

DEPARTMENT OF
TREASURY AND FINANCE

**2019
–20
ANNUAL
REPORT**
—

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

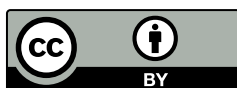
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Responsible Body's declaration

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 2020.



David Martine
Secretary

1 October 2020

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; and
- deliver 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; and
- reform oriented.

Our values

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

Our Ministers

Treasurer – Tim Pallas MP

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

The Treasurer's responsibilities include:

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

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

- promoting and encouraging investment into Victoria to underpin longer term economic growth for the State; and
- 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 Coordination of Treasury and Finance: COVID-19.

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

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

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

The Assistant Treasurer is also Minister for Government Services.

Robin Scott MP was the Assistant Treasurer to June 2020.

Senior Executive Group

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

David Martine

Secretary, DTF

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

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

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

Amy Auster

Deputy Secretary, Economic Division

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

Previously, she spent nearly 20 years working in the financial services industry including at ANZ Banking Group as Head of International Economics, Head of FX Strategy and Global Head of Client Engagement and at global investment banks including JPMorgan and Merrill Lynch in New York.

Jamie Driscoll

Deputy Secretary, Budget and Finance Division

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

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

Gayle Porthouse

Deputy Secretary, Corporate and Government Services Division

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

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

Jason Loos

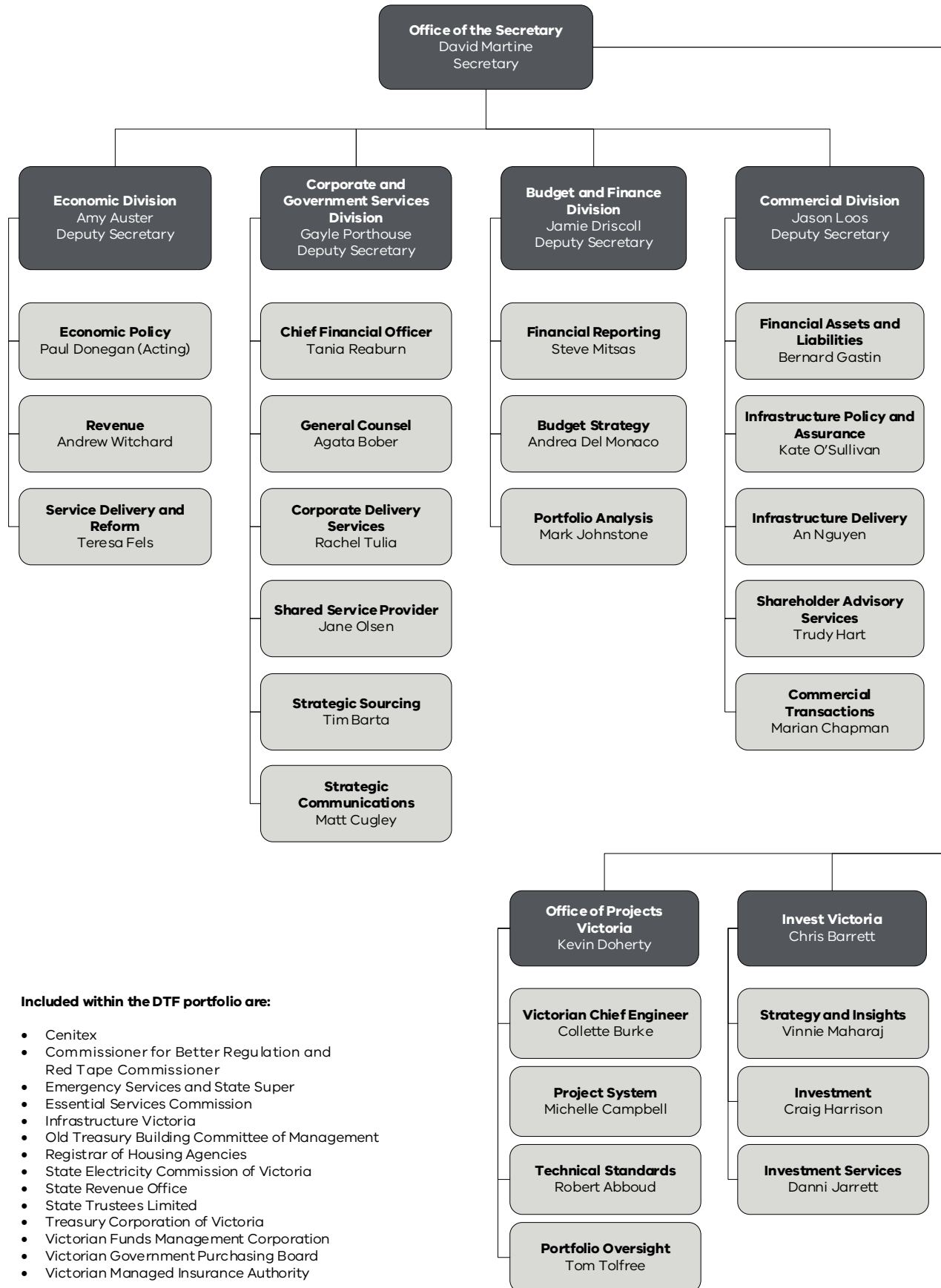
Deputy Secretary, Commercial Division

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

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

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

Organisational chart
as at 30 June 2020



Functions and services

The Office of the Secretary and four divisions, as outlined below, carried out the functions and services of DTF during 2019-20.

Office of the Secretary

The Office of the Secretary supports the Secretary.

Economic Division

Economic Policy

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

Revenue

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

Service Delivery and Reform

Provides analysis and policy advice on health and human services; outcomes-based funding and education; whole of Victorian government risk, transport and justice; and housing.

Corporate and Government Services Division

Corporate Delivery Services

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

Corporate Finance

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

Legal Services

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

Shared Service Provider

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

Strategic Communications

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

Strategic Sourcing

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

Budget and Finance Division

Budget Strategy

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

Financial Reporting

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

Portfolio Analysis

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

Commercial Division

Financial Assets and Liabilities

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

Infrastructure Policy and Assurance

Provides advice on complex and high-value infrastructure projects and asset business cases. The group also develops infrastructure policy and assurance frameworks, including the Gateway Review Process and whole of government asset management.

Infrastructure Delivery

Provides commercial, financial and risk management advice, and guidance to departments on Partnerships Victoria projects and other complex infrastructure procurements. Manages construction policies, supplier registers and standard contracts. Oversees collaborative infrastructure delivery models and leads model innovation. Implements the Market-led Proposals Guideline to facilitate new and innovative private sector initiatives.

Shareholder Advisory Services

Provides governance oversight of government business enterprises (GBEs); and advice to the Government, departments and agencies relating to GBEs' strategic direction and performance, significant capital expenditure proposals, dividends and capital repatriations. Also advises the Government on whole of government land management reform, coordination of government land sales, and management of DTF-owned land and capital assets and the Greener Government Buildings Program.

Commercial Transactions

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

Office of Projects Victoria

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

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

Invest Victoria

Invest Victoria is the Government's lead investment attraction function that plans, coordinates, and executes whole of government foreign direct investment strategies and activities for the State. Invest Victoria aims to ensure the State's investment attraction efforts drive long-term economic performance, including through boosting innovation and productivity, stimulating Victoria's export potential and addressing key supply chain and capability gaps.

DTF also supports the following portfolio agencies:

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

Governance of DTF

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

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

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

The Board met eight times in 2019-20.

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

- **Knowledge Management:** supports organisational objectives by making optimal use of knowledge. It involves the design, implementation and review of capability, processes and systems to improve the creating, sharing and application of knowledge.
- **People Committee:** provides leadership to the Department and advises the Board on organisational culture, people, capability and communication issues and progresses initiatives defined within the People and Culture Strategy.
- **Remuneration Committee:** reviews and approves all recruitment as well as related remuneration activities.
- **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 2020.

- Kathy Grigg – Chair (external)
- Jan West (external)
- Stefano Giorgini (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; and
 - compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors;
- maintain effective communication with external auditors;
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised; and
- oversee the effective operation of the risk management framework.

