to net result				
Remeasurement of superannuation defined benefit plans	–	–	–	–
Items that may be reclassified subsequently to net result				
Changes to debt instruments measured at fair value through other comprehensive income revaluation reserve	–	–	(184 008)	178 115
Total other economic flows - other comprehensive income			(184 008)	178 115
Administered comprehensive result	(140 513)	1 302 718	(326 788)	2 750 429

Note:

(a) The capital asset charge (CAC) was discontinued on 1 July 2021. The details of CAC are described in note 3.3 Capital asset charge.

(b) 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	
2022	2021	2022	2021	2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2 463 514	2 320 120	27 686	51 472	–	–	4 962 099	4 866 149
1 032 536	180 257	–	–	1 083 314	1 141 778	2 678 215	1 538 319
458 859	40 478	–	–	12 661 869	9 129 363	31 293 648	27 422 951
748 358	442 909	–	–	–	–	26 534 634	19 916 934
246 989	301 714	–	–	–	–	246 989	301 714
–	6 899 054	–	–	–	–	–	6 899 054
20 759	1 446	7 121	8 045	–	–	27 880	9 491
15 052	15 368	453 111	409 412	–	–	568 381	532 514
–	–	–	–	8 701 367	7 717 158	8 701 367	7 717 158
4 986 067	10 201 346	487 918	468 929	22 446 550	17 988 299	75 013 213	69 204 284
2 800	1 410	–	–	4 307 912	3 938 748	6 898 301	5 465 738
1 661 720	1 373 307	52 918	52 392	–	–	1 715 936	1 426 312
–	–	–	–	1 424 894	1 083 988	1 424 894	1 083 988
–	–	–	–	–	–	151 996	161 954
–	–	255 600	215 426	–	–	255 600	215 426
–	–	9 186	3 019	–	–	9 186	3 019
–	–	–	–	–	–	23 383	184
7 310	28 074	176 075	150 111	–	–	211 064	195 968
27 721 017	37 120 205	1 651	208	8 353 957	5 407 381	80 611 739	77 477 464
29 392 847	38 522 996	495 430	421 156	14 086 763	10 430 117	91 302 099	86 030 053
(24 406 780)	(28 321 650)	(7 512)	47 773	8 359 787	7 558 182	(16 288 886)	(16 825 769)
9 589	(25)	(122 250)	–	–	–	(112 661)	(25)
–	–	–	–	–	–	(51 125)	(17 092)
–	–	–	–	–	–	2 214	2 198
9 589	(25)	(122 250)	–	–	–	(161 572)	(14 919)
(24 397 191)	(28 321 675)	(129 762)	47 773	8 359 787	7 558 182	(16 450 458)	(16 840 688)
–	–	–	–	7 791 381	3 937 037	7 791 381	3 937 037
–	–	–	–	–	–	(184 008)	178 115
–	–	–	–	7 791 381	3 937 037	7 607 373	4 115 152
(24 397 191)	(28 321 675)	(129 762)	47 773	16 151 168	11 495 219	(8 843 085)	(12 725 536)

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	
		2022 \$'000	2021 \$'000
<i>Constitution Act, No. 8750 of 1975 – Governors' Pensions</i>	Governors' pensions	1 783	1 906
<i>Constitution Act, No. 8750 of 1975 – Supreme Court Judges</i>	Judges' pensions	16 568	15 061
<i>County Court Act, No. 6230 of 1958 – Judges</i>	Judges' pensions	22 047	21 303
<i>Financial Management Act No. 18 of 1994, Section 10^(a)</i>	Appropriation of Commonwealth grants	335 267	–
<i>Financial Management Act, No. 18 of 1994, Section 39</i>	Interest on advances	1 916	17 301
<i>Gambling Regulation Act, No. 114 of 2003, Section 3.6.12</i>	Payments to Community Support Fund	122 820	79 759
<i>Gambling Regulation Act No.114 of 2003, Section 4.6A.5A</i>	Anzac Day Proceeds Fund	737	–
<i>Gambling Regulation Amendment (Wagering and Betting) Act of 2018, Section 4.6A.5</i>	Payments to Victorian Racing Industry	82 024	–
<i>Liquor Control Reform Act, No. 94 of 1998, Section 177(2)</i>	Safety net payments	5 583	4 391
<i>State Owned Enterprises Act, No. 90 of 1992, Section 88</i>	State equivalent tax refunds	2 890	–
<i>State Superannuation Act, No. 50 of 1988, Section 90(2) – Contributions</i>	Superannuation contributions	1 042 915	1 103 508
<i>Taxation (Interest on Overpayments) Act, No. 35 of 1986, Section 11</i>	Interest on overpayments of tax	1 298	613
<i>Taxation Administration Act 1997, Section 121</i>	Tax waivers, refunds and court costs	14 637	131 520
<i>Treasury Corporation of Victoria Act, No. 80 of 1992, Section 38 – Debt Retirement ^(b)</i>	Budget sector debt retirement	1 027 730	162 957
Total special appropriations		2 678 215	1 538 319

Notes:

(a) Appropriation of Commonwealth grants to Victoria to deliver the HomeBuilder grant scheme.

(b) Based on future funding requirements and the State's liquidity position at a given point in time, decisions are taken by the Department and the Treasury Corporation of Victoria to retire maturing debt. These decisions are part of broader decisions taken in terms of managing the budget sector debt portfolio in the most efficient manner (reduce debt and interest expenses even at shorter time frames) and maximising the available liquidity.

Grants

	2022 \$'000	2021 \$'000
General purpose grants	17 619 902	18 050 390
Specific purpose grants for on-passing	4 278 950	3 904 279
Other specific purpose grants	8 917 521	5 409 429
Total Commonwealth grants ^(a)	30 816 373	27 364 098
Other contributions and grants	477 275	58 853
Total grants	31 293 648	27 422 951

Note:

(a) Grants predominantly relate to grants from the Commonwealth Government, which are recognised under AASB 1058 *Income of Not-for-Profit Entities*.

The Department's administered grants income mainly comprise contributions from 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 of the recipient, capital purposes and/or for on-passing to other recipients. Grants also include grants from other jurisdictions.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised using AASB 1058, 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 with the grant expense as the funds are immediately on-passed to the relevant recipient entities on behalf of the Commonwealth Government.

Income from grants to construct capital assets that are controlled by the State is recognised progressively as the assets are constructed. The progressive percentage costs incurred are used to recognise income because this most closely reflects the progress to completion.

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 \$18.1 billion in the 2021 financial year, which was \$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 was 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 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).

Victoria's GST income was \$17.6 billion in the 2022 financial year, which was \$0.4 billion lower than the previous year. The decrease in GST revenue in the 2022 financial year is due to the decrease in Victoria's GST relativity.

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.

	2022 \$'000	2021 \$'000
Taxation revenue		
Land transfer duty	10 361 063	6 424 456
Payroll tax	7 556 354	7 027 347
Land tax	4 141 935	3 239 629
Taxes on Insurance	1 724 446	1 540 186
Fire Services Property Levy	758 758	728 982
Income tax and rate equivalents	596 602	289 666
Mental Health and Wellbeing Levy	414 849	-
Growth Areas Infrastructure Charge	361 364	197 300
Other taxes	619 263	469 368
Total taxation revenue	26 534 634	19 916 934

In the 2021 financial year, as part of the Economic Survival Package, the State introduced 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 tax refunds or waivers is recognised as reductions in income. The taxes refunded or waived were payroll tax of \$ 394.9 million (2021 – \$284.4 million), land tax of \$nil (2021 – \$247.5 million), liquor license fees of \$nil (2021 – \$0.1 million), congestion levy of \$1.1 million (2021 – \$26.3 million), land transfer duty of \$92.4 million (2021 – \$336.6 million) and commercial passenger vehicle levy of \$nil (2021 – \$5.8 million).

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. The CAC policy was discontinued on 1 July 2021 as disclosed in note 3.3.

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 are made where appropriate.

RoU 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 in which 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 are 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 that 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 2022

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Administered assets				
Financial assets				
Cash and deposits	–	–	–	–
Receivables ^(a)	4 116 101	4 024 231	21 363	635 818
Advances paid	–	–	–	–
Investments in controlled entities ^(b)	–	–	–	–
Other investments	–	–	281 985	34 143
Total financial assets	4 116 101	4 024 231	303 348	669 961
Non-financial assets				
Right-of-use assets ^(c)	–	–	–	–
Prepayments	–	–	–	–
Total non-financial assets	–	–	–	–
Total administered assets	4 116 101	4 024 231	303 348	669 961
Administered liabilities				
Payables	371 284	32 540	120 265	41 933
Advances received	–	–	–	–
Public Account State Administration Unit liability	–	–	–	–
Provisions	–	–	–	–
Contract liability	–	–	–	–
Advances for capital works	–	–	–	–
Borrowings ^(d)	–	–	–	–
Leases ^(c)	–	–	–	–
Superannuation liability ^(e)	–	–	–	–
Total administered liabilities	371 284	32 540	120 265	41 933
Net administered assets	3 744 817	3 991 691	183 083	628 028

Notes:

(a) In the prior financial year, 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 lease accommodation assets and the associated lease liabilities recognised by the Department under Centralised Accommodation Management.

(d) The higher borrowings are primarily due to the requirement to finance the State's capital infrastructure program, the response to COVID-19 and to maintain higher liquidity levels.

(e) 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	
2022	2021	2022	2021	2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
20 677	27 167	–	–	2 489 566	7 113 432	2 510 243	7 140 599
543 602	162 335	409 043	485 454	461 309	–	5 551 418	5 307 838
476 319	1 249 611	–	–	–	–	476 319	1 249 611
–	–	–	–	195 128 111	180 025 548	195 128 111	180 025 548
1 292 530	1 326 537	–	–	–	–	1 574 515	1 360 680
2 333 128	2 765 650	409 043	485 454	198 078 986	187 138 980	205 240 606	195 084 276
–	–	1 694 582	1 427 465	–	–	1 694 582	1 427 465
–	–	32 914	31 119	–	–	32 914	31 119
–	–	1 727 496	1 458 584	–	–	1 727 496	1 458 584
2 333 128	2 765 650	2 136 539	1 944 038	198 078 986	187 138 980	206 968 102	196 542 860
116 168	102 315	28 233	32 391	505 878	39 739	1 141 828	248 918
476 319	1 249 611	–	–	–	–	476 319	1 249 611
–	–	–	–	15 071 137	14 075 294	15 071 137	14 075 294
–	44	12 706	7 180	–	–	12 706	7 224
59 013	61 359	18 873	34 334	–	–	77 886	95 693
–	–	143 971	127 375	–	–	143 971	127 375
97 199 938	73 700 626	363 792	338 792	–	–	97 563 730	74 039 418
–	–	1 936 654	1 514 527	–	–	1 936 654	1 514 527
–	–	–	–	19 759 058	27 219 430	19 759 058	27 219 430
97 851 438	75 113 955	2 504 229	2 054 599	35 336 073	41 334 463	136 183 289	118 577 490
(95 518 310)	(72 348 305)	(367 690)	(110 561)	162 742 913	145 804 517	70 784 813	77 965 370

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. The majority of the receivables balance is comprised of taxation-related receivables, and a breakdown is provided in the following table.

	2022	2021
	\$'000	\$'000
Receivables – taxation		
Land transfer duty	63 766	83 161
Payroll tax	422 828	776 246
Land tax	2 359 514	2 084 150
General Insurance Business	–	3 310
Fire Service Property Levy	159 510	140 671
State tax equivalent receivables	440 878	105 630
Mental Health and Wellbeing Surcharge	17 358	–
Growth areas infrastructure charge receivable	1 043 803	881 960
Congestion levy	89 086	82 579
Financial accommodation levy	38 726	37 932
Other taxation receivables	8 538	6 608
Provision for doubtful debts taxation receivable	(86 931)	(55 757)
Total receivables – taxation	4 557 076	4 146 490

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 mainly comprise managed investments and the State's shared equity scheme. Managed investments 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.

The State's shared equity scheme is measured at fair value through net results.

Property, plant and equipment

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

The net present value of the remaining lease payments is often the proxy for the fair value of relevant RoU assets. The independent valuation of the Department's RoU assets was performed by Jones Lang LaSalle as at 30 June 2022 and has resulted in a net revaluation decrease of \$122.2 million.

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.

Contract liability

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 RoU asset, or comprehensive operating statement if the RoU 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 RoU 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.