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

Report of operations

Secretary's foreword

I am pleased to present the 2019-20 Annual Report for the Department of Treasury and Finance (DTF), in what has been an extraordinary year with the 2019-20 Victorian bushfires and the coronavirus (COVID-19) pandemic.

In late December last year, the Premier announced the establishment of a Bushfire Response and Recovery Taskforce, and soon after declared a State of Disaster for impacted Local Government Areas. As a member of the Taskforce, DTF played a role in supporting recovery efforts for impacted communities, as well as supporting broader bushfire response activities.

Within weeks of the State of Disaster being declared, Victoria recorded its first case of coronavirus (COVID-19). The pandemic is an evolving situation, demanding creativity and flexibility from the Victorian Public Service. DTF has played a lead role in supporting the Government's economic stimulus and support measures.

In these difficult and challenging circumstances, it has been a year of achievement for the Department in supporting the Government's responses to these crises. There is still much work to be done to support the economic recovery, and our Department will continue to provide robust analysis and advice to inform government policy development and service delivery.

The Department's major achievements for 2019-20 include:

- providing ongoing economic and financial analysis and advice to support the delivery of the Government's priorities, including its response to coronavirus (COVID-19);
- developing the Economic Survival and tax relief packages to support Victorian businesses and households;
- developing an emergency supply bill which allowed Parliament to give authority to the Government to respond to coronavirus (COVID-19) – ahead of the annual budget;
- developing the \$2.7 billion Building Works package to assist the construction industry in response to coronavirus (COVID-19);
- supporting the delivery of major infrastructure projects including the West Gate Tunnel, Metro Tunnel, Melbourne Airport Rail, Suburban Rail Loop, and North East Link;
- implementing Australia's first whole of government Social Procurement Framework in more than 270 government agencies;
- supporting the Treasurer through intergovernmental forums, including the Board of Treasurers, of which the Victorian Treasurer is the chair during 2020;
- supporting the Government's 2019-20 Base and Efficiency Review program, and review of the Departmental Funding Model;
- delivering the \$250 million Victorian Business Growth Fund, in partnership with First State Super, to support long-term growth opportunities for businesses and boost employment and economic development across the State;
- developing two new programs, firstly with Melbourne City Mission under Partnerships Addressing Disadvantage to support early school leavers with mental illness to re-engage in education, and secondly with Berry Street and the Victorian Aboriginal Child Care Agency to improve education outcomes for developmentally vulnerable primary school students. These programs build on the success of the Social Impact Bonds pilot with Sacred Heart Mission, Anglicare Victoria and VincentCare;
- contracting the delivery of more than 780 new social housing dwellings across 25 locations in Melbourne and regional Victoria through the Social Housing Growth Fund (co-led with the Department of Health and Human Services);
- delivering the HomesVic shared equity scheme;
- supporting the Commissioner for Better Regulation's review of planning and building approvals processes;
- launching the *Victorian Digital Asset Strategy* for applying digital engineering to improve planning, design, delivery and maintenance of major projects and infrastructure assets;
- producing key publications including the *2018-19 Financial Report* and the *2019-20 Budget Update*;
- furthering DTF's commitment to Aboriginal self-determination by publishing *Advancing Self-Determination in DTF*. This plan represents the Department's first steps to delivering self-determination reforms, with changes to our workforce and the way we work;

- moving the Department to remote working with an ongoing focus on staff wellbeing;
- launching FinCloud, the Department's cloud-based, all-in-one finance and procurement system;
- launching the COVID-19 Staff Hub, an internal platform with news, resources and tools to help staff work remotely; and
- launching the DTF Enablers Network as a commitment to creating a positive workplace culture for people of all abilities.

Future challenges

In 2020-21, the priority for the Department of Treasury and Finance will be to support the Government as it continues to manage the economic and financial challenges of the coronavirus (COVID-19) pandemic.

The Department's *2019-2023 Corporate Plan* will drive our agenda to deliver on Victorian Government priorities.

Significant priorities for 2020-21 include:

- focusing on economic and financial initiatives to support the State's economic recovery;
- managing the State's fiscal position and State borrowings;
- delivering the 2020-21 and the 2021-22 budgets to help kickstart the Victorian economy, create jobs, and drive investment;
- supporting delivery of the \$2.7 billion Building Works package;
- identifying opportunities to strengthen the State's balance sheet;
- developing the funding and financing strategy for the Suburban Rail Loop;
- delivering the Victorian Major Projects Pipeline – an online portal developed by the Office of Projects Victoria to support the construction sector which helps businesses prepare to bid, organise procurement, build teams, secure resources and mobilise talent to be part of major project delivery across Victoria;
- leading reforms to optimise Victoria's infrastructure program;
- continuing to support the delivery of major infrastructure projects;
- supporting delivery of the Victorian Hydrogen Energy Supply Chain Pilot Project;
- continuing to support and deliver against the investment attraction strategy that contributes to an overarching economic development strategy;
- improving government land utilisation and accommodation efficiencies through policy reform opportunities;
- continuous environmental scanning and client engagement informed by a whole of government workforce strategy supporting accommodation management, from both a vacancy and utilisation perspective. The repercussions of coronavirus (COVID-19) extend to the long-term take-up of working from home and physical distancing requirements, which are currently unknown;
- supporting Victoria's Social Procurement Framework and increasing procurement benefits for Victorian government departments and agencies;
- producing key publications including the *2019-20 Financial Report*;
- strengthening public sector accountability through amendments to the financial management frameworks; and
- cyber safety, risk management and technology system updates.

Our people

This year saw significant changes to the way we work, and our people have shown themselves to be incredibly adaptable and resilient in the face of this. We were well-placed to shift to remote working through our investment in technology and systems over the last few years, and our emphasis on flexible ways of working.

Mental health and wellbeing have been areas of significant focus this year, as our workforce adapts to working remotely while continuing to deliver important outcomes. I am very proud of the way all our staff have stepped up to the challenges presented by the coronavirus (COVID-19) pandemic.

While the last few months of this financial year have been extraordinary, we don't want to lose sight of our significant achievements. The Department has listened to the feedback we received in our annual People Matter Survey, and we have worked hard to improve leadership capability, build a respectful workplace culture, and improve diversity, inclusion and flexible work practices.

In 2019-20 we welcomed 105 new staff members, some of whom have started while we have been working remotely. Learning new systems and getting to know fellow staff is never easy, and particularly so now.

Our information and communication technology team has been highly responsive in supporting staff as they adapt to our new remote working environment. They have met the challenge of providing the online systems and hardware we need to operate successfully, as well as delivering software upgrades as needed.

In order to serve the Victorian community best, we need to reflect its diversity. This year we introduced the DTF Diversity Scholarship, which was awarded to an outstanding VCE student. The scholarship includes both mentoring and financial support during university studies.

Our involvement in the Stepping Into program saw DTF host a number of tertiary students with a disability as paid interns, in order to help their future employment opportunities.

Advancing Self-Determination in DTF was launched in May, and we also made great progress in delivering against our Aboriginal Employment and Inclusion action plan and our All Abilities plan.

DTF is very proud of how we are embracing diversity in all aspects of our business, recruitment and programs, and I look forward to furthering all these initiatives in the coming years.

I would like to thank staff for their work in a challenging environment. The fundamental changes we have made to the way we work recently have not been easy. I want to acknowledge the dedication of our people in continuing to provide the highest level of financial and economic advice to help improve the lives of all Victorians.



David Martine
Secretary

2019-20 performance

DTF continues to perform strongly delivering its core business objectives as a provider of advice and services to Government. DTF also performed well in meeting its outputs as specified in the State's 2019-20 Budget Paper No. 3 *Service Delivery*. Of the Department's 62 quantity, quality and timeliness output performance targets that are available, 77 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 2019-20 Budget Paper No. 3 *Service Delivery* are shown below.

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

Departmental objective

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

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

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

Deliver efficient whole of government common services

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

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

Indicators

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

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

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

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

Low vacancy rates for government office accommodation maintained.

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

Outputs

Commercial and Infrastructure Advice

Services to Government

Changes to the Department during 2019-20

Objectives

Changes to departmental objectives for 2019-20 are reflected in the table below.

2019-20 departmental objective	2018-19 departmental objective	Reason for change
No change		

Output structure

Changes to the Department's output structure for 2019-20 are reflected in the table below.

2019-20 outputs	2018-19 outputs	Reason for change
Infrastructure Victoria		Transferred departmental output from the Department of Premier and Cabinet resulting from the machinery of government change effective 1 May 2020.

Reporting progress towards achieving Departmental objectives and indicators

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

Objective 1: Optimise Victoria's fiscal resources

Objective indicators

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

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

The 2019-20 fiscal outcomes reflect the extraordinary and unanticipated impact of the coronavirus (COVID-19) pandemic. Accordingly, comparison of outcomes with budget objectives is not meaningful at this stage. Further assessment will be provided in the upcoming budget.

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

The 2019-20 fiscal outcomes reflect the extraordinary and unanticipated impact of coronavirus (COVID-19). Accordingly, comparison of outcomes with budget objectives is not meaningful at this stage. Further assessment will be provided in the upcoming budget.

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

DTF continued to provide ongoing oversight and support to public sector agencies in maintaining robust financial management governance in line with the Standing Directions 2018. Overall compliance was positive as agencies became increasingly familiar with requirements, with only a small number of departments and agencies reporting material compliance deficiencies, mainly related to asset management, internal controls and systems, and business continuity planning.

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

In 2019-20, the Standing Directions were revised to update and clarify operational requirements, and to remove spent provisions.

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

DTF supported Government decision-making by providing advice on the impact of the transition to the new suite of accounting standards on the Government’s fiscal aggregates, in particular net debt.

Input was provided for strategies relating to the mitigation of impacts, due to coronavirus (COVID-19), on departments’ reporting, auditing and compliance capacities. This included input to the *Appropriation (Interim) Act 2020* (Supply Bill), for the first six months of 2020-21, as a result of deferring the 2020-21 budget.

Continuous analysis was provided on the financial impact of the 2019-20 Victorian bushfires and coronavirus (COVID-19) throughout the reporting period on the Government’s fiscal aggregates. This included input to future fiscal strategies.

The 2020-21 budget has been deferred to late 2020. DTF has supported Government decision-making by providing detailed analysis of funding proposals across all departmental portfolios, and provided advice on the fiscal strategy and expenditure and revenue options to support the Victorian economy. Advice has been conditioned by the need for the Government to respond to key challenges, particularly the bushfires and coronavirus (COVID-19). Work on departmental performance statements has been delayed in line with deferred 2020-21 budget timelines.

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

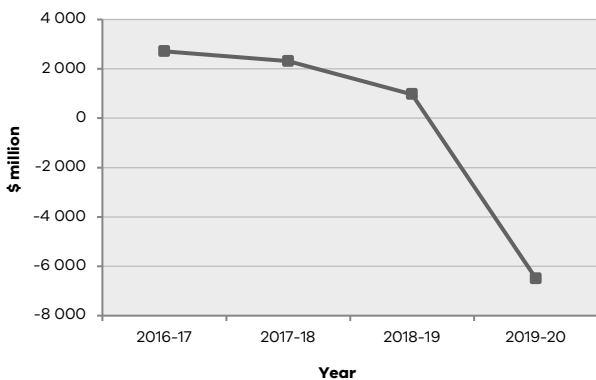
Indicator	Unit of measure	2016-17 actual	2017-18 actual	2018-19 actual	2019-20 actual
A net operating surplus consistent with maintaining general government net debt at a sustainable level.	\$ billion	2.71	2.31	0.97 ^(a)	(6.5)
General government net debt as a percentage of GSP to be maintained at a sustainable level.	per cent	3.9	4.7 ^(b)	5.6 ^(a)	9.6

Note:

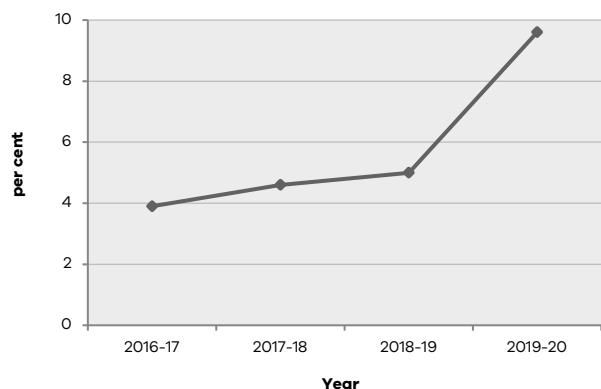
(a) These figures have been updated to reflect adoption of new accounting standards and correction of a prior period error for the Department of Justice and Community Safety.

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

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



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



Objective 2: Strengthen Victoria's economic performance

Objective indicators

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

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

Economic conditions arising from the coronavirus (COVID-19) response have impacted negatively on both GSP growth and population growth. The impact is significant meaning this measure will likely not be met for 2019-20.

Invest Victoria has contributed to strengthening economic growth in Victoria by attracting and facilitating private sector investment, prioritising innovative, emerging and high-growth sectors of the economy. Despite the severe impact of the coronavirus (COVID-19) response on the economy, Invest Victoria met its 2019-20 Budget Paper No. 3 *Service Delivery* targets.

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

Annual employment growth was positive in 2019-20, reflecting robust employment growth in the first half of the year, and notwithstanding significant employment falls in April and May 2020 due to the economic impacts of coronavirus (COVID-19).

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

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

DTF provided advice to the Treasurer on a range of intergovernmental matters, with a significant increase in activity since March 2020 in response to coronavirus (COVID-19). DTF developed a number of submissions to the Commonwealth Grants Commission's 2020 Methodology Review to influence Commission deliberations, as well as advice to the Treasurer on the implications of the Commission's final methodology changes. DTF was involved in the negotiation and finalisation of the National Health Reform Agreement, the National Partnership Agreement on COVID-19 Response as well as the National Partnership Agreement on Homebuilder.

DTF provided responsive advice to support the Government's understanding of the present and future economic impacts of coronavirus (COVID-19), including publication of the Coronavirus Economic Outlook in April 2020.

The Department also contributed to developing and providing implementation support for initiatives to support Victorian businesses and individuals, such as a \$1.7 billion economic survival and jobs package. This included payroll tax relief for businesses and the establishment of the Business Support Fund and Working for Victoria Fund. Building on this work, DTF developed an additional package comprising further tax relief for businesses and a freeze of a range of fees, charges and levies to help reduce the financial burden on households. DTF also established a scheme allowing commercial tenants in government buildings to apply for rent relief.

DTF supported the Treasurer through the development of, and providing advice on, revenue measures to support Victorians during the pandemic.

Significant work was undertaken to develop and implement the *Advancing Self-Determination in DTF* plan to advance its contribution to the Government's commitments under the Victorian Aboriginal Affairs Framework— both within DTF and more broadly through the budget process.

DTF has played an important role in progressing the Government's commitments to Presumptive Compensation for Forest Firefighters and the Victoria Police Restorative Engagement and Redress Scheme.

Round one of the Social Housing Growth Fund was finalised, securing agreements with 12 community housing agencies to deliver 782 social and affordable dwellings, including for specific cohorts such as Aboriginal Victorians, victims of family violence and persons living with mental illness. DTF approved nine low interest loans, which are at different stages of documentation.

The HomesVic shared equity scheme supported Victorians into 267 homes. There were also 41 applicants with provisional approval looking for homes.

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

Indicator	Unit of measure	2016-17 actual	2017-18 actual	2018-19 actual	2019-20 actual
Economic growth to exceed population growth as expressed by GSP per capita increasing in real terms (annual percentage change).	per cent	1.5	1.1	0.8	n/a ^(a)
Total Victorian employment to grow each year (annual percentage change).	per cent	4.0	2.8	3.4	1.2

Note:

(a) GSP per capita for 2019-20 will be published by the ABS in November 2020.