4. Disaggregated financial information by output

Presentation of right-of-use assets and lease liabilities

The Department presents RoU 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* (AASB 119) 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 2022 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.

AASB 119 requires the defined benefit obligation to include an assumed value of contributions tax relating to service before the reporting date or on benefits resulting from that service. The contributions tax component is calculated as the present value of the tax that is estimated to be paid on contributions that are expected to be made to fund the past service liability. These tax payments have been determined based on the deficit (if any) valued using the funding valuation assumptions, which is smaller than the deficit shown in these statements valued using the AASB 119 assumptions. The expected payments are then discounted to the reporting date using the AASB 119 discount rate.

It is Government policy that the superannuation liability in respect of the State's public sector schemes that relate to the entire general government sector 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 \$19 759 million as at 30 June 2022 (2021 – \$27 219 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 \$1 183 million (2021 – \$1 346 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

	2022 \$m	2021 \$m
Reconciliation of the present value of the defined benefit obligation		
Balance at the start of the period	53 439	53 816
Current service cost	1 338	1 274
Interest cost	928	519
Contributions by plan participants	215	247
Actuarial (gains)/losses	(9 377)	(120)
Benefits paid	(2 395)	(2 297)
Balance at the end of the period	44 148	53 439
Reconciliation of fair value of superannuation plan assets		
Balance at the start of the period	26 220	22 591
Interest income	447	215
Expected return on plan assets excluding interest income	1 299	1 332
Actuarial gains/(losses)	(2 884)	2 484
Employer contributions	1 487	1 648
Contributions by plan participants	215	247
Benefits paid (including tax paid)	(2 395)	(2 297)
Balance at the end of the period	24 389	26 220
Reconciliation of liabilities disclosed in the administered statement of assets and liabilities		
State Superannuation Fund/Emergency Services Superannuation Scheme	18 594	25 812
Other funds	1 165	1 407
Total superannuation liability	19 759	27 219

	2022 %	2021 %
Actuarial assumptions		
<i>State Superannuation Fund/Emergency Services Superannuation Scheme</i>		
Expected return on assets	7.6	7.6
Discount rate	3.8	1.8
Wages growth	3.7	3.3
Inflation rate	2.2	1.8
<i>Constitutionally Protected Pensions</i>		
Discount rate	3.8	1.8
Wages growth	3.7	3.3
Inflation rate	n/a	n/a
<i>Health Superannuation Fund</i>		
Expected return on assets	3.8	3.8
Discount rate	3.8	1.8
Wages growth	3.7	3.3
Inflation rate	2.2	1.8

4. Disaggregated financial information by output

Market volatility and bond yield movements

Investment market volatility has been heightened in recent years due to the impact of health measures associated with the COVID-19 pandemic and, more recently, disruptions arising from the Russia/Ukraine conflict and the challenges facing China's economy. While this resulted in investment returns exceeding expectations in financial year 2021, the investment returns on the State's defined benefit superannuation assets in financial year 2022 were below expectations and, in fact, negative.

The Commonwealth Government bond yields that underlie the key superannuation valuation assumptions further increased significantly in financial year 2022, which reduced the defined benefit superannuation obligation the State is required to report under the Australian Accounting Standards.

In combination, the impact that bond yield movements had on the defined benefit obligation more than offset the reduction in assets that arose due to adverse investment returns, such that the State's reported superannuation liability decreased significantly in the year to 30 June 2022.

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.

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)	3.8	4.3	3.8	3.8
Salary growth (per cent a year)	3.7	3.7	4.2	3.7
Inflation rate (per cent a year)	2.2	2.2	2.2	2.7
Estimated increase/(decrease) in defined benefit obligation (per cent)	n/a	(5.3)	1.1	4.2
Estimated increase/(decrease) in defined benefit obligation (\$ million)	n/a	(2 340)	486	1 854

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:

	2022 %	2021 %
Domestic equity	19.2	19.3
International equity	28.9	29.1
Domestic debt assets	17.3	17.2
International debt assets	4.3	4.2
Property	7.4	7.3
Cash	7.7	7.8
Other	15.2	15.1
	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	84
5.2	Intangible assets	90

5.1 Property, plant and equipment

	2022 \$'000	2021 \$'000
Land		
At valuation	846 469	636 522
Buildings (including heritage buildings)		
At independent valuation	291 913	187 539
At cost	989	143 357
Less: accumulated depreciation	(30)	(52 000)
	292 872	278 896
Construction in progress – at cost	1 632	15 278
Total buildings	294 504	294 174
Leasehold improvements		
Leasehold improvements – at fair value	301	9 035
Less: accumulated depreciation	(301)	(9 017)
Total leasehold improvements	-	18
Plant and equipment		
Office and computer equipment – at fair value	7 906	6 191
Less: accumulated depreciation	(4 071)	(3 169)
	3 835	3 022
Motor vehicles under lease	5 311	6 994
Less: accumulated depreciation	(1 475)	(2 255)
	3 836	4 739
Total plant and equipment	7 671	7 761
Total property, plant and equipment	1 148 644	938 475

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 RoU asset and a lease liability at the lease commencement date. The RoU 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
- any initial direct costs incurred
- 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 and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category in note 8.3.

Right-of-use asset – subsequent measurement

The Department depreciates the RoU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the RoU asset or the end of the lease term. The RoU assets are also subject to revaluation. In addition, the RoU 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 \$100.5 million (2021 – \$106.9 million). These heritage assets cannot be modified or 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.

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. Key assets available to support output delivery

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. The latest revaluations of the Department's land and building assets have been conducted as at 30 June 2022, which resulted in a net revaluation increase of \$248.2 million. The Valuer-General Victoria (VGV), the Department's independent valuation agency, performs the scheduled revaluations. Certain assets are revalued using specialised advisors Opteon (Victoria) Pty Ltd, Urbis Valuations Pty Ltd, Gippsland Property Valuations, Value IT Pty Ltd and Dominion Group (Vic) Pty Ltd under the direction of the VGV.

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

Impairment of property, plant and equipment

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

5.1.1 Depreciation and amortisation

	2022 \$'000	2021 \$'000
Charge for the period		
Buildings – structures and ground development	9 573	8 416
Buildings – other building components	7 836	6 709
Leasehold improvements	17	27
Office and computer equipment	1 174	583
Motor vehicles under lease	1 188	1 098
Capitalised software development	3 541	2 940
Total depreciation and amortisation	23 329	19 773

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 2022 and 30 June 2021 are as follows:

Buildings – structures and ground development	5-45 years
Buildings – other building components	5-30 years
Heritage buildings–structures and ground development	12-220 years
Heritage buildings – other building components	4-200 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 are 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 RoU assets.

5.1.3 Reconciliations of movements in carrying amounts of property, plant and equipment

	Land \$'000	Buildings (including heritage buildings) \$'000	Building construction in progress \$'000	Leasehold improvements \$'000	Office and computer equipment \$'000	Motor vehicles under lease \$'000	Total \$'000
2022							
Carrying amount at the start of the year	636 522	278 896	15 278	18	3 022	4 739	938 475
Additions	–	–	3 120	–	1 710	1 914	6 744
Disposals	(127)	–	–	(1)	(4)	(1 629)	(1 761)
Transfers between classes	–	3 461	(3 742)	–	281	–	–
Net transfers from/(to) property held for sale	(8 312)	–	(12 954)	–	–	–	(21 266)
Revaluation increment	218 386	29 846	–	–	–	–	248 232
Impairment written back to revaluation reserve	–	(1 922)	–	–	–	–	(1 922)
Impairment expense	–	–	(70)	–	–	–	(70)
Depreciation expense (note 5.1.1)	–	(17 409)	–	(17)	(1 174)	(1 188)	(19 788)
Carrying amount at the end of the year	846 469	292 872	1 632	–	3 835	3 836	1 148 644
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)	–	–	–	–
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

5. Key assets available to support output delivery

5.2 Intangible assets

	2022 \$'000	2021 \$'000
Capitalised software development	60 648	71 468
Less: accumulated amortisation	(51 014)	(62 317)
Total capitalised software development	9 634	9 151
Intangible assets under development	14 556	4 774
Total intangible assets	24 190	13 925
Reconciliations of carrying amounts		
Capitalised software development		
Carrying amount at the start of the year	9 151	10 300
Additions	-	113
Disposals	(86)	-
Transfers from intangible assets under development	4 110	2 958
Impairment expense	-	(1 280)
Amortisation expense (note 5.1.1)	(3 541)	(2 940)
Carrying amount at the end of the year	9 634	9 151
Intangible assets under development		
Carrying amount at the start of the year	4 774	3 492
Additions	13 892	4 240
Transfers to capitalised software development	(4 110)	(2 958)
Carrying amount at the end of the year	14 556	4 774

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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset

- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- 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 contract liabilities that arise from the Department's controlled operations.

Structure

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6.3	Non-financial assets physical classified as held for sale	93
6.4	Contract liabilities	93

6.1 Receivables

	2022 \$'000	2021 \$'000
Current:		
Contractual		
Debtors	13 944	14 116
Loans to Victorian Government departments and agencies ^(a)	2 796	-
	16 740	14 116
Statutory		
Amounts owing from Victorian Government ^(b)	349 636	279 487
GST recoverable	7 596	4 947
	357 232	284 434
Total current receivables	373 972	298 550
Non-current:		
Contractual		
Loans to Victorian Government departments and agencies ^(a)	11 341	-
Loans to other entities	2 461	-
	13 802	-
Statutory		
Amounts owing from Victorian Government ^(b)	5 645	5 169
	5 645	5 169
Total non-current receivables	19 447	5 169
Total receivables	393 419	303 719

Notes:

(a) The Greener Government Buildings program provides interest free loan funding with a maximum five-year term to support general government sector departments and agencies to implement building energy efficiency projects that reduce operating costs and achieve greenhouse gas abatement.

(b) 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	
2022							
Receivables	30 542	22 936	97	1 557	4 287	1 665	–
2021							
Receivables	14 116	9 888	321	3 164	565	178	–

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 2022, in light of the potential increased risk of debtors defaulting as a result of the economic impacts as identified in note 1 Impact of material events on this report. 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

	2022 \$'000	2021 \$'000
Current:		
Contractual		
Creditors and accruals	52 866	46 289
Statutory		
Amounts payable to other government agencies	48 437	19 759
Total payables	101 303	66 048

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 \$52.9 million (2021 – \$46.3 million). The contractual payables for the 2022 and 2021 financial years were neither past due nor impaired.

6.3 Non-financial physical assets classified as held for sale

	2022 \$'000	2021 \$'000
Vehicles held for sale	396	–
Properties held for sale	15 527	49 215
Total non-financial physical assets classified as held for sale	15 923	49 215

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 are not controlled by the Department, are reported by the relevant agency and not by the Department. Reporting responsibility for these assets remains with the relevant agency until the total sale price is fully discharged.

6.4 Contract liabilities

Contract liabilities relate 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

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7.4	Commitments for income	102

7.1 Borrowings

	2022 \$'000	2021 \$'000
Current:		
Unsecured		
Bank overdrafts (note 7.2)	22	–
Secured		
Lease liabilities	3 075	2 841
Total current borrowings	3 097	2 841
Non-current:		
Secured		
Lease liabilities	3 948	4 057
Total non-current borrowings	3 948	4 057
Total borrowings	7 045	6 898
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	3 836	4 739

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 RoU assets and lease liabilities for these leases. At 30 June 2022, the Department was committed to short term leases and the total commitment at that date was \$4.2 million (2021 – \$4.2 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

RoU 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:

	2022	2021
	\$'000	\$'000
	125	106
	77	6 546
	621	544
	823	7 196

Amounts recognised in the cash flow statement

The following amounts are recognised in the cash flow statement relating to leases:

	2022	2021
	\$'000	\$'000
Total cash outflow for leases	1 982	2 367

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 RoU 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
2022							
Lease liabilities	7 023	7 161	824	492	1 849	3 996	–
Bank overdrafts	22	22	22	–	–	–	–
	7 045	7 183	846	492	1 849	3 996	–
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	–

Note:

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

7.2 Cash flow information and balances

	2022 \$'000	2021 \$'000
Cash on hand	412	2 092
Funds held in trust	88 270	80 604
Total cash and deposits disclosed in the balance sheet	88 682	82 696
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	88 682	82 696
Bank overdrafts (note 7.1)	(22)	–
Balance as per cash flow statement	88 660	82 696

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 (the 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, is 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

	2022	2021
	\$'000	\$'000
Net result	25 746	38 289
Depreciation and amortisation expense	23 329	19 773
(Gain) on disposal of property, plant and equipment	(630)	(382)
Impairment of property, plant and equipment	70	1 280
Change in operating assets and liabilities, net of effects of restructuring		
• (increase)/decrease in receivables	(73 096)	18 257
• (increase)/ decrease in other non-financial assets	(865)	9 201
• increase/(decrease) in payables	35 255	(43 910)
• increase/(decrease) in other liabilities	8 971	(8 223)
Net cash flows from operating activities	18 780	34 285

7.2.2 Non-cash financing and investing activities

During the reporting period, motor vehicles with a fair value of \$1.9 million (2021 – \$2.5 million) were acquired by means of leases.