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

Objective indicators

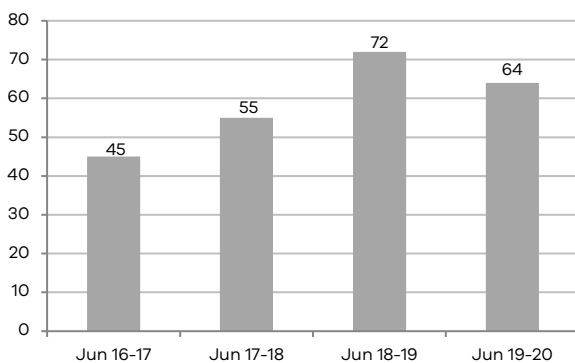
1. High-value high-risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope.
2. Government business enterprises performing against agreed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

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

DTF has continued to improve the HVHR assurance process through establishing tailored assurance plans for each HVHR project, focusing assurance effort on the highest delivery risks. DTF continues to work with departments to complete assessments as projects progress through the various stages in the project lifecycle, to verify that robust project planning and procurement processes have been followed.

In addition to the Gateway reviews required as part of the HVHR assurance framework at key stages of delivery, the Department conducted a number of project assurance reviews. These assurance reviews are designed to augment the standard Gateway reviews with a more flexible review when required. These reviews provide advice to HVHR projects’ Senior Responsible Owners to help projects succeed and review each project’s progress against best practice.

Number of major capital projects monitored by DTF



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

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

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

DTF has requested that all PNFC entities must submit cash flow forecasts on a monthly basis so that DTF can proactively respond to issues as they emerge. A tracking register and summary analysis template has been set up to log and track financial assistance requests as they arise from public non-financial corporations. This critical information was sought as it: provides visibility of PNFC entity liquidity and emerging cash flow risks; allows DTF to consolidate the State's funding and liquidity needs from the financial markets; and provides the Treasury Corporation of Victoria (TCV) with information to determine how much money it needs to raise from the financial market to meet the funding needs of government businesses.

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 advise the Government on proposed infrastructure investments to manage the delivery of its capital program within the fiscal targets it sets. DTF also advises the Treasurer on the HVHR assessments of projects to progress at various stages their lifecycle, to increase the likelihood of delivering the desired benefits within budget envelopes.

In response to the coronavirus (COVID-19) pandemic, DTF coordinated advice on the whole of government \$2.7 billion Building Works stimulus package announced in May 2020. The package invests in new infrastructure, maintenance and upgrades of existing assets to create immediate stimulus activity in the construction, building and services sectors. The Building Works initiative included the \$180 million Infrastructure Planning and Acceleration Fund to accelerate business case development for investment ready projects.

The HVHR investment lifecycle guidelines have been refreshed and simplified to improve the effectiveness of the guidance material. DTF has embedded the updated HVHR assurance processes as they are applied to budget bids, including the application of the Office of Project Victoria's newly developed Project Development and Due Diligence guidance, which aims to promote completion of planning works before seeking funding for new projects.

The Department has also developed and implemented a whole of government framework to support agencies managing the impacts of coronavirus (COVID-19) on the Government's infrastructure program. This included response options to support contractors where project delivery was disrupted. In parallel, changes to Instruction 7.2 of the Ministerial Directions and Instructions for public construction were implemented to incorporate the Working for Victoria policy.

DTF led the development of the Australian Building Information Modelling (BIM) Strategic Framework and established the Australian BIM Strategic Framework Implementation Working Group. This is an inter-jurisdictional forum tasked with harmonising state and territory approaches to the application of BIM in asset development and delivery.

DTF contributed to the North East Link project by leading the development of the State Tolling Company and North East Link legislation which passed into law in June 2020. DTF supported departments and agencies to deliver a number of public private partnership projects, including the New Footscray Hospital and the Public Housing Renewal Program (Package 1) as they progressed through their tender phases, and market sounding for the Frankston Hospital redevelopment project.

Implementation and oversight of the Government's Market-led Proposals Guideline continued with the assessment of a number of proposals through the staged process.

During 2019-20, DTF engaged with departments to improve their cash flow forecasting to achieve greater insight and accuracy. This facilitated DTF being able to work with TCV to achieve efficient financing decisions. Work has continued with TCV to agree the management of the Centralised Banking System (CBS). DTF achieved agreement on flow of funds between the Public Account and the CBS, to ensure efficient allocation of the State's surplus funds and minimise interest rate exposure.

DTF manages the Greener Government Buildings (GGB) Program, which has upgraded more than 800 government buildings since its establishment in 2010, resulting in annual cost savings of more than \$27 million and a 5 per cent cut in government greenhouse gas emissions. In 2019-20 DTF facilitated \$7.9 million of GGB projects, which will save \$1.7 million in annual utility and operational expenses and abate 9 805 tonnes of greenhouse gas emissions. Projects include energy efficiency and renewable energy upgrades at the National Gallery of Victoria, regional health services, primary and secondary schools and public transport facilities.

The Government's land sales program, including the sale of Crown and freehold land, land acquisitions, remediation, planning, native title negotiations, and the coordination of the Government's Land Utilisation, continued under DTF oversight. Forty land sales were undertaken in 2019-20, delivering revenue in the order of \$38 million. The land sales program was impacted in early 2020 through the suspension of most auctions as a result of coronavirus (COVID-19) restrictions. In addition, DTF facilitated the acquisition of land for Victoria Police and other agencies to meet their respective output programs, including land in Point Cook and Gippsland.

Objective 4: Deliver efficient whole of government common services

Objective indicators

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

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

DTF manages 17 common use whole of Victorian government goods and services (non-IT) contracts totalling about \$1.2 billion of expenditure, generating about 10.1 per cent in savings in 2019-20.

The Department continues to monitor and develop risk mitigation strategies in relation to supply continuity as a result of coronavirus (COVID-19). Business continuity plans and risk registers were developed and monitored for all categories.

State purchase contract (SPC) market engagement strategies have been reviewed in response to changes in government demand and market supply due to coronavirus (COVID-19). The sourcing process for a number of SPCs progressed, with Professional Advisory Services (PAS) and Master Agency Media Services (MAMS) under evaluation. DTF developed a strategy and market approach document to lay the foundations for a modern and flexible Banking and Financial Services SPC. Victoria is also joining New South Wales, Queensland and the Australian Capital Territory in a joint Fuel and Associated Products procurement to drive better value for money.

The focus for work in 2020-21 will be continuing to monitor and adapt risk strategies for all SPCs, progressing and commencing sourcing for a number of SPCs, implementation of the SPC Benefits and Value Framework, and ongoing enhancement of category management to maximise procurement outcomes for the State.

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

The vacancy rate for 2019-20 is at a record two-year low, coming in at 0.32 per cent. This can be attributed to the effective management of client space, being the prioritisation of backfilling vacant space within the current portfolio before taking on additional lease liabilities.

In the case of the Melbourne CBD, it is noted that the State's vacancy rate compares favourably with that of the wider commercial property market

Additionally, through the implementation of space management tools such as Serraview, DTF will gain insight into how and where space can be optimised to reach targets and support strategic accommodation planning across the portfolio. The various stages of coronavirus (COVID-19) restrictions had an impact on the occupancy of the portfolio during the second half of the financial year. The impact on the ability for staff to attend workplaces has meant a significant decline in the occupation of the tenanted portfolio.

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

In 2019-20, the accommodation portfolio under management increased by 2 per cent compared to last year's net lettable area (NLA). This represents a total NLA of 1 052 871m².

The result of the annual Client Satisfaction Survey was 72.3 per cent, which was 2.3 per cent higher than the 2019-20 target and up 5.8 per cent from last year's result of 66.5 per cent.

Although coronavirus (COVID-19) has had a major impact on operations in the last quarter of 2019-20, DTF has adapted and implemented measures to help maintain high level services to the whole of Victorian government. The satisfaction survey results reflect this.

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

Indicator	Unit of measure	2016-17 actual	2017-18 actual	2018-19 actual	2019-20 actual
Low vacancy rates for government office accommodation maintained	per cent	0.44	0.24	1.31	0.32
Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs	per cent	6.0	5.5	5.6	10.1 ^(a)

Note:

(a) 2019-20 savings are greater than previous financial years due to the introduction of reporting of savings for the Professional Advisory Services state purchase contract.

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 2020.

Legend of symbols

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

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

Optimise Victoria's fiscal resources

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

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

The departmental objective indicators that support the Government to achieve its fiscal objectives are:

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

Budget and Financial Advice

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

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

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

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

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

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

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

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

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
Quantity					
Number of funding reviews contributed to by DTF	number	8	8	–	✓
Quality					
Variance of the revised estimate of State budget expenditure <small>The 2019-20 outcome reflects the impact of the 2019-20 Victorian bushfires and the support measures implemented by the Government in response to coronavirus (COVID-19).</small>	per cent	5.9	≤5.0	18	■
Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements <small>The 2019-20 actual reflects the deferral of the 2020-21 budget (which includes the revised expected fiscal outcome for 2019-20) to later in 2020, in line with all other Australian governments.</small>	number	1	2	(50.0)	■
Recommendations on financial management framework matters made by PAEC and VAGO and supported by Government are actioned	per cent	100	100	–	✓
VPS stakeholder feedback indicates delivery of advice and information sessions supported the financial reporting framework across the VPS and supported the VPS to understand the financial management framework. <small>The higher 2019-20 outcome reflects greater than expected satisfaction from stakeholders across the VPS as measured through the annual stakeholder survey</small>	per cent	93	80	16.3	✓
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Timeliness					
Delivery of advice to Government on portfolio performance within agreed timeframes	per cent	100	100	–	✓
Annual Budget published by date agreed by Treasurer <small>The lower 2019-20 actual reflects the deferral of the 2020-21 budget to later in 2020, in line with all other Australian governments.</small>	date	late 2020	May 2020	n/a	■
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	by end Feb 2020	by end Feb 2020	–	✓
Cost					
Total output cost <small>The higher 2019-20 actual reflects internal reprioritisation of resources in the areas of financial policy and advice.</small>	\$ million	29.1	27.7	5.2	■

Revenue Management and Administrative Services to Government

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

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
Quantity					
Revenue collected as a percentage of budget target	per cent	97	≥99	(2.02)	○
Cost to collect \$100 of tax revenue raised is less than the average of State and Territory Revenue Offices	achieved/ not achieved	n/a	achieved	n/a	n/a
Actual result will not be available until late in 2020 following the Commissioners' Interjurisdictional Business Practices process.					
Compliance revenue assessed meets target	per cent	≥95	≥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	1.68	<2	–	✓
Objections received to assessments issued as a result of compliance projects	per cent	1.9	<4	–	✓
Timeliness					
Revenue banked on day of receipt	per cent	100	≥99	–	✓
Timely handling of objections (within 90 days)	per cent	≥80	≥80	–	✓
Timely handling of private rulings (within 90 days)	per cent	≥80	≥80	–	✓
Cost					
Total output cost	\$ million	133.0	140.8	(5.5)	✓
The lower 2019-20 actual is primarily due to recruitment delays which resulted in lower employee costs, and a diversion of resources and deferral of transformation initiatives.					

Strengthen Victoria's economic performance

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

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

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

Economic and Policy Advice

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

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

This output also provides advice on ways the Government can improve the business environment by the Commissioner for Better Regulation 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; and
- working with businesses and not for profit organisations to identify and solve red tape issues.

Performance measures	Unit of measure	2019-20 actual	2019-20 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 2019-20 actual reflects the completion of one additional paper above target.	number	9	8	12.5	✓
High level engagement with non-Victorian Public Service stakeholder groups that contributes to public policy debate The higher 2019-20 actual reflects engagement with stakeholders across a wide range of issues, including responding to the economic impacts of coronavirus (COVID-19).	number	22	20	10	✓
Conduct biannual surveys to assess the impact of changes to Victorian regulations on business The lower 2019-20 actual reflects the survey frequency being revised to annual to reduce the reporting burden on businesses.	number	1	2	(50)	■

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
Accuracy of estimating State taxation revenue in the State budget	percentage variance	≤5.0	≤5.0	–	✓
Accuracy of estimating the employment growth rate in the State budget	percentage point variance	≤1.0	≤1.0	–	✓
Accuracy of estimating the gross state product rate in the State budget The gross state product growth estimate will be available when the ABS State Accounts are released in November 2020.	percentage point variance	n/a	≤1.0	n/a	n/a
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
The Office of the Commissioner for Better Regulation's support for preparing Regulatory Impact Statements or Legislative Impact Assessments was valuable overall, as assessed by departments The higher 2019-20 actual reflects Better Regulation Victoria's successful engagement strategies. The target will be reviewed as part of the 2020-21 budget process.	per cent	96.4	90	7.1	✓
Proportion of people making inquiries to the Red Tape Unit who found it responsive and helpful The lower 2019-20 actual may reflect the low number of returned survey responses from private businesses or individuals interacting with the Red Tape Unit.	per cent	71.4	80	(10.7)	■
Timeliness					
Briefings on key Australian Bureau of Statistics economic data on day of release	per cent	100	100	–	✓
The Office of the Commissioner for Better Regulation's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments The higher 2019-20 actual reflects Better Regulation Victoria's successful engagement strategies. The target will be reviewed as part of the 2020-21 budget process.	per cent	96.4	90	7.1	✓
Cost					
Total output cost The higher 2019-20 actual reflects internal reprioritisation of resources in the areas of tax reform and other economic policies.	\$ million	38.1	32.6	17.0	■

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	2019-20 actual	2019-20 target	Performance variation (%)	Result
Quantity					
New or revised regulatory instruments issued The lower 2019-20 actual reflects the Victorian Energy Upgrade guidelines were delayed due to coronavirus (COVID-19) response related reprioritisation of activities by the Department of Environment, Land, Water and Planning.	number	6	7	(14.3)	■
Performance reports for regulated businesses or industries The higher 2019-20 actual reflects the introduction of new quarterly water customer perception surveys during this year.	number	11	7	57.1	✓
Performance reviews and compliance audits of regulated businesses	number	140	144	(2.8)	○
Price approvals of regulated businesses	number	21	22	(4.5)	○
Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme	number	5 240	5 000	4.8	✓
Reviews, investigations or advisory projects The higher 2019-20 actual is the result of the reviews undertaken by the commission on waste recycling and Port of Melbourne market rent.	number	4	2	100	✓
Compliance and enforcement activities – energy The higher 2019-20 actual reflects an increase in penalty notices issued as a result of additional funding received to increase compliance and enforcement activities of regulated energy businesses.	number	154	30	413.3	✓
Setting of regulated price and tariffs The higher 2019-20 actual reflects the Victorian default offer for electricity being separate determinations rather than the 1 tariff originally envisaged.	number	13	1	1 200	✓
Quality					
Decisions upheld where subject to review, appeal or disallowance	per cent	100	100	–	✓
Timeliness					
Delivery of major milestones within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost The lower 2019-20 actual is primarily due to significant delays in several projects including the relocation of the Essential Services Commission's premises impacted by the disruption on business caused by coronavirus (COVID-19).	\$ million	29	30.7	(5.4)	✓

Invest Victoria

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

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

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

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
Quantity					
Jobs resulting from government investment facilitation services and assistance	number	5 241	5 200	0.8	✓
New Australian/international regional headquarters of firms and/or research development centres attracted to Victoria	number	24	12	100	✓
The higher 2019-20 actual reflects a number of ICT companies establishing their headquarters in Victoria. The technology sector is less affected by coronavirus (COVID-19) as technology underpins most sectors where Victoria has strong capability. Most of the headquarters secured were the result of lengthy investment facilitation and lead times where the investment decisions were made pre-coronavirus (COVID-19), and the companies have confirmed their intention to proceed with the investments.					
New investment resulting from government facilitation services and assistance	\$ million	2 304	2 300	0.2	✓
Visits to the Invest Victoria website	number	97 649	150 000	(34.9)	■
The lower 2019-20 actual reflects impacts of the coronavirus (COVID-19) pandemic on website visits.					
Cost					
Total output cost	\$ million	70.3	137.8	(49)	✓
The lower 2019-20 actual is primarily due to rephasing of grant programs managed by Invest Victoria to better match contractual commitments linked to milestone payments and to allow new opportunities in future years.					