7. Financing our operations

7.2.3 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 (GAT) – <i>Financial Management Act 1994</i>	To receive all rents and pay all outgoings associated with the management of properties managed by the Department to fund minor capital works and to issue loans and receive loan repayments related to the Greener Government Buildings Fund.
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 SSP.
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, as well as to 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.
Inter-departmental Transfer Trust – <i>Financial Management Act 1994</i>	To record inter-departmental transfers where no other trust arrangement exists.

Administered trust account

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 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, as well as to 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 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 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. Financing our operations

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

	2022			2021			
	Opening balance \$'000	Inflows \$'000	Closing balance \$'000	Opening balance \$'000	Inflows \$'000	Outflows \$'000	Closing balance \$'000
Controlled trusts							
Finance Agency Trust ^(a)	7 484	9 410	8 352	13 220	2 879	(8 615)	7 484
Government Accommodation Trust	12 651	51 974	953	13 737	48 574	(49 660)	12 651
Inter-departmental Transfer Trust	27 204	10 046	27 361	9 486	34 459	(16 741)	27 204
Master Agencies Media Services Trust	82	2 688	1 723	239	14	(171)	82
Shared Corporate Services Trust Account ^(b)	21 518	94 700	36 131	5 766	63 682	(47 930)	21 518
Treasury Trust	4 239	894	4 238	4 370	1 219	(1 350)	4 239
Vehicle Lease Trust ^(c)	5 703	6 688	8 044	6 047	2 407	(2 751)	5 703
Victorian Social Housing Growth Fund	1 723	2 314	1 468	—	2 052	(329)	1 723
Total controlled trusts	80 604	178 714	88 270	52 865	155 286	(127 547)	80 604
Administered trusts ^(d)							
Asset Sales Deposit Trust Account	7 551	6 560	7 551	7 551	—	—	7 551
Cattle Compensation Fund	—	6 665	—	—	6 000	(6 000)	—
Community Support Fund Trust	55 210	122 844	119 341	27 164	79 787	(51 741)	55 210
Debt Portfolio Trust	1 363	—	1 363	1 363	—	—	1 363
Finance Agency Trust ^(a)	130 328	95 969	146 811	110 010	212 383	(192 065)	130 328
HomesVic Trust	19 060	80 494	228 971	20 675	385	(2 000)	19 060
Inter-departmental Transfer Trust	18 758	19 637	26 960	23 498	4 098	(8 838)	18 758
Public Service Commuter Club Trust	157	33	154	(152)	337	(28)	157
Security Trust	16 307	60 630	20 645	16 485	14 633	(14 811)	16 307
Shared Corporate Services Trust Account ^(b)	145 321	603 257	223 156	1 738	603 606	(460 023)	145 321
Sheep And Goat Compensation Fund	—	2 317	—	—	1 409	(1 409)	—
Swine Compensation Trust	—	206	—	—	192	(192)	—
Treasury Trust	24	4 308 748	729	—	3 938 972	(3 938 948)	24
Vehicle Lease Trust ^(c)	33 057	215 064	9 673	20 317	185 474	(172 734)	33 057
Victorian Social Housing Growth Fund	843 689	527 633	461 011	—	846 527	(2 838)	843 689
Victorian Transport Fund	9 230	981 185	9 230	9 230	930 793	(930 793)	9 230
Total administered trusts	1 280 055	7 755 242	1 255 595	237 879	6 824 596	(5 782 420)	1 280 055

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.
- (d) There were no balances and transactions for the Industry Supervision Fund and the Land Acquisition and Compensation Trust during financial years 2022 and 2021.

7.3 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 are inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2022 \$'000	2021 \$'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	6 060	7 116
Total capital commitments (inclusive of GST)	6 060	7 116
Capital commitments – administered		
• within one year	86 660	60 393
Total capital commitments (inclusive of GST)	86 660	60 393
Outsourcing commitments – controlled		
Commitments under outsourcing contracts for human resource, property management, security services and information technology services, and payable:		
• within one year	23 334	21 489
• later than one year but not later than five years	41 515	23 262
Total outsourcing commitments (inclusive of GST)	64 849	44 751
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 \$6 475 776 (2021 – \$6 426 426).		
Outsourcing commitments – administered		
Commitments under outsourcing contracts for property management and security services, and payable:		
• within one year	11 190	8 686
Total outsourcing commitments (inclusive of GST)	11 190	8 686
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	1 855	1 449
• later than one year but not later than five years	2 310	2 754
Total lease commitments (inclusive of GST)	4 165	4 203

7. Financing our operations

7.4 Commitments for income

Centralised Accommodation Management services

The SSP 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.

	2022 \$'000	2021 \$'000
SSP fees receivable – controlled		
Due within one year	13 847	14 965
Due later than one year but not later than five years	–	13 209
Total commitments receivable (inclusive of GST)	13 847	28 174

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 five-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.

	2022 \$'000	2021 \$'000
GAT rental income receivable – controlled		
Due within one year	48 216	34 489
Due later than one year but not later than five years	132 909	108 714
Due later than five years	6 613	8 229
Total commitments receivable (inclusive of GST)	187 738	151 432

The income under CAM 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.

	2022 \$'000	2021 \$'000
SSP rental and facilities management receivable – administered		
Due within one year	477 303	447 783
Due later than one year but not later than five years	–	465 614
Total commitments receivable (inclusive of GST)	477 303	913 397

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 relate 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

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Financial assets at fair value through other comprehensive income

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

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

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

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

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

The Department recognises certain unlisted equity instruments within this category.

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

8. Risks, contingencies and valuation judgements

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

The Department recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain five-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	2022 \$'000	2021 \$'000
Financial assets				
Cash and deposits	7.2	Financial assets at amortised cost	88 682	82 696
Receivables ^(a)	6.1	Financial assets at amortised cost	30 542	14 116
Total contractual financial assets			119 224	96 812
Financial liabilities				
Payables ^(a)	6.2	Financial liabilities at amortised cost	52 866	46 289
Borrowings	7.1	Financial liabilities at amortised cost	7 045	6 898
Total contractual financial liabilities			59 911	53 187

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

	Category	2022 \$'000	2021 \$'000
Financial liabilities			
Borrowings	Financial liabilities at amortised cost	(125)	(106)
Total contractual financial liabilities		(125)	(106)

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 (Aa2 credit rating)	Total
	\$'000	\$'000	\$'000
2022			
Receivables			
Government departments/councils	–	19 263	19 263
Other entities	3 673	–	3 673
Total contractual financial assets	3 673	19 263	22 936
2021			
Receivables			
Government departments/councils	–	9 721	9 721
Other entities	–	167	167
Total contractual financial assets	–	9 888	9 888

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 100 (2021 – 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 2022 financial year.

8. Risks, contingencies and valuation judgements

Interest rate risk

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

8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities (including those administered on behalf of the State, where applicable) are not recognised in the balance sheet and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively. At balance date, the Department had no contingent assets (2021 – \$nil) and a quantifiable contingent liability in relation to land remediation costs amounting to \$2 million (2021 – \$2.3 million).

Quantifiable contingent assets – administered

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

Legal proceedings and disputes

Total

2022
\$'000

2021
\$'000

500

500

500

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

2022
\$m

2021
\$m

980

1 114

13 743

14 299

1 312

1 004

97

140

26

28

16 158

16 585

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 as defined under the *Victorian Managed Insurance Authority Act 1996* and other entities as declared by the Minister. 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 and provides COVID-19 event insurance to qualifying creative, business, sporting and community event organisers.

The VMIA reinsures in the private market based on the likelihood and impact of events as well as the cost and availability of such cover. The risk of losses above what VMIA reinsures in the private market is borne by the State.

The State, under separate deeds of indemnity, has agreed to reimburse the VMIA:

- if the costs of public sector medical indemnity claims for a policy year exceed the initial estimate, on which the risk premium was based, by more than 20 per cent and
- for losses above a certain limit that VMIA may incur due to changes in the availability of reinsurance.

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 and 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 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
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
Vehicles	Current replacement cost	Cost per unit Useful life

The significant unobservable inputs remain unchanged from 2021.

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 reflect 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 taken 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.

The latest valuations of the Department's land and building assets were conducted as at 30 June 2022, resulting in a net revaluation increase of \$248.2 million (refer to note 5.1 Property, plant and equipment – revaluation of non-financial physical assets).

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.

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 2022. 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 2022				
Land at fair value				
Specialised land	840 974	–	–	840 974
Non-specialised land	5 495	–	5 495	–
Total land at fair value	846 469	–	5 495	840 974
Buildings at fair value				
Buildings (including heritage buildings)	292 872	–	–	292 872
Total buildings at fair value	292 872	–	–	292 872
Plant, equipment and motor vehicles at fair value				
Office and computer equipment	3 835	–	–	3 835
Motor vehicles under lease	3 836	–	–	3 836
Total plant, equipment and motor vehicles at fair value	7 671	–	–	7 671
Fair value measurement hierarchy at 30 June 2021				
Land at fair value				
Specialised land ^(a)	631 298	–	–	631 298
Non-specialised land	5 224	–	5 224	–
Total land at fair value	636 522	–	5 224	631 298
Buildings at fair value				
Buildings (including heritage buildings)	278 896	–	–	278 896
Total buildings at fair value	278 896	–	–	278 896
Plant, equipment and motor vehicles at fair value				
Office and computer equipment	3 022	–	–	3 022
Motor vehicles under lease	4 739	–	–	4 739
Total plant, equipment and motor vehicles at fair value	7 761	–	–	7 761

Note:

(a) The opening balances at 1 July 2021 and 1 July 2020 for specialised land have been restated from \$629 169 to \$631 298 to correct a calculation error.

8. Risks, contingencies and valuation judgements

Reconciliation of Level 3 fair value

	Specialised land	Buildings (including heritage buildings)	Office and computer equipment	Motor vehicles under lease
	\$'000	\$'000	\$'000	\$'000
2022				
Opening balance ^(a)	631 298	278 896	3 022	4 739
Purchases	–	–	1 710	1 914
Disposal	(127)	–	(4)	(1 629)
Transfers between classes	–	3 461	281	–
Transfers from/(to) held for sale	(8 312)	–	–	–
Gains or losses recognised in net result				
Impairment loss	–	(1 922)	–	–
Depreciation	–	(17 409)	(1 174)	(1 188)
Subtotal	–	(19 331)	(1 174)	(1 188)
Gains or losses recognised in other economic flows—other comprehensive income				
Revaluation	218 115	29 846	–	–
Subtotal	218 115	29 846	–	–
Closing balance	840 974	292 872	3 835	3 836
2021				
Opening balance ^(a)	631 298	170 202	1 003	4 996
Purchases	–	112 551	2 605	2 548
Disposal	–	–	–	(1 707)
Transfer between classes	–	14 793	–	–
Gains or losses recognised in net result				
Impairment loss	–	(3 525)	–	–
Depreciation	–	(15 124)	(584)	(1 098)
Subtotal	–	(18 649)	(584)	(1 098)
Closing balance	631 298	278 897	3 024	4 739

Note:

(a) The opening balances at 1 July 2021 and 1 July 2020 for specialised land have been restated from \$629 169 to \$631 298 to correct a calculation error.

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 2022				
Land at fair value				
Specialised land	15 527	–	–	15 527
Total land at fair value	15 527	–	–	15 527
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

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.

9.2 Reserves

Physical asset revaluation surplus ^(a)

Balance at beginning of financial year	648 660	652 185
Revaluation increments	248 232	-
Impairment losses	(1 922)	(3 525)
Balance at end of financial year	894 970	648 660

Note:

(a) The physical assets revaluation surplus arises on the revaluation of land of \$218.4 million and buildings of \$29.8 million. A building impairment loss of \$1.9 million is adjusted against the building revaluation reserve.

Structure

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Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

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

Other gains/(losses) from other economic flows

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

The lower net gain from the revaluation of leave liabilities is due to higher discount rates from 1.49 per cent in 2021 to 3.69 per cent in 2022 and higher wage inflation rates from 2.95 percent in 2021 to 3.85 per cent in 2022.

	2022	2021
	\$'000	\$'000
Balance at beginning of financial year	648 660	652 185
Revaluation increments	248 232	-
Impairment losses	(1 922)	(3 525)
Balance at end of financial year	894 970	648 660

9. Other disclosures

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the 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 2021 to 30 June 2022 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 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, Jason Loos and Chris Barrett 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 2020–21).

9.4 Remuneration of executives

The number of senior executive services, 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 senior executive services over the reporting period. Remuneration comprises employee benefits (as defined in AASB 119) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis 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 senior executive services retired, resigned or were retrenched in the past year.

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

	Total remuneration	
	2022 \$'000	2021 \$'000
Short-term employee benefits	24 313	23 800
Post-employment benefits	2 435	2 132
Other long-term benefits	528	90
Termination benefits	52	58
Total remuneration ^{(a)(b)(c)}	27 328	26 080
Total number of executives ^{(a)(d)}	137	127
Total annualised employee equivalents ^{(a)(e)}	117	113

Notes:

(a) The total number of executives includes 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.

(b) The total remuneration includes the remuneration of senior executive services acting in the position of the accountable officer during the reporting period.

(c) The total remuneration included the remuneration of a senior executive on secondment to the Commonwealth Government.

(d) The total number of senior executive services 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).

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

9.5 Related parties

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

Related parties of the Department, include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all Cabinet Ministers and their close family members
- 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 financial 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 the State Revenue Office, Paul Broderick, and members of the Department's Board, which includes:

- Deputy Secretary, Budget and Finance Division, Jamie Driscoll
- Deputy Secretary, Economic Division, Chris Barrett
- Deputy Secretary, Commercial Division, Jason Loos
- Deputy Secretary, Corporate and Government Services Division, Gayle Porthouse
- Chief Executive Officer, Invest Victoria, Danni Jarrett (joined the Board from 25 February 2022)
- Chief Executive Officer, Office of Projects Victoria, Cressida Wall (joined the Board from 25 February 2022)

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 State's Annual Financial Report.

Remuneration of key management personnel

	2022 \$'000	2021 \$'000
Short-term employee benefits	2 982	2 954
Post-employment benefits	175	158
Other long-term benefits	80	54
Termination benefits	–	–
Total remuneration ^(a)	3 237	3 166

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 9.4).

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

9.6 Remuneration of auditors

	2022 \$'000	2021 \$'000
Audit fees paid or payable to the Victorian Auditor-General's Office		
Annual financial statements of the Department	330	340
Annual financial report for the State of Victoria	395	388
Annual budget for the State of Victoria ^(a)	400	893
	1 125	1 621

Note:

(a) The annual budget audit fees for the 2021 financial year includes the annual budget 2020-21 and 2021-22 for the State of Victoria.

9.7 Subsequent events

VicRoads Modernisation

On 1 July 2022, the Victorian Government entered into a joint venture (JV) partnership with a consortium of Aware Super, Australian Retirement Trust and Macquarie Asset Management to deliver a modernised Registration & Licensing and Custom Plates service following an extensive and robust market engagement process.

The partnership will be delivered through a 40-year concession to the JV between the State and the consortium which will be managed by the Department of Transport, and the State received upfront proceeds of \$7.9 billion from granting the concession. These proceeds will be used to establish the Victorian Future Fund and is expected to be recorded in the Department as an administered item.

There are no other events that have arisen since the end of the financial year that have significantly affected or may significantly affect the Department's operations, results or state of affairs.

9.8 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 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 2020-6 *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 but 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 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*

9.9 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) and
- (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 CAC 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.

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 income 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.

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Appendix 1 Workforce data

Public sector values and employment principles

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

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

Developing capability

Learning and development

The Department remains committed to developing the capability of employees. During 2021-22, the Department launched a new centralised learning management system (LMS) offering a suite of online learning modules including new starter inductions, manager inductions and compliance training. The new LMS allows managers to monitor individual and team training via a range of interactive reporting tools.

Since the launch of the LMS in January 2022, the monthly utilisation has grown from a total of nine hours for January to 1 832 hours in June 2022.

The Department launched the LinkedIn Learning Hub to facilitate professional growth and career development for all employees in a collaborative and engaging way. The Hub contains carefully curated learning content to meet individual learning needs and career development goals. Five learning segments were developed to address learning needs across the following themes: diversity and inclusion, wellbeing and workload, individual contributors, emerging leaders and people leaders.

Since the launch of the LinkedIn Learning Hub in November 2021, activation of LinkedIn Learning licenses has increased from 59 per cent to 87 per cent.

Leadership

The Department continued to offer the Leadership Development Program for Senior Executive Service (SES), Senior Technical Specialist (STS) 7 and Victorian Public Service Grade (VPSG) 6 employees. Participation across the program was gender balanced, and 10 SES, 1 STS7 and 30 VPSG6 employees completed the program during 2021-22.

The program has been updated in 2021-22 to incorporate a gender equity lens aligned with the Department's Gender Equality Action Plan. The Department also supported three employees in the Executive Master of Public Administration Program. Additionally, during 2021-22, a total of 285 employees (VPSG5 and above) participated in Victorian Leadership Academy short courses delivered by the Victorian Public Sector Commission.

New Victorian Public Service executives were invited to attend the Executive Induction Program facilitated by the Victorian Public Sector Commission. The induction is designed to provide new executives with critical knowledge, insights, networks and support for successful transition. A total of 16 new executives at the Department participated in this program during 2021-22.

Employee experience

The Department continues to focus on improving the employee experience through the DTF Ongoing People Matter Survey Action Plan. Key focus areas for the Department include wellbeing and workload management; leadership; diversity and inclusion; workplace flexibility and respectful workplace culture. The People Committee continue to review and provide input to support the delivery of people and culture related initiatives.

Human Rights Charter

Throughout 2021-22, DTF employees continued to consider human rights in the course of their work, including submissions to Cabinet on matters that affect members of the public. Commitment to the *Charter of Human Rights and Responsibilities Act 2006* (Charter) forms part of the Victorian Public Sector values and is highlighted for all new staff during the Department's corporate induction.

Charter training is available online for all employees, in addition to a bespoke module for leaders. The online Charter training is mandatory for new starters, and refresher training required every two years for all employees. During 2021-22, a total of 544 employees participated in the online training.

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. By way of securing foreign direct investments into the state, Invest Victoria interacts closely with multinational and local companies including universities and research institutes. 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.

Cultivating a culture of flexibility and prioritising the mental health and wellbeing of our people

Flexibility

DTF remains committed to creating an environment that supports a flexible and adaptive workforce. During 2021-22, the Department focused on flexible work and in particular, hybrid ways of working. A Return to Office (RTO) Online Hub was established and included tools for managers and employees to support conversations to establish new ways of working, including team rituals and routines for the hybrid work week. A team conversation guide was developed to support teams to discuss, co-design and implement flexible working arrangements that suit the needs of the individual, team and organisation. This guide included support with the return to workplaces and the application of the VPS Flexible Working Policy.

Transitioning Well facilitated several webinars, supporting both managers and employees in adapting to hybrid ways of work. A total of 87 employees attended a session. All DTF employees were encouraged to explore one of the five VPS Suburban Hubs in Footscray, Mulgrave, Williams Landing, Dandenong and Essendon Fields which opened to VPS employees on 28 February 2022.

Mental health and wellbeing

The VPS Mental Health and Wellbeing Charter commits 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 DTF Wellbeing and Resilience Framework reflects the Department's commitment to promoting and protecting the mental health of all DTF employees.

The Department continues to monitor and prioritise the health, safety and wellbeing of all staff as COVID-19 restrictions ease and hybrid working practices are put into place.

Following a thorough staff consultation process, DTF has implemented a COVID-19 Vaccination Policy.

The Department introduced a new Employee Assistance Program (EAP) provider, Acacia, to provide confidential professional counselling services for employees. This includes tailored support for Aboriginal and Torres Strait Islanders, employees with disability, LGBTIQ+ employees and employees experiencing family violence. A specific hotline is also available for managers who require assistance with complex employee issues and a supportive check in service where there is concern for their psychological safety and/or wellbeing.

DTF has developed an OHS Action Plan 2022-24, which aligns with the Department's Wellbeing and Resilience Framework. This plan outlines DTF's plan to prevent mental injury and ensure a safe return to the office.

DTF has implemented several new wellbeing-related initiatives which address specific focus areas, in line with the 2021-22 People Matter Action Plan. This includes implementation of a Quarterly Wellbeing and Workload Management Indicators Board report and the introduction of wellbeing-related goals in performance and development plans for people leaders. To further support wellbeing, the Department developed workload management procedure/guidance for employees and managers.

Monthly wellbeing articles were published focusing on themes such as mindfulness, hybrid work and physical wellbeing, to continue to raise awareness. This also includes celebrating days of significance such as Women's Health Week, Men's Health Week, R U OK Day, Mindful in May, Mental Health Month and Safe Work Month.

The Department has continued the 'Safe People program', where each Division has specific individuals who are trained to support employees with a range of sensitive issues. Additionally, the Department continues to train mental health first aid officers to ensure they are specifically equipped in mental health acute response.

Delivering diversity and inclusion strategy and action plans

Diversity and inclusion framework and action plan

DTF launched the Diversity Inclusion Framework 2021-25, which includes a range of initiatives to ensure that employees are treated fairly and respectfully and a positive workplace culture can continue to thrive. The framework is designed to improve diversity across all functional areas of the Department, from leadership to policies and metrics.

An executive Diversity and Inclusion champion and committee have been established to monitor progress. The framework complements a broad range of whole of Victorian Government initiatives, such as the Getting to Work Disability Employment plan and Barring Djinang Aboriginal Employment plan.

The Department's Aboriginal Employment and Inclusion Action Plan contains four areas of focus: improving attraction and recruitment, creating a culturally safe workplace, enhanced support for Aboriginal staff and creation of progressive career experiences. During 2021-22, one employee participated in the Barring Djinang Leadership Program. This program is designed to build skills and support Aboriginal and/or Torres Strait Islander employees to take on leadership roles. Additionally, a total of 92 employees attended Aboriginal Cultural Awareness training.

The Advancing Self-Determination in DTF Plan outlines the Department's commitment to progressing self-determination and working towards reconciliation. The Plan presents DTF's initial actions on how the Department will deliver against commitments in the Victorian Aboriginal Affairs Framework and the Self-Determination Reform Framework. Information about how the Department is progressing against the Plan is provided in Appendix 1.

The Department continued as a member of the Australian Network on Disability. During 2020-21, a total of 53 employees attended disability confidence training. The Department participated in the Stepping Into Internship program for people with disability, appointing six interns in a diverse range of positions. Two interns secured fixed and ongoing employment with DTF following their internship. Additionally, the Department participated in Australian Network on Disability Positive Action towards Career Engagement mentoring program. The program matches jobseekers with disability with experienced mentors. During 2021-22, a total of eight employees participated as mentors.

The Department supports participation in Victorian Public Service employee-led networks to provide employees the opportunity to connect with peers and improve outcomes.

The Enablers Network is a well-established employee-led association for people with lived experience of disability and their allies. The role of the Enablers Network is to represent the needs, interests, and concerns of employees with disability to ensure fair and equitable treatment. The Enablers Network champions inclusion and job access and organises inclusive and accessible social and professional development events for members.

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. During 2021-22, a total of 53 employees attended LGBTIQ+ awareness training and 43 employees attended LGBTIQ+ empowering allies training. In addition to the DTF LGBTIQ+ Pride Network, employees may also join the Victorian Public Service Pride Network to connect with colleagues and allies across the service to encourage an LGBTIQ+ inclusive culture.

The Department supports participation in the Women of Colour (WoC) Network, which is an employee-led collective run by and for self-identifying WoC across the Victorian Public Service.

The Department continues to offer the Diversity Scholarship, providing a talented member of the community with financial support, mentoring and work experience during their university studies. In 2021-22, the Department awarded the Diversity Scholarship to two women from diverse backgrounds.