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

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

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

The departmental objective indicators are:

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

Commercial and Infrastructure Advice

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

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

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<p>Quantity</p> <p>Develop and implement policy guidance and training, and infrastructure investment frameworks to govern and build capability to deliver infrastructure</p> <p>The lower 2019-20 actual reflects the reduced demand for, and the ability to conduct, events such as training, conferences, forums and presentations due the impacts of coronavirus (COVID-19). The disruptions have also led to delays in progressing policy reforms due to a focus on supporting the Government to manage the impacts of coronavirus (COVID-19).</p>	number	86	116	(25.9)	■

Performance measures

	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
<p>Gateway reviews undertaken</p> <p>The lower 2019-20 actual reflects the deferral of some reviews to the 2020-21 financial year due to disruptions associated with coronavirus (COVID-19). Gateway reviews are dependent upon the project/program team's readiness to undertake the review. During 2019-20, the Gateway Unit received fewer requests to conduct reviews for gates 1 and 2, compared to previous financial years.</p>	number	42	70	(40)	■
<p>Revenue from sale of surplus government land including Crown land</p> <p>The lower 2019-20 actual reflects most sales, including all public sales, being suspended due to coronavirus (COVID-19) restrictions.</p>	\$ million	36	150	(76)	■
<p>Provision of PNFC/PFC financial estimates and actuals, along with commentary and analysis, for the State budget papers and financial reports</p> <p>The lower 2019-20 actual reflects the 2020-21 budget being postponed to late 2020.</p>	number	5	6	(16.7)	■
<p>Number of HVHR project assurance plans in place</p> <p>The higher 2019-20 actual reflects the addition of three project assurance plans from the 2018-19 budget, which were deferred and included within the following 2019-20 budget process.</p>	number	17	14	21.4	✓
Quality					
<p>Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification</p>	per cent	100	100	-	✓
<p>Percentage of registered housing agencies assessed annually as meeting performance standards</p> <p>The higher 2019-20 actual reflects all annual Compliance Assessments completed by the target date of 31 March 2020. The target ratio of 90 per cent was determined considering the compliance and regulatory issues encountered with a very small number of registered housing agencies each year. As a result, the Compliance Assessments are delayed until the regulatory and compliance issues are resolved, and performance/further improvement plans agreed.</p>	per cent	100	90	11.1	✓
<p>Credit agencies agree that the presentation and information provided support annual assessment</p> <p>The higher 2019-20 actual reflects the quality of the presentation delivered. The credit rating presentations were very well received by Standard & Poor's and Moody's in terms of content, context, transparency and detail. All the presenters were very thorough with the content they presented. The follow-up questions were answered within five working days.</p>	per cent	100	70	42.9	✓
<p>Senior responsible owner agrees Gateway review was beneficial and would impact positively on project outcomes</p> <p>The higher 2019-20 actual reflects the senior responsible owners' high satisfaction, noting response rates to the survey have been lower than anticipated. DTF is continuing to enhance a recently introduced new feedback process to improve response rates to better inform this measure.</p>	per cent	100	90	11.1	✓

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
Timeliness					
Advice provided to Government on board appointments at least three months prior to upcoming board vacancies	per cent	100	100	–	✓
Analysis and review of corporate plans within two months of receipt	per cent	100	90	11.1	✓
The higher 2019-20 actual reflects all corporate plans received were analysed and reviewed within two months of receipt.					
Dividend collection in accordance with budget decisions	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	74.2	54.4	36.4	■
The higher 2019-20 actual is primarily due to the provision of policy and advice in several infrastructure and commercial projects including the funding and financing strategy for the Suburban Rail Loop, commercial transactions scoping study and property remediation.					

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	2019-20 actual	2019-20 target	Performance variation (%)	Result
Quantity					
Stakeholder satisfaction with consultation process	per cent	97	75	29.3	✓
The higher 2019-20 actual reflects Infrastructure Victoria exceeding stakeholder satisfaction targets measured through interviews conducted with 157 stakeholders.					
Number of publications or discussion papers released	number	6	6	–	✓
Timeliness					
Delivery of research, advisory or infrastructure strategies within agreed timelines	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	10.13	9.9	1.8	○

Deliver efficient whole of government common services

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

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

The departmental objective indicators are:

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

Services to Government

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

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

Performance measures	Unit of measure	2019-20 actual	2019-20 target	Performance variation (%)	Result
Quantity					
Total accommodation cost The lower 2019-20 actual reflect a number of factors, including delays in the leasing of 311 Spencer Street and completion of the Ballarat GovHub; and a realignment of incentives and fixed rent review tolerances by the Valuer-General Victoria to be more in line with the wider market, pushing rates down further than originally anticipated.	\$ per m ² per year	372	397	(6.4)	✓
Workspace ratio	m ² per FTE	12	12	–	✓
Quality					
Client agencies' satisfaction with the service provided by the Shared Service Provider	per cent	72.3	70	3.3	✓
Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	per cent	100	100	–	✓
Cost					
Total output cost	\$ million	77.1	78.5	(1.8)	✓

Discontinued operations

There were no discontinued operations in 2019-20.

Capital projects/asset investment programs

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

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

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

Style conventions

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

The notation used in the tables is as follows:

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

Victorian Transport Fund^(a)

Balance of the trust as at 30 June 2020

	2019-20 actual
	\$m
Opening cash balance	3 945
Receipts into the trust	
Interest revenue	26
Commonwealth funding ^(b)	262
State Appropriation ^(c)	679
Total receipts into the trust	4 912
Payments from the trust	
Level Crossing Removal Program	1 457
Caulfield to Dandenong conventional signalling and power infrastructure upgrade	40
North East Link	342
Airport Rail Link	56
Regional Rail Revival	293
Regional rolling stock	47
Major periodic maintenance	102
Wyndham Vale Stabling Yard	77
Movement in accounts payable and provisions	(81)
Total payments from the trust	2 333
Closing balance	2 579

Notes:

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

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

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

Budget portfolio outcomes

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

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

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

Controlled	2019-20 Budget	2019-20 Actual	Variance
	\$m	\$m	\$m
Income from transactions			
Output appropriations ^(a)	493.9	441.3	(52.6)
Interest	1.3	0.7	(0.6)
Sale of goods and services ^(b)	190.6	204.4	13.8
Grants	8.1	8.6	0.5
Other income	35.2	28.0	(7.2)
Total income from transactions	729.1	683.0	(46.1)
Expenses from transactions			
Employee benefits	276.8	272.3	(4.5)
Depreciation ^(c)	49.5	35.9	(13.6)
Interest expense	3.3	0.9	(2.4)
Grants and other transfers ^(d)	116.1	62.5	(53.6)
Capital asset charge	62.9	63.0	0.1
Other operating expenses ^(e)	221.6	252.8	31.2
Total expenses from transactions	730.2	687.4	(42.8)
Net result from transactions	(1.1)	(4.4)	(3.3)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	(7.1)	(0.1)	7.0
Other gains/(losses) from other economic flows	–	(1.3)	(1.3)
Total other economic flows included in net result	(7.1)	(1.4)	5.7
Net result	(8.2)	(5.8)	2.4
Other economic flows – other comprehensive income ^(f)	–	94.9	94.9
Comprehensive result	(8.2)	89.1	97.3

Notes:

(a) Variance is mainly attributable to the budget rephasing and carryovers from 2019-20 to 2020-21 and onwards for Invest Victoria grants programs.

(b) Variance is attributable to an increase in revenue for the services provided by the Shared Service Provider (SSP) as it implemented the Centralised Accommodation Management initiative and an increase in Cenitex sales of services.

(c) Variance is primarily due to the depreciation for right-of-use assets under AASB 16 not required as a result of the transfer of assets to DTF Administered items.

(d) Variance is mainly attributable to the budget rephasing and carryovers from 2019-20 to 2020-21 and onwards for Invest Victoria grants programs and the budget allocation in this account for Municipal Properties Valuations (see (e)).

(e) Variance is driven by Municipal Properties Valuations actual expenses, which are budgeted in grants and other transfers, unbudgeted expenditure on technology infrastructure by Cenitex to facilitate remote working during the coronavirus (COVID-19) pandemic, and other initiatives.

(f) Variance relates to an increase in the fair values of land and buildings as a result of the revaluations during the 2019-20 year.

Budget portfolio outcomes

Balance sheet as at 30 June 2020

Controlled	2019-20	2019-20	Variance
	Budget	Actual	
	\$m	\$m	\$m
Financial assets			
Cash and deposits ^(a)	65.1	99.5	34.4
Receivables ^(b)	291.2	343.8	52.6
Other financial assets ^(c)	–	16.7	16.7
Total financial assets	356.3	460.0	103.7
Non-financial assets			
Inventories ^(d)	11.7	49.4	37.7
Property, plant and equipment ^(e)	874.2	924.5	50.3
Intangible assets	22.7	14.9	(7.8)
Other assets	20.6	37.3	16.7
Total non-financial assets	929.2	1 026.1	96.9
Total assets	1 285.5	1 486.1	200.6
Liabilities			
Payables ^(f)	46.4	146.8	100.4
Borrowings ^(g)	88.5	52.8	(35.7)
Provisions ^(h)	88.9	109.8	20.9
Total liabilities	223.8	309.4	85.6
Net assets	1 061.7	1 176.7	115.0
Equity			
Contributed capital	367.5	361.5	(6.0)
Reserves ^(e)	559.5	652.2	92.7
Accumulated surplus	134.7	163.0	28.3
Total equity	1 061.7	1 176.7	115.0

Notes:

(a) Higher than budgeted trust cash balances.

(b) The variance is primarily driven by Cenitex and the Shared Service Provider for the provision of services to general government.

(c) The variance is mainly due to unbudgeted managed investments at fair value held by Cenitex.

(d) The variance relates to higher than budgeted assets held for sale during the year.

(e) The variance is mainly due to an increase in the fair values of land and buildings as a result of a valuation performed during the year, offset by assets transferred to assets held for sale, included in inventories.

(f) The variance is mainly due to higher than budgeted accruals for facilities management and other expenses, and higher than budgeted payables in Cenitex.

(g) The variance reflects lower than budgeted recognition of lease liabilities under AASB 16.

(h) The variance is mainly attributable to lower than expected expenditure on the provision for land remediation.

Budget portfolio outcomes

Cash flow statement for the year ended 30 June 2020

Controlled	2019-20 Budget	2019-20 Actual	Variance
	\$m	\$m	\$m
Cash flows from operating activities			
Receipts from government ^(a)	500.7	471.4	(29.3)
Receipts from other entities	8.0	(2.0)	(10.0)
Goods and Services Tax recovered from the ATO	(0.5)	(5.0)	(4.5)
Interest received	1.3	0.7	(0.6)
Other receipts ^(b)	231.3	250.9	19.6
	740.8	716.0	(24.8)
Payments of grants and other transfers ^(a)	(149.6)	(51.6)	98.0
Payments to suppliers and employees ^(c)	(490.5)	(542.5)	(52.0)
Goods and Services Tax paid to the ATO	–	(3.5)	(3.5)
Capital asset charge	(62.9)	(63.0)	(0.1)
Interest and other finance costs	(3.3)	(0.9)	2.4
	(706.3)	(661.5)	44.8
Net cash flows from operating activities	34.5	54.5	20.0
Cash flows from investing activities			
Net investment	–	(0.3)	(0.3)
Net payments for non-financial assets	(32.8)	(36.5)	(3.7)
Proceeds from sale of non-financial assets	–	1.6	1.6
Net loans to other parties	(6.0)	–	6.0
Net cash flows used in investing activities	(38.8)	(35.2)	3.6
Cash flows from financing activities			
Owner contributions by State government	3.6	(4.8)	(8.4)
Repayment of leases and service concession liabilities	(13.0)	–	13.0
Net borrowings	1.3	6.1	4.8
Net cash flows from financing activities	(8.1)	1.3	9.4
Net increase/(decrease) in cash held	(12.4)	20.6	33.0
Cash at the beginning of the financial year	77.5	78.9	1.4
Cash at the end of the financial year	65.1	99.5	34.4

Notes:

(a) Variance is mainly attributable to the budget rephasing and carryovers from 2019-20 to 2020-21 for Invest Victoria grants program.

(b) Variance is due to increase in revenue as a result of the Centralised Accommodation Management initiative and Cenitex sales of service.

(c) The variance is mainly attributable to higher than budgeted payments for contractors and professional services and services related to information technology in Cenitex.

Budget portfolio outcomes

Statement of changes in equity for the year ended 30 June 2020

Controlled	Reserves	Accumulated surplus	Contributed capital	Total
	\$m	\$m	\$m	\$m
2019-20 original budget				
Balance at 1 July 2019	559.5	142.9	366.5	1 068.9
Net result for the year	–	(8.2)	–	(8.2)
Transactions with owners in their capacity as owners	–	–	1.0	1.0
Balance at 30 June 2020	559.5	134.7	367.5	1 061.7
2019-20 actuals				
Balance at 1 July 2019	556.9	169.2	365.4	1 091.5
Net result for the year	–	(5.8)	–	(5.8)
Other comprehensive income for the year	–	(0.4)	–	(0.4)
Revaluation increment/(decrement) (net)	95.3	–	–	95.3
Transfer to contributed capital	–	–	(3.9)	(3.9)
Balance at 30 June 2020	652.2	163.0	361.5	1 176.7
Variance to original budget				
Balance at 1 July 2019	(2.6)	26.3	(1.1)	22.6
Net result for the year	–	2.4	–	2.4
Other comprehensive income for the year	–	(0.4)	–	(0.4)
Transfer to contributed capital	–	–	(3.9)	(3.9)
Revaluation increment/(decrement) (net)	95.3	–	–	95.3
Transactions with owners in their capacity as owners	–	–	(1.0)	(1.0)
Balance at 30 June 2020	92.7	28.3	(6.0)	115.0

Budget portfolio outcomes

Administered items statement for the year ended 30 June 2020

	2019-20 Budget	2019-20 Actual	Variance
	\$m	\$m	\$m
Administered income from transactions			
Appropriations - payments made on behalf of the State ^(a)	7 756.3	4 730.9	(3 025.4)
Special appropriations	2 351.0	2 558.9	207.9
Interest	109.8	34.3	(75.5)
Sales of goods and services	52.6	291.9	239.3
Grants ^(b)	26 285.1	23 565.1	(2 720.0)
Other income ^(c)	27 437.3	26 453.0	(984.3)
Total administered income from transactions	63 992.1	57 634.1	(6 358.0)
Administered expenses from transactions			
Expenses on behalf of the State	526.8	596.1	69.3
Employee benefits ^(a)	1 733.4	1 039.0	(694.4)
Grants and other transfers	4 664.0	4 867.6	203.6
Interest expense	1 292.1	1 245.4	(46.7)
Payments into Consolidated Fund ^(d)	54 214.2	63 346.1	9 131.9
Total administered expenses from transactions	62 430.5	71 094.2	8 663.7
Net result from transactions	1 561.6	(13 460.1)	(15 021.7)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	23.3	2.5	(20.8)
Net gain/(loss) on financial instruments and statutory receivables/payables	–	(31.9)	(31.9)
Total other economic flows included in net result	23.3	(29.4)	(52.7)
Net result	1 584.9	(13 489.5)	(15 074.4)
Other economic flows – other non-owner changes in equity			
Remeasurement of superannuation defined benefit plans ^(e)	1 109.3	(2 720.8)	(3 830.1)
Other	–	(56.7)	(56.7)
Total other economic flows – other non-owner changes in equity	1 109.3	(2 777.5)	(3 886.8)
Comprehensive result	2 694.2	(16 267.0)	(18 961.2)
Administered assets			
Cash and deposits	257.1	50.0	(207.1)
Receivables	4 251.0	9 149.0	4 898.0
Other financial assets	1 127.7	1 074.1	(53.6)
Property, plant and equipment ^(f)	537.7	1 866.1	1 328.4
Other non-financial assets	(0.6)	29.8	30.4
Investments accounted for using the equity method	(1.3)	–	1.3
Total administered assets	6 171.6	12 169.0	5 997.4

	2019-20 Budget	2019-20 Actual	Variance
	\$m	\$m	\$m
Administered liabilities			
Payables	2 096.9	4 192.4	2 095.5
Borrowings ^(d)	31 623.7	47 203.7	15 580.0
Provisions	0.1	3.0	2.9
Superannuation ^(e)	26 101.7	31 225.4	5 123.7
Total administered liabilities	59 822.4	82 624.5	22 802.1

Notes:

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

(b) The variance is mainly due to lower than expected GST grants and other Commonwealth grants.