In 2021-22, several significant events were celebrated including Reconciliation Week, NAIDOC week, International Day Against Homophobia, Biphobia, Interphobia and Transphobia (IDAHOBIT), International Day of People with Disability and International Women's Day.

Gender equality

DTF's *Gender Equality Action Plan 2021-25* reflects the Department's commitment to improving gender equality within the workplace and community to help the department better serve and support the Government and Victorian community. To meet the obligations of the *Gender Equality Act 2020*, DTF established a Gender Equality working group to develop the *Gender Equality Action Plan 2021-25*. The Plan includes a range of strategies and measures to improve gender equality and diversity across DTF and recognises that gender inequality may be compounded by other forms of disadvantage or discrimination that women may experience based on other attributes. To monitor progress, the Department has established a Gender Equality Committee and executive gender champion. The Department facilitates a Mentoring Women in Economics program annually to increase women's participation in gender segregated professions such as economics. To better support all Victorians, the Department has established a Gender Responsive Budgeting unit. This unit ensures that all policies, programs and services are developed with a gender lens to enable a more inclusive design of budget initiatives.

Attracting and recruiting talented people

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

During 2021-22, the Department utilised a LinkedIn recruiter license to attract traffic to DTFs LinkedIn profile, which saw a 26 per cent increase in influenced hire rates.

Talent pooling has also been a key focus to attract and recruit talented employees in an efficient manner. A total of 41 appointments were made through talent pooling in the 2021-22 financial year, compared to 24 in the previous financial year.

Building a pipeline of high potential talent through early career programs

The Department continues to support the recruitment and development of early career talent by participating in a range of employment programs. During 2020-21, the Department recruited 28 graduates from varied streams including 15 from economic consultancy, five from accounting and finance, four from generalist, two from data analytics, one from legal and one from project delivery. This also included one graduate from the disability graduate pathway. The Department continues to lead the economic consultancy and accounting and finance graduate streams, offering technical and stream specific training to graduates across the Victorian Government graduate program. Additionally, the Department recruited 33 penultimate university students from varied study disciplines including economics, legal, engineering and accounting and finance to participate in an internship placement.

The Department placed three trainees through the Youth Employment Program (YEP). YEP, offers a 6 to 12-month entry level position for young people who are unemployed. Additionally, the Department placed four trainees through the Youth Employment Scheme (YES). YES offers a 12-month entry level traineeship position and accredited training for young people who may experience barriers to employment.

Employee relations

During 2021-22, 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, one formal grievance was 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 also contributed to the review and update of nineteen existing Victorian Public Sector common policies to align with the 2020 Enterprise Agreement and in the development of two new VPS common policies. This also involved engaging with other DTF agencies including the State Revenue Office (SRO), Emergency Services Commission (ESC) and Infrastructure Victoria (IV) to gain their input and feedback to the policy updates.

Resourcing our priorities

The Department established the Resourcing Our Priorities Taskforce to undertake, on a short-term basis, work focused on delivering savings and new priorities. The Taskforce successfully implemented an Early Retirement Scheme, with a total of 49 employees accepting an offer of an Early Retirement Package. In addition, a key focus of the Taskforce was to support People Leaders and their teams to manage this workforce transition.

The Taskforce closely engaged and consulted with people leaders to support them in undertaking knowledge management activities, prioritising workload because of staff exiting and identifying critical roles. The Taskforce also developed a suite of change management resources to support the Department in managing change now and into the future. The Taskforce reviewed the Department's business support model, endorsing a suite of enhancements to recruitment, induction, training and resources.

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.

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 (2022), and in the last full pay period in June of the previous reporting period (2021).

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

	June 2022 ^(a)						June 2021								
	All employees			Fixed term and casual			All employees			Fixed term and casual					
	Number (headcount)	FTE	Ongoing	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Ongoing	Full-time (headcount)	Part-time (headcount)	FTE			
Gender															
Male	498	492	415	12	68	425	71	68	429	422	363	11	371	55	51
Female	506	476	352	77	71	406	77	71	415	390	293	74	346	48	44
Self-described	2	2													
Age															
15-24	68	61	46	3	19	48	19	13	41	37	25	2	27	14	10
25-34	288	284	237	10	41	244	41	40	238	236	201	5	205	32	31
35-44	284	270	202	43	39	232	39	38	240	227	172	42	202	26	25
45-54	215	207	160	24	31	177	31	29	186	177	141	23	157	22	20
55-64	121	120	98	6	17	103	17	17	104	102	90	7	95	7	7
65+	30	30	25	3	2	28	2	2	35	33	27	6	31	2	1
VPS1-6 Grades	886	854	659	84	143	719	143	134	724	696	550	76	605	98	92
Grade 1	2	2	1	-	1	1	1	1	10	10	-	-	-	10	10
Grade 2	68	60	35	4	29	37	29	22	38	32	18	2	20	18	13
Grade 3	90	88	68	9	13	75	13	13	86	83	68	12	77	6	6
Grade 4	168	164	140	13	15	150	15	14	137	133	111	14	121	12	12
Grade 5	265	258	203	20	42	217	42	41	213	208	169	18	183	26	25
Grade 6 ^(b)	293	282	212	38	43	239	43	43	240	231	184	30	205	26	26

	June 2022 ^(a)						June 2021						
	All employees			Fixed term and casual			All employees			Fixed term and casual			
	Number (headcount)	FTE	Ongoing	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Ongoing	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)
Senior employees	119	116	108	5	111	5	118	114	105	9	111	4	3
STS	13	12	8	-	8	4	11	10	8	1	9	2	1
Executives	105	103	99	5	102	1	106	103	96	8	101	2	2
Secretary	1	1	1	-	1	-	1	1	1	-	1	-	-
Other^(d)	1	1	1	-	1	-	2	1	1	-	1	1	-
Total employees	1,006	970	768	89	831	139	844	812	656	85	717	103	95

Note:

Table includes Office of Projects Victoria and Invest Victoria.

(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 and to support organisational change required to deliver government priorities and objectives
- for employment programs such as the Youth Employment Program and VPS graduate program.

(b) There were ten VPS-6 employees acting as senior employees under long-term acting arrangements at the end of June 2022.

(c) One Legal Officer is 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		3 ^(a)				
\$180 000–\$199 999	52 ^(b)	8				
\$200 000–\$219 999	26 ^(c)	3 ^(d)				
\$220 000–\$239 999	8	2				
\$240 000–\$259 999	11					
\$260 000–\$279 999	10					
\$280 000–\$299 999	1 ^(e)					
\$300 000–\$319 999	3					
\$320 000–\$339 999						
\$340 000–\$359 999						
\$360 000–\$379 999	1					
\$380 000–\$399 999	4					
\$400 000–\$419 999	2					
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	129^(f)	16				

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

Note:

- (a) There is one employee employed on a part-time basis at a 0.7 FTE rate.
- (b) There are two employees employed on a part-time basis at a 0.6 FTE rate, one at a 0.8 FTE rate and one at a 0.9 FTE rate.
- (c) There is one employee employed on a part-time basis at a 0.2 FTE rate and two at 0.6 FTE rate.
- (d) There is one employee employed on a part-time basis at a 0.1 FTE rate
- (e) There is one employee employed on a part-time basis at a 0.8 FTE rate.
- (f) Table excludes the Secretary (Accountable Officer).

Profile of State Revenue Office's workforce: June 2022

	June 2022 ^(a)										June 2021								
	All employees					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		Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	
Gender																			
Male	337	332	304	15	314	18	18	317	312	278	17	291	22	22	22	22	22	22	
Female	406	379	295	83	353	28	26	362	336	252	84	310	26	26	26	26	26	26	
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age																			
15-24	32	31	22	2	23	8	8	24	23	16	2	17	6	6	6	6	6	6	
25-34	163	160	139	11	147	13	13	152	148	118	14	128	20	20	20	20	20	20	
35-44	216	204	170	33	192	13	12	199	186	151	36	174	12	12	12	12	12	12	
45-54	175	167	143	26	161	6	6	152	145	123	25	141	4	4	4	4	4	4	
55-64	122	116	96	21	112	5	5	121	117	98	19	113	4	4	4	4	4	4	
65+	35	34	29	5	33	1	1	31	30	24	5	28	2	2	2	2	2	2	
VPS1-6 Grades^(b)	713	683	574	93	639	46	44	647	617	503	96	570	48	48	47	47	47	47	
Grade 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 2	74	68	30	14	40	30	28	86	80	44	16	55	26	26	25	25	25	25	
Grade 3	234	225	197	29	217	8	8	194	184	153	32	175	9	9	9	9	9	9	
Grade 4	161	154	141	20	154	-	-	151	145	127	21	142	3	3	3	3	3	3	
Grade 5	175	169	147	24	165	4	4	155	149	126	22	142	7	7	7	7	7	7	
Grade 6	69	67	59	6	63	4	4	61	59	53	5	56	3	3	3	3	3	3	
Senior employees	10	10	8	2	10	-	-	9	9	7	2	9	-	-	-	-	-	-	
STS	2	2	2	-	2	-	-	1	1	1	-	1	-	-	-	-	-	-	-
Executives	8	8	6	2	8	-	-	8	8	6	2	8	-	-	-	-	-	-	-
Other	20	19	17	3	19	-	-	23	22	20	3	22	0	0	0	0	0	0	
Total employees	743	711	599	98	668	46	44	679	648^(a)	530	101	601	48	48	47	47	47	47	

Note:

(a) SRO's ongoing and fixed-term and casual employment levels increased due to recruitment for resources required to deliver the SRO Advanced Revenue and Compliance Program and other COVID-19 response measures (i.e. Victorian Homebuilder Fund).

(b) Changes in grade headcounts and FTE at grades 2, 3, 4, 5 and 6 since the previous reporting period are due to recruitment of external staff, and internal transfers and promotions of existing fixed term and ongoing staff, due to reasons referred to in note (a).

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		1				
\$200 000–\$219 999						
\$220 000–\$239 999		1				
\$240 000–\$259 999	7 ^(a)					
\$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	2				

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

Note:

(a) One employee was employed on a part-time basis at a 0.9 FTE rate and one at a 0.8 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 Department's progress against this target for 2021-22.

Workforce inclusion policy initiative	Target	Actual progress in 2021-22	Actual progress in 2020-21
Gender diversity at executive levels	Executives: 50 per cent male 50 per cent female	Executives: 56 per cent male 44 per cent female	Executives: 57 per cent male 43 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 a person employed as an executive under Part 3 of the Public Administration Act 2004 (PAA). For a public body, an executive is defined as a person employed as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Public Entity Executive Remuneration Policy applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of an SES 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 9.4 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	6	1	3	0	3	1	0	0
SES-2	27	0	14	2	13	-2	0	0
SES-1	72	-2	42	-3	30	1	0	0
Total	105	-1	59	-1	46	0	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.

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	0	4	0	2	0	0	0
SES-1	1	0	0	0	1	0	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 9.4 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 2022

	2022	2021
Executives (financial note 9.4)	137	127
Accountable Officers (Secretary)	1	1
SRO executives	-8	-8
Inactive DTF executives	-3	-2
Separations	-21	-11
Total executive numbers at 30 June	106	107

DTF Portfolio Executives

Portfolio agencies	Total		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Emergency Services and State Super	5	2	4	1	1	1	0	0
Essential Services Commission	4	0	3	0	1	0	0	0
Infrastructure Victoria	5	0	2	-1	3	1	0	0
Old Treasury Building Reserve Committee of Management	0	0	0	0	0	0	0	0
State Revenue Office	7	0	4	0	3	0	0	0
State Trustees Limited	3	-2	2	0	1	-2	0	0
Treasury Corporation of Victoria	7	1	6	1	1	0	0	0
Victorian Funds Management Corporation	7	2	2	1	5	1	0	0
Victorian Managed Insurance Authority	6	-1	2	0	4	-1	0	0
Total	44	2	25	2	19	0	0	0

Table excludes Accountable Officers who are excluded from the definition of Executive Officers in Financial Reporting Direction 15.

Advancing self-determination in DTF

DTF's commitment to Aboriginal self-determination is reflected in our *Advancing Self-Determination in DTF* plan, which is available on DTF's website. Recent work contributing to DTF's efforts to promote self-determination include:

1. Working with Aboriginal Housing Victoria to identify opportunities to support more Aboriginal Victorians into home ownership through the \$500 million Victorian Homebuyer Fund. The Victorian Homebuyer Fund supports Aboriginal Victorians to purchase a home with a deposit as low as 3.5 per cent, by providing a shared equity contribution of up to 35 per cent of the acquisition price in exchange for an equivalent share in the property that participants buy back over time.
2. Working with Homes Victoria on the Social Housing Growth Fund's Homes for Aboriginal Victorians Round (HfAVR), which supports Aboriginal Community Controlled Organisation (ACCO) ownership of social housing by enabling organisations to become Registered Housing Agencies in order to build and own new social housing dwellings. A Request for Proposals was released in December 2021, with more than \$150 million in grants available for new ACCO-led and partnered social housing projects for Aboriginal Victorians.
3. Collaborating with the Housing Registrar and Homes Victoria to address cultural sensitivities relating to providing housing to Aboriginal Victorians and to support the registration of new housing providers including ACCOs. For example, the Social Housing Growth Fund's HfAVR included measures to help build the community housing sector's capability and capacity to provide culturally-safe and responsive services to Aboriginal Victorians.
4. The Independent Review of Social Housing Regulation (the Review) commenced in December 2020. The Review's Interim report was released in December 2021 and recommended 17 measures to improve cultural safety across the system for Aboriginal tenants and facilitate growth of Aboriginal-run housing based on extensive consultation, including with Aboriginal service providers and communities.
5. Helping deliver the Side-by-Side Partnership Addressing Disadvantage program, an innovative funding arrangement and partnership between Berry Street Victoria, DET, DTF, Social Ventures Australia and the Victorian Aboriginal Child Care Agency that aims to improve educational outcomes for disadvantaged Aboriginal children.
6. Ongoing delivery of Aboriginal cultural awareness training to increase awareness and improve understanding to better support a culturally safe workplace.
7. Offering annual internships and graduate places for the Aboriginal Pathway Stream through the Victorian graduate program.
8. Consideration of long-term reforms to the budget development process to promote self-determination.
9. Contributing to inter-departmental work to advance Treaty and the Yoorrook Justice Commission.

Appendix 2 DTF occupational health and safety report 30 June 2022

The Department continued its commitment to occupational health and safety (OHS) and has continued to manage staff working in a hybrid environment in 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 hybrid and flexible work arrangements.

Key achievements

- Managing the ongoing COVID-19 response including implementing a new COVID-19 vaccination policy and associated risk assessments.
- Developing ongoing hybrid, flexible and return to office strategies.
- Developing an OHS Action Plan 2022-24, which strongly aligns with the Department's Wellbeing and Resilience Framework. This plan outlines DTF's plan to prevent mental injury and ensure a safe return to the office.
- Initiating the re-design of chief warden positions in collaboration with the on-site security and facilities management.
- Holding a Safety Month program during October (in alignment with Safe Work month). This program focused on tips for managing 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'.
- Providing mental health and wellbeing training, which 87 per cent of DTF staff had completed as of 30 June 2022.
- Assembling DTF's Health and Safety Committee to meet four times during 2021-22.
- Delivering the 2022 annual flu vaccination program through an online voucher system. Vouchers were provided by a third party and could be redeemed at selected pharmacies. As at 30 June 2022, 525 employees redeemed a flu vaccination voucher.
- Continuing to provide workstation ergonomic support and assessments to ensure a safe working environment. Sixty-six assessments were completed during 2021-22.
- Providing DTF's eye testing procedure, with 31 eyewear reimbursements claimed and two Executive Health Checks.
- Providing *Managing Psychological Conditions in the Workplace* training to 126 executives and managers.
- Introducing a new Employee Assistance Program (EAP) provider to provide confidential professional counselling services for employees. This includes support for Aboriginal and Torres Strait Islanders, staff living with a disability, LGBTIQ+ staff and staff experiencing family violence. A specific hotline is also available for managers who require assistance with complex employee issues and a supportive check in service where there is a concern for their psychological safety and/or wellbeing. A total of 121 new referrals were raised during 2021-22.
- Providing 12 DTF Safe People with specialist training which incorporated the unique challenges presented by COVID-19 in mental health and wellbeing.
- Implementing new wellbeing related initiatives that address specific focus areas for the Department including:
 - implementation of a Quarterly Wellbeing and Workload Management Indicators Board report
 - introduction of wellbeing related challenge goals in Performance Development Plans for all people leaders
 - developing Workload Management tools/procedure/guidance for employees and managers
 - running the Job Transfer Program initiative to provide a practical solution to resourcing and workload issues across the Department.
- Continuing the focus on specific support training programs for all staff, including additional training for people leaders, in direct response to the continuing COVID-19 health recommendations. This training included:
 - staff feeling 'Hybrid Transition Ready'
 - strategies for planning and prioritisation of workload
 - focusing on financial wellbeing topics such as superannuation and planning for retirement
 - mental health and wellbeing training for people leaders and all staff
 - 'Accidental Counsellor' training for Department's Safe People program.

DTF's performance against OHS management measures

Measure	KPI	2019-20 ^(a)	2020-21	2021-22
Incidents	Number of incidents	21	11	9
	Rate per 100 FTE	2.80 (based on FTE 749.61)	1.35 (FTE 812.00)	0.93 (FTE 970.36)
	No. of incidents requiring first aid and/or further medical treatment	8	3	3
Claims	Number of standardised claims ^(b)	1	0	0
	Rate per 100 FTE	0.13 (based on FTE 749.61)	0	0
	Number of lost time claims ^(c)	0	2	0
	Rate per 100 FTE	0	0.25 (FTE 812.00)	0
	Number of claims at 13 weeks ^(d)	0	0	0
	Percentage of claims at 13 weeks against total number of claims	0	0 per cent	0
	Number of claims exceeding 13 weeks	0	0	0
	Rate per 100 FTE	0	0	0
	No. of claims at 26 weeks	0	0	0
	Percentage of claims at 26 weeks against total number of claims	0	0	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim ^(d)	\$539.83	\$0.00	\$0.00
Absenteeism	No. of days absent due to sickness	3 554	2 468	4 177
	Rate per 100 FTE	474.14 (based on FTE 749.61)	303.93 (based on FTE 812.00)	430.49 (based on FTE 970.36)
Return to work	Percentage of claims with return-to-work plan <30 days	100 per cent	n/a	n/a
Legislative compliance	No. of WorkSafe Victoria Notices issued	nil	nil	nil
	Rate of notices issued per inspector visit	nil (no inspector visits)	nil (no inspector visits)	nil (no inspector visits)
	No. of prosecutions	nil	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. 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.	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	2019-20 ^(a)	2020-21	2021-22
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	<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 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 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 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 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>	<p>Four Health and Safety Committee meetings were held covering this period on 08/07/2021, 07/10/2021, 11/01/2022 and 05/04/2022.</p>
	Compliance with agreed structure on DWGs, HSRs, and IRPs	<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>	<p>As of 30 June 2022, five HSR positions were filled. There were two vacant HSR positions. Both of these positions were advertised and expressions of interest were circulated.</p> <p>Training has been scheduled for one newly appointed HSR.</p>
	Number of quarterly OHS Committee meetings	The committee met in each quarter in 2019-20	The committee met in each quarter in 2020-21.	The committee met in each quarter in 2021-22.

Measure	KPI	2019-20 ^(a)	2020-21	2021-22
Risk management	Percentage of internal audits/inspections conducted as planned	<p>100 per cent of quarterly workplace inspections were completed before directive to work from home due to 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 Department's return to the office program.</p>	<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 Department's return to the office program.</p> <p>This included a review of the following government hubs:</p> <ul style="list-style-type: none"> • Morwell • Bendigo • Ballarat <p>Site visits re-commenced once COVID-19 restrictions eased and return to workplace strategies were implemented.</p> <p>Locations included:</p> <ul style="list-style-type: none"> • 1 Macarthur Street • 1 Treasury Place • 55 Collins Street • Werribee Library <p>An on-site visit was unable to be conducted at 121 Exhibition Street. An on-site visit for this site and any other sites that were not inspected in this financial year, will be performed in 2022-23.</p>
	Percentage of reported incidents investigated	<p>100 per cent of quarterly first aid room inspections were completed before directive to work from home due to 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 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>	<p>Of the 11 incidents reported, 100 per cent of these incidents were investigated.</p>	<p>Of the 10 incidents reported, 100 per cent of these incidents were investigated.</p>
	No. of Improvement Notices issued across the Department by WorkSafe Inspector	<p>Of the 21 incidents reported, 100 per cent of these incidents were investigated.</p>	<p>None</p>	<p>None</p>
	Percentage of issues identified actioned arising from:	<p>Zero corrective actions were identified for DTF Policy and Procedures review</p> <ul style="list-style-type: none"> • nil issued • nil issued 	<p>Zero corrective actions were identified for DTF Policy and Procedures review</p> <ul style="list-style-type: none"> • nil issued • nil issued 	<p>Zero corrective actions were identified for DTF Policy and Procedures review</p> <ul style="list-style-type: none"> • nil issued • nil issued

Measure	KPI	2019-20 ^(a)	2020-21	2021-22
OHSMS development and improvement	No. of procedures developed and/or approved	Guidance for working remotely – due to COVID-19 work from home directive – was approved in April 2020	Six new DTF procedures were developed and approved.	Ongoing COVID-19 response included risk assessments, COVID-19 safe plan updates and COVID-19 vaccination policy. Reviewed and updated employee 'return to office' action plan.
	No. of procedures reviewed and refined	31 DTF policies and procedures were reviewed.	47 DTF policies and procedures were reviewed.	Online compliance induction training procedures reviewed. Commenced review of all policies and procedures.
Training	Percentage of managers and staff that have received OHS training: <ul style="list-style-type: none"> • induction • management training • contractors, temps, and visitors 	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. 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 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	104 DTF employees have attended mental health and wellbeing training for people leaders. 432 DTF employees and contractors have successfully completed OHS online learning modules through Wisetech Global until February, and the recently implemented Learning Management System (Kando Central) thereafter. This reflects 44 per cent of DTF's FTE. 126 (30 per cent) executive and senior DTF staff have completed Online Mental Health Training through Wisetech Global until February, and then the recently implemented Learning Management System (Kando Central) thereafter. COVID-19 issues have resulted in delays to training for First Aid Officers. As of 30 June 2022, 11 newly appointed First Aid Officers (FAO) are to undergo FAO training and induction scheduled for August 2022 and two FAOs are scheduled for refresher training. Five 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 	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	2019-20 ^(a)	2020-21	2021-22
	<ul style="list-style-type: none"> management training 	49 per cent	38 per cent of DTF management staff have completed relevant training aligned with the VPS' Mental Health and Wellbeing Charter Framework.	35 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 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.	On 30 June 2022, 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) re-training (annual refresher) 	<ul style="list-style-type: none"> no vacancies currently exist <p>WorkSafe Approved HSR Initial OHS Training was offered and is either scheduled or has been rejected by HSRs after being offered.</p>	<ul style="list-style-type: none"> no vacancies currently exist <p>100 per cent WorkSafe Approved HSR Initial OHS Training was offered and is either scheduled or has been rejected by HSRs after being offered.</p>	<ul style="list-style-type: none"> expressions of interest open <p>100 per cent WorkSafe Approved HSR Initial OHS Training was offered and scheduled where required for HSRs, as this training is not mandatory.</p>
	<ul style="list-style-type: none"> reporting of incidents and injuries 	<p>Investigations are led by OHS Advisory in consultation with the HSRs and relevant manager as appropriate.</p> <p>All reported incidents have been investigated. Incident trends are reported on a quarterly basis including to the HSC.</p>	<p>Investigations are led by OHS Advisory in consultation with the HSRs and relevant manager as appropriate.</p> <p>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.</p>	<p>Investigations are led by OHS Advisory in consultation with the HSRs and relevant manager as appropriate.</p> <p>All reported incidents have been investigated. Incident trends are reported on a quarterly basis including to the HSC.</p>
Hazards	No. of hazards reported	8	0	0
	Rate per 100 FTE	1.07 (based on FTE 749.61)	0	0
Corrective actions	No. of corrective actions	8	7	0
	Percentage of corrective actions completed	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.	0 per cent
OHSMS audits	No. of OHSMS audits conducted	0	0	0
	Percentage of workplaces audited	0	0	0
OHSMS implementation	Percentage of an averaged OHSMS audit score	0	0	0
Management participation in audits	Percentage of managers that have participated in the total no. of workplace audits conducted	0	0	0

Measure	KPI	2019-20 ^(a)	2020-21	2021-22
Mental health and wellbeing training	No. of senior management participating in departmental OHSMS review and evaluation per two-year cycle	0	0	0
	No. of mental health and wellbeing training initiatives/activities delivered	12	24	32
	Percentage of senior leaders, people leaders and staff that have completed mental health and wellbeing training ^(e) :	25 per cent	84 per cent	87 per cent
	• senior leaders training	72 per cent	31 per cent	24 per cent
	• people leaders training	49 per cent	38 per cent	35 per cent
	• staff training	n/a (yet to commence)	83 per cent	21 per cent
Mental health and wellbeing audit	Evidence of staff having participated in at least two wellbeing initiatives/ activities	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.	Until February 2022 DTF did not have a system with the capability to track individual employees' training records to the extent required by this measure. However, with the implementation of a new Learning Management System (Kando Central), DTF will have the capability to report on this measure from the 2022-23 financial year. 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.
	Total percentage of staff participation at mental health and wellbeing initiatives/activities	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.	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	0	0	0

Measure	KPI	2019-20 ^(a)	2020-21	2021-22
	Mental injury 26-week claims as a percentage of total claims	0	0	0
	Averaged fully developed costs – mental injury claims	\$0	\$0	\$0
	Average no. of days/shifts lost per workers' compensation claim for mental injury	0	0	0
	No. of workers' compensation claims for mental injury by industry groups	0	0	0
	Evidence of department completing the mental health self-assessment tool	Completed	Completed	Completed
	Staff appointed as peer support officers who have attended relevant training:	7	12	3
	No. of staff appointed as peer support officers	14	12	12
	Percentage of staff appointed as peer support officers (or equivalent)	2 per cent	2 per cent	1 per cent

Notes:

(a) Several additional OHS metrics have been included from the financial year 2019-20 onwards, as per a decision made by the Public Sector OHS Leadership Group in 2019.

(b) Victorian WorkCover Authority (VWA) supplied data. Data for standardised claims, time lost claims and death claims is as of 30 June 2022. 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 2021 and 30 June 2022. 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) Figures reflect the percentage of staff who have completed training within the financial year 2021-22.

Appendix 3 Environmental reporting

Office-based environmental impacts

DTF monitored the environmental impacts of its operations during 2021-22. 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 2021-22 energy, water, paper, travel, vehicle fleet and greenhouse gas emissions continue to be heavily influenced by working from home practices due to COVID-19.

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

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	2021-22 ^(a)	2020-21 ^(b)	2019-20
Total energy usage segmented by primary source (MJ)	8 135 027	8 262 478	10 721 809
Electricity (MJ) – excluding green power	5 945 983	5 884 030	7 745 392
Natural gas (MJ)	2 189 050	2 397 445	2 976 425 ^(b)
Green power (MJ)	-	-	-
LPG (MJ)	-	-	-
Total greenhouse gas emissions from energy consumption (t CO₂-e)	1 872	1 893	2 596
Electricity (t CO ₂ -e) – excluding green power	1 751	1 760	2 431
Natural gas (t CO ₂ -e)	122	130	165
LPG (t CO ₂ -e)	-	-	-
Percentage of electricity purchased as green power	-	-	-
Units of office energy used per FTE (MJ/FTE)^(c)	9 059	10 175	15 165
Units of office energy used per office area (MJ/m²)^(c)	687	698	706^(d)

Notes:

(a) The 2021-22 figures in this Annual Report contain approximately 4 per cent in accrued values.

(b) The figures for the year 2020-21 in the *2020-21 Annual Report* contained accrued values. The values for 2020-21 in this annual report have been updated to actual invoiced values.

(c) Figure excludes Invest Victoria's total FTE and office area m² as energy use for 121 Exhibition Street space is reported by the Department of Jobs, Precincts and Regions.

(d) Office area m² in the 2019-20 calculation reflects a higher office area m² than 2020-21.

Actions undertaken

- In 2021-22, DTF continued to deliver the Greener Government Buildings program, funding \$93.8 million in energy efficiency and renewable energy projects. Combined, these projects are estimated to save \$12.4 million in annual energy costs and abate over 50 000 tonnes of the state's greenhouse gas emissions per year.

Targets

- Implement government policy initiatives to embed Environmentally Sustainable Design processes to new plant and equipment projects, and office fitout projects delivered by the Shared Service Provider. All new government office buildings and tenancy fitouts will have a minimum 5-Star NABERS energy rating and 5-star Green Star ratings from 2021. Government leases will also preference 5-star NABERS or higher-rated buildings and those where a landlord signs a Green Lease Schedule to manage the ongoing environmental impact of the building, including achieving and maintaining NABERS ratings during the term of the lease.
- 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 increased 1 per cent in 2021-22 compared with 2020-21 and total energy consumption decreased by 1.5 per cent. The decline across the past two financial years is largely reflective of the sustained reduction in office attendance due to COVID-19.
- Energy use per FTE decreased by 11 per cent, due to an increase in total FTE.

Explanatory notes

- The 1 Macarthur St building was closed to staff for six months (November 2021 – May 2022) due to building works. Energy use from the temporary accommodation at a co-working facility is not included.

Paper use

Paper use covered staff located in 1 Treasury Place, 1 Macarthur Street, 121 Exhibition Street, 570 Bourke Street, 533 Little Lonsdale Street, and 65 Church Street.

Indicator	2021-22	2020-21	2019-20
Total units of A4 equivalent copy paper used (reams)	349	577	5 045
Units of A4 equivalent copy paper used per FTE (reams/FTE)	0.36	0.71	6.88
Percentage of 75-100 per cent recycled content	53	81	68
Percentage of 50-74 per cent recycled content	-	-	-
Percentage of 0-49 per cent recycled content	47	19	32
Optional indicators			
Total units of A4 equivalent paper used in publications (reams)	1 768	3 625 ^(a)	759 ^(a)

Notes:

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

Actions undertaken

- Continued digital practices to review documents, reducing the requirement to print hard copies.
- DTF continues to direct stakeholders to online versions as an alternative.

Targets

- Due to the ongoing nature of the pandemic and constraints on office attendance DTF did not assign a target to paper usage for 2021-22.

Result

- Paper usage per FTE continued to decline in 2021-22, despite an increase in FTE.

Explanatory notes

- Paper use in 2021-22 continued to decline due to the enduring use of electronic reviews, IT collaboration solutions, digital signatures and working from home as a result of COVID-19.
- The higher 2020-21 results for paper used in publications is reflective of two budgets being delivered in the same financial year.
- Invest Victoria (121 Exhibition Street), Essential Services Commission (570 Bourke Street), Housing Registrar (533 Little Lonsdale Street), and Latrobe Valley GovHub (65 Church Street) procure under DTF's state purchase contract.
- The 1 Macarthur St building was closed to staff for six months (November 2021–May 2022) due to building works. There were no printing facilities available to staff at the temporary co-working accommodation facility.

Water consumption

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

Indicator	2021-22 ^(a)	2020-21 ^(b)	2019-20
Total water consumption (kilolitres)	1,537	2,242	4 755
Units of office water used per FTE (kilolitres/FTE) ^(c)	1.90	2.76	6.73
Units of office water used per office area (kilolitres/m ²) ^(c)	0.130	0.189	0.313

Notes:

(a) The 2021-22 figures in this Annual Report contain approximately 12 per cent in accrued values.

(b) The figures for the year 2020-21 in the 2020-21 Annual Report contained accrued values. The values for 2020-21 in this Annual Report have been updated to actual invoiced values.

(c) Figure excludes Invest Victoria's total FTE and office area m² as water use for 121 Exhibition Street space is reported by the Department of Jobs, Precincts and Regions. Figure also excludes 55 Collins Street total FTE and office area m² as water usage for this building is not separately metered.

Actions undertaken

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

Result

- Water consumption decreased 31 per cent in 2021-22 compared with 2020-21. This is largely reflective of the sustained decrease in office attendance due to COVID-19 and the closure of 1 Macarthur Street during this period.

Explanatory notes

- 1 Macarthur Street building was closed to staff for six months (November 2021 to May 2022) due to building works. Water use from the temporary accommodation at a co-working facility is not included.

Travel and transport

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

Indicator	2021-22	2020-21	2019-20
Total energy consumption by fleet vehicles (MJ)	79 942	43 866	152 726
Diesel	27 445	23 458	65 919
LPG	–	–	–
Unleaded	29 754	9 027	63 369
Hybrid	22 743	11 381	23 438
Total distance travelled by fleet vehicles (km)	24 293	18 007	56 780
Diesel	9 625	8 484	16 934
LPG	–	–	–
Unleaded	6 718	3 572	24 047
Hybrid	7 950	5 951	15 799
Total greenhouse gas emissions from fleet vehicles (t CO₂-e)	5.59	3.08	10.70
Diesel	1.93	1.65	4.65
LPG	–	–	–
Unleaded	2.07	0.63	4.42
Hybrid	1.59	0.79	1.63
Greenhouse gas emissions from fleet vehicles per 1 000km (t CO₂-e)	0.23	0.17	0.19
Diesel	0.20	0.19	0.27
LPG	–	–	–
Unleaded	0.31	0.18	0.18
Hybrid	0.20	0.13	0.10
Total distance travelled by air (km)	136 999	5 933	425 469
Percentage using sustainable transport to get to and from work by locality	69.4^(a)	86.7^(b)	93.4^(c)
Melbourne CBD	100.0	100.0 ^(a)	81.3 ^(b)
Metropolitan Melbourne	71.0	86.3 ^(a)	95.8 ^(b)
Regional Victoria	0.0	50.0 ^(a)	83.3 ^(b)

Notes:

(a) The results were obtained from a survey for travel to the workplace for the period July 2021–June 2022.

(b) 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 numerous lockdowns in Melbourne and is not reflective of the full financial year.

(c) 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 continued to encourage staff to use video conferencing.
- Corporate Travel Management (CTM) offset their 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

- Overall use of vehicles increased 35 per cent in 2021-22 compared with 2020-21 due to COVID-19 restrictions starting to lift and a start to the return of in-person activities. The total distance travelled by fleet vehicles remains well below 50 per cent of pre-pandemic vehicle use from 2019-20.
- Most COVID-19 state and international border entry restrictions were lifted during 2021-22, seeing some resumption of domestic and international air travel.
- Staff transport to get to and from work is impacted by the ongoing work from home practices due to COVID-19 and the closure of the 1 Macarthur St building for six months (November 2021 – May 2022) due to building works. 11 per cent of staff reported they mostly worked from an office location and therefore a smaller cohort used transport to travel to work. The decline in sustainable transport is seen across both metropolitan Melbourne and Regional Victoria and likely attributed to cautious behaviour due to COVID-19 throughout 2021-22.

Explanatory notes

- Air travel data was provided by the State Government booking agency CTM.
- Data on the use of sustainable transport to get to and from work by locality was obtained by a staff survey.
- Vehicle travel data includes DTF hire car usage from SSP car pool services as provided by the Shared Service Provider.

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	2021-22 ^(a)	2020-21 ^(a)	2019-20 ^(b)
Total units of waste disposed of by destination (kg/yr)	–	–	27 970
Landfill (kg)	–	–	7 764
Co-mingled recycling (kg)	–	–	14 175
Paper and card (kg)	–	–	–
Secure documents (kg)	–	–	–
Organics (kg)	–	–	6 030
Total units of waste disposed of per FTE by destination (kg/FTE)	–	–	39.6
Landfill (kg/FTE)	–	–	11.0
Co-mingled recycling (kg/FTE)	–	–	20.1
Paper and card (kg/FTE)	–	–	–
Secure documents (kg/FTE)	–	–	–
Organics (kg/FTE)	–	–	8.5
Recycling rate (per cent)	–	–	72
Greenhouse gas emissions associated with waste (t CO₂-e)	–	–	7.45

Notes:

(a) Due to the impact of COVID-19 work from home directives, a waste audit for 2021-22 was not undertaken in line with actions undertaken in 2020-21. 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 2021-22 year, as the vast majority of staff did not attend the office for significant portions of 2021-22 and 2020-21.

(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, conducted at 1 Treasury Place and 1 Macarthur St buildings only.

Actions undertaken

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

Targets

- Due to continued working from home practices due to COVID-19 and the temporary closure of the 1 Macarthur Street building, DTF did not assign a target to waste and recycling for 2021-22.

Result

- Nil result.

Explanatory notes

- Due to COVID-19 work from home practices, DTF did not conduct its 2019-20 waste audit. The 2019-20 results are FTE-adjusted estimates based on 2018-19 results.
- Assumptions to the 2019-20 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 accounts for 90 per cent of staff. As the 2018-19 waste audit did not include Invest Victoria staff located at 121 Exhibition Street and the FTE employee figure used to estimate 2020-21 results excludes Invest Victoria.
- The 1 Macarthur Street building was closed to staff for six months (November 2021 to May 2022) due to building works. Waste from the temporary accommodation at a co-working facility is not included.

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	2021-22	2020-21	2019-20
Total greenhouse gas emissions associated with energy use (t CO ₂ -e)	1 872 ^(a)	1 893 ^(b)	2 596 ^(b)
Total greenhouse gas emissions associated with vehicle fleet (t CO ₂ -e)	5.59	3.08 ^(c)	10.70
Total greenhouse gas emissions associated with air travel (t CO ₂ -e)	39.07	1.18	42.41
Total greenhouse gas emissions associated with waste disposal (t CO ₂ -e)	–	–	7.45
Greenhouse gas emissions offsets purchased (t CO ₂ -e)	39.07	1.18	42.41

Note:

(a) The 2021-22 figures in this Annual Report contains accrued values.

(b) These figures previously contained accrued values from prior Annual reports. The values in this Annual Report have been updated to their actual invoiced values.

(c) The value shown in this table has been updated to reflect the correct value shown in the Travel and Transport section of the 2020-21 Annual Report.

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
- managing two electricity state purchase contracts (SPCs) which include renewable (green) energy options for government buyers of up to 100 per cent. Between 2020-21 and 2021-22, the uptake of green power increased by approximately 77 per cent
- managing the current extension to the stationery and workplace consumables SPC, which has expanded environmentally sustainable objectives. Throughout 2021-22, 25 per cent of all purchases satisfied the objectives to use sustainably sourced products and carbon emission tracking, which includes 100 per cent recycled paper, reduction in delivery emissions and reducing volumes of small orders. From 1 February 2022, single use plastic items were removed from its catalogue

- implementing government policy initiatives towards achieving net-zero emissions by transitioning 400 vehicles in the government fleet to zero emission vehicles, including the procurement of associated electric vehicle charging infrastructure
- the DTF Social Procurement Assurance team providing specialised support and advice across government on high-value projects during procurement planning, development of tender documentation and participating in evaluation and contract negotiation to ensure that social outcomes, including sustainability objectives under the Social Procurement Framework, are effectively embedded into government projects.

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 2021-22 financial year, the General Order dated 16 April 2021 (in place at 1 July 2021) was supplemented by the Supplements to the General Order dated 23 August 2021 and 14 September 2021. These Supplements did not alter the responsibility of DTF's ministers.

The General Order dated 16 April 2021 (as supplemented) was further supplemented by the Supplement to the General Order dated 1 November 2021. This Supplement altered the arrangements for the administration of the *Mutual Recognition (Victoria) Act 1998* by making the Minister for Regulatory Reform and the Treasurer jointly and severally responsible for the administration of that Act. The *Mutual Recognition (Victoria) Act 1998* was previously solely administered by the Treasurer.

The General Order dated 16 April 2021 (as supplemented) was further supplemented by the Supplements to the General Order dated 6 December 2021 and 25 January 2022. These supplements did not alter the responsibility of DTF's ministers.

The General Order dated 16 April 2021 (as supplemented) was replaced by the General Order dated 27 June 2022, under which the *Windfall Gains Tax and State Taxation and Other Acts Further Amendment Act 2021* was added to the Treasurer's responsibilities (administered solely by the Treasurer).

For reporting purposes, the legislation administered by DTF's ministers under the General Order dated 27 June 2022 has been included in the *2021-22 Annual Report*. References to responsibilities of other ministers are, for convenience, provided under their current titles.

1 July 2021 – 30 June 2022

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 –

The Act is jointly and severally administered with the Minister for Regulatory Reform

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

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)

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 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)

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 Environment and Climate Action)
- 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 Family Services 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

Windfall Gains Tax and State Taxation and Other Acts Further Amendment Act 2021

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

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 Environment and Climate Action, 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 Environment and Climate Action)
- 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 Environment and Climate Action, 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)

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)

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 and the Premier)

Mutual Recognition (Victoria) Act 1998 –

- The Act is jointly and severally administered with the Treasurer

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

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 2021-22, the Department of Treasury and Finance commenced three Local Jobs First Standard Projects with a combined value of \$10.8 million. One regional and two statewide projects commenced, with an average commitment of 89 per cent local content. The commitments to outcome from the implementation of the Local Jobs First policy for these projects are as follows:

- an average of 89 per cent of local content
- the creation of 0.225 new jobs and the retention of 10.96 local jobs
- The creation of 0.176 apprentices, trainees and cadets and the retention of 0.258
- 135 small to medium-sized businesses engaged through the supply chain.

During 2021-22, DTF did not complete any Local Jobs First Standard Projects.

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 that outlines its approach to implementing the Framework, which was implemented late 2018.

In 2021-22, 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
- opportunities for disadvantaged Victorians
- supporting safe and fair workplaces
- sustainable Victorian social enterprises and Aboriginal business sectors.

In 2021-22, 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 social benefit 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 continued to be challenging to implement in a hybrid work from home environment.

Education and advice for procuring teams continued during 2021-22, supporting 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. In turn this has contributed to driving supplier commitment to social procurement objectives through indirect procurement for both state purchase contracts managed by the Department as well as in individual business procurement engagements.

Social procurement metric	Expenditure \$000	No. of businesses engaged
Total spend with Victorian Aboriginal businesses	63.5	3
Total spend with Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises	42	11
Total spend with Victorian social enterprises led by a mission for the disadvantaged	415	8
Total spend with social enterprises	793.2	25

Procurement during critical incidents

Under the Market Approach Policy of the Victorian Government Purchasing Board, the Department is required to disclose summary information regarding procurement activity during a critical incident.

Critical incident procurement protocols were implemented in 2021-22 by the Department on 15 October 2021 and 18 January 2022 for two procurement activities in relation to the establishment of a state purchase contract for rapid antigen tests and purchase of a bulk order of rapid antigen tests. The period of critical incident concluded at the end of March 2022.

Total value of procurements made under critical incident protocols

Goods and services purchased under critical incident protocols	\$ (ex-GST)
Goods purchased under protocols in 2021-22	\$27.9 million
Services purchased under protocols in 2021-22	–
Total	\$27.9 million

Disclosure of government advertising expenditure

In 2021-22, there was one government advertising campaign with total media spend of \$100 000 or greater (exclusive of GST). Advertising for the Victorian Homebuyer Fund totalled \$1 113 438 ex GST.

Name of campaign	Victorian Homebuyer Fund
Campaign Summary	An integrated campaign which aimed to drive demand and conversion of the Victorian Homebuyer Fund. The Victorian Government launched the Victorian Homebuyer Fund in October 2021 to accelerate Victorians into home ownership. Activity included two large bursts of advertising, and was complemented by always-on digital and marketing by partner banks.
Start/End date	October 2021 to June 2022
Advertising media expenditure	\$672 808
Creative development	\$371 680 (English creative: \$363 113 + translation: \$8 567)
Research and evaluation expenditure	\$59 950
Print and collateral expenditure	–
Other campaign expenditure	\$9 000 (website design scoping)
Total	\$1 113 438

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

In 2021-22, there were 113 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$32 337 091 (excluding GST). Details of individual consultancies can be viewed at www.dtf.vic.gov.au.

Details of consultancies under \$10 000

In 2021-22, there were 5 consultancies during the year, where the total fees payable to the individual consultancies was less than \$10 000. The total expenditure incurred during 2021-22 in relation to these consultancies was \$35 599 (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 2021-22 reporting period, the Department had a total ICT expenditure of \$75 236 with the details shown below.

	\$'000
Business as usual (BAU) ICT expenditure	48 262
Non-business as usual (non-BAU) ICT expenditure consisting of:	26 974
Operational expenditure	12 581
Capital expenditure	14 393

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 2022. 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 2021-22, the Department received 54 FOI applications. Of these requests, 34 were from Members of Parliament, four from the media, and 16 from the general public. During this financial year, 13 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 42 FOI decisions during the 12 months ended 30 June 2022. 10 requests were yet to be finalised and will carry over into the following financial year. There were 24 decisions made within the statutory time period; 17 decisions were made between 1 to 45 days after, and one decision was 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 five days over.

During 2021-22, 15 requests were subject to an 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.

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.

In 2021-22, the CSF received \$122.84 million in revenue.

A total of \$83.24 million in expenditure was paid in 2021-22 for projects approved within the current and the previous financial years.

There have been new grant approvals made for 21 community projects during 2021-22 (as tabled on the following page).

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 2021 to 30 June 2022

Project name	Responsible area	\$
Department of Environment, Land, Water and Planning		
Jirrahlinga Koala and Wildlife Sanctuary	Biodiversity Division	50 000
Department of Families, Fairness and Housing		
The Bendigo Foodshare Community Food Hub	Children Families Communities and Disability	1 000 000
Power Neighbourhood House	Disability and Communities	50 000
Faith Communities Council of Victoria	Fairer Victoria	60 000
Collingwood Housing Site Recreational Facilities Upgrade	Homes Victoria	37 500
Department of Health		
The Babes Project	State-wide Programs and Policy	140 000
Department of Jobs, Precincts and Regions		
Creative Spaces and Places	Creative Victoria	6 000 000
Stronger Creative Regions	Creative Victoria	1 125 000
Music Industry Growth Package	Creative Victoria	2 400 000
Creative Infrastructure Program	Creative Victoria	2 300 000
Emerging with Stronger Communities	Disability and Communities	500 000
Ballarat Cemetery Trust refurbishments and Gym Equipment for Russell Square	Regional Development Victoria	200 000
Backing our Regional Leaders	Rural & Regional Victoria	450 000
Hallam Recreation Reserve	Sport and Recreation Victoria	1 000 000
Northcote Public Golf Course	Sport and Recreation Victoria	200 000
Carnegie Basketball Club	Sport and Recreation Victoria	5 998
The Basin Football Club	Sport and Recreation Victoria	170 000
Department of Justice and Community Safety		
St Kilda Legal Service	System Governance	75 000
Department of Premier and Cabinet		
2022 National NAIDOC Award Ceremony	First Peoples - State Relations	50 000
Funding for major Aboriginal Cultural Events	First Peoples - State Relations	947 000
Department of Treasury and Finance		
Traralgon Men's Shed - replacement defibrillator	Budget and Grants Management Team	2 000
Total grant approvals		16 762 498

Note:

The list shows the CSF grants approved in the 2021-22 financial year. Expenditure of these projects has partially incurred in 2021-22 and will continue to incur until 2025-26.

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 2022, DTF was responsible for 19 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	MGS Assistant Treasurers Suite
1 Treasury Place, Melbourne	Safe access installation
1 Macarthur Street, East Melbourne	Asbestos removal (mechanical riser)
1 Macarthur Street, East Melbourne	Treasury Cafe refresh
1 Macarthur Street and 1 Treasury Place	1 Macarthur and 1 Treasury Place Pilot Project
1 Macarthur Street and 1 Treasury Place	FIP replacement
402-406 Mair Street, Ballarat	Façade rectifications
402-406 Mair Street, Ballarat	Boiler upgrade
565 Lonsdale Street, Melbourne	HVAC review and upgrade
55 St Andrews Place, East Melbourne	VRV VRF upgrade replacement
163-167 Welsford Street, Shepparton	Fire mains upgrade
20 Spring Street, East Melbourne	DDA toilet redesign
30-38 Little Malop Street, Geelong	Window upgrade

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

Fourteen building permits and related Certificates of Final Inspections were received for project works on Treasury Reserve and DTF-owned buildings, including tenant projects.

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

10 buildings conform with building standards with nine in the process of being brought into compliance.

SSP is continuously monitoring compliance under the *Building Act 1993* and has in place processes and programs to ensure ongoing compliance.

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

Ten buildings were maintained accordingly with works in progress to rectify the remaining nine 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 to be included 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

13 October 2022

Compliance with the *Public Interest Disclosures Act 2012*

The Act 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*

	2021-22 (number)	2020-21 (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 22 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

13 October 2022

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 in 2021-22.

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

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Ministerial Directions and Financial Reporting Directions

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