(c) The variance mainly reflects lower than expected State taxation revenue mainly due to the State Government's tax relief measures in response to the impact of coronavirus (COVID-19) on the Victorian economy.

(d) The variance relates to the higher borrowings to deal with the impact of coronavirus (COVID-19) on the Victorian economy which is partially offset by lower grants revenue.

(e) The variations in the remeasurement of superannuation defined benefit plans and the associated superannuation liability were largely due to the impact of movements in the bond yields used to measure the superannuation liability and unfavourable investment performance due to market volatilities.

(f) The variance mainly relates to higher whole of government right-of-use assets transferred due to Centralised Accommodation Management and AASB 16.

Financial performance

Overview

The Department recorded a surplus of \$5.2 million in 2019-20 compared with \$8.2 million in 2018-19.

Total assets of the Department increased from \$1.2 billion in 2018-19 to \$1.3 billion in 2019-20, largely as a result of a managerial valuation of the Department's land and building assets during the year. The major assets of the Department at 30 June 2020 are land and buildings (\$833 million), the Department's receivable from the State Administration Unit (\$280 million), and funds held in trust (\$53 million).

Total liabilities increased from \$195 million in 2018-19 to \$200 million in 2019-20. The Department's major liabilities are accounts payable, provision for land remediation and employee related provisions.

Core operations

Total revenue paid by Government for DTF outputs has increased this year to \$441 million, from \$403 million in 2018-19. The increase is attributable to mainly the full year output appropriation received for Invest Victoria, which became part of DTF as a result of the machinery of government transfer from the former Department of Economic Development, Jobs, Transport and Resources in January 2019, and appropriations related to provision of policy and advice on infrastructure and commercial projects.

The following table details operational revenue by output group.

Revenue from the provision of outputs^(a)

Output group	2019-20 \$m	2018-19 ^(b) \$m	Change \$m
Optimise Victoria's fiscal resources	159	164	(5)
Strengthen Victoria's economic performance	136	105	31
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	74	62	12
Deliver efficient whole of government common services	72	72	–
Total	441	403	38

Note:

(a) Includes only Parliamentary appropriations.

(b) There has been a realignment of the output groups for 2018-19. The total remains the same.

Five-year financial summary: Departmental (controlled) activities

	2019-20 ^(a) \$m	2018-19 ^(b) \$m	2017-18 \$m	2016-17 ^(c) \$m	2015-16 \$m
Government output appropriations income	441	403	300	353	255
Other income	70	61	58	57	52
Total income from transactions	511	464	358	410	307
Total expenses from transactions	(505)	(454)	(356)	(406)	(305)
Net result from transactions	6	10	2	4	2
Total other economic flows included in net result	(1)	(2)	–	1	(1)
Net result	5	8	2	5	1
Net cash flow from operations	24	31	21	29	23
Total assets	1 290	1 184	1 154	1 145	863
Total liabilities	200	195	166	159	138

Notes:

(a) Increase in output appropriation income mainly related to the full year impact of the Invest Victoria transfer. Asset balances were impacted by a managerial valuation of the Department's land and building assets during the year.

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

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

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Declaration in the financial statements

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the Department as at 30 June 2020.

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 1 October 2020.



Tania Reaburn
Chief Financial Officer
Department of Treasury and Finance

Melbourne
1 October 2020



David Martine
Secretary
Department of Treasury and Finance

Melbourne
1 October 2020

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 2020• 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 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>

Independent auditor's report (continued)

Key audit matter	How I addressed the matter
Valuation of defined benefit superannuation liability	
Refer to Note 4.3.2 of the financial report - <i>Administered assets and liabilities as at 30 June 2020</i>	
<p>Defined benefit superannuation liability: \$31.2 billion.</p> <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> • the defined benefit superannuation liability is financially significant • the underlying model used to value the liability is complex • a significant degree of management judgement is required to determine the method, the model and key assumptions used in valuing the liability • a small adjustment to an assumption may have a significant effect on the total value of the liability • extensive disclosures are required by Australian Accounting Standards which are critical to the users understanding of the valuation of this liability. <p>Management engage an actuary to value the liability as at 30 April, then adjust the value of the liability to account for actual market performance and movements in key assumptions up to 30 June.</p>	<p>My key procedures included:</p> <ul style="list-style-type: none"> • assessing the operating effectiveness of the Emergency Services Superannuation Scheme's (ESSS) key controls supporting the membership data used in the model. I relied on the work completed within my audit of ESSS for this • reconciling membership data in the model to the data in the ESSS system • obtaining management's actuarial report and year-end adjustments, and engaging an appropriately qualified independent actuary to: <ul style="list-style-type: none"> ○ assess the appropriateness of management's selection and application of the method, significant assumptions and data used in valuing the liability ○ assess the appropriateness of the model used to value the liability ○ challenge the reasonableness of key assumptions by comparing against accepted industry benchmarks ○ assess the reasonableness of the reported liability value. • assessing the adequacy of financial report disclosures against the requirements of Australian Accounting Standards.
<p>Secretary's responsibilities for the financial report</p>	<p>The Secretary is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Secretary is responsible for assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

MELBOURNE
5 October 2020



Andrew Greaves
Auditor-General

Comprehensive operating statement

for the financial year ended 30 June 2020

		2020	2019
	Notes	\$'000	\$'000
Income from transactions			
Output appropriations	2.3	441 287	402 649
Other income	2.5	69 862	61 480
Total income from transactions		511 149	464 129
Expenses from transactions			
Employee expenses	3.1.1	176 128	154 010
Depreciation and amortisation	5.1.1	19 332	17 726
Interest expense	8.1.1	517	126
Grant expenses	3.2	92 296	76 056
Capital asset charge	3.3	62 858	62 896
Supplies and services	3.4	137 570	140 700
Land remediation costs	3.5	7 681	864
Payments to Consolidated Fund		8 802	1 237
Total expenses from transactions		505 184	453 615
Net result from transactions		5 965	10 514
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.1	121	(48)
Net (loss) on financial instruments	9.1	(10)	(7)
Net (loss) from revaluation of leave liabilities	9.1	(860)	(2 210)
Total other economic flows included in net result		(749)	(2 265)
Net result		5 216	8 249
Other economic flows – other comprehensive income			
Changes in physical asset revaluation surplus		95 246	(2 579)
Comprehensive result		100 462	5 670

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

Balance sheet

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
Financial assets			
Cash and deposits	7.2	53 463	42 333
Receivables	6.1	321 973	325 011
Total financial assets		375 436	367 344
Non-financial assets			
Prepayments		13 485	4 250
Non-financial assets classified as held for sale	6.3	49 380	7 049
Property, plant and equipment	5.1	838 756	790 977
Intangible assets	5.2	13 792	14 348
Total non-financial assets		915 413	816 624
Total assets		1 290 849	1 183 968
Liabilities			
Payables	6.2	109 958	79 222
Employee related provisions	3.1.2	55 504	47 182
Provision for land remediation	3.5	26 125	59 900
Unearned income	6.4	4 472	3 646
Borrowings	7.1	5 221	5 388
Total liabilities		201 280	195 338
Net assets		1 089 569	988 630
Equity			
Contributed capital		231 454	230 977
Asset revaluation surplus		652 185	556 939
Accumulated surplus		205 930	200 714
Total equity		1 089 569	988 630

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

Statement of changes in equity

for the financial year ended 30 June 2020

	Contributed capital \$'000	Asset revaluation surplus \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 July 2018	235 574	559 518	192 465	987 557
Revaluation decrement (net)	–	(2 579)	–	(2 579)
Return of capital	(4 597)	–	–	(4 597)
Net result for the year	–	–	8 249	8 249
Balance at 30 June 2019	230 977	556 939	200 714	988 630
Return of capital	477	–	–	477
Revaluation increment (net)	–	95 246	–	95 246
Net result for the year	–	–	5 216	5 216
Balance at 30 June 2020	231 454	652 185	205 930	1 089 569

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

Cash flow statement

for the financial year ended 30 June 2020

		2020	2019
	Notes	\$'000	\$'000
Cash flows from operating activities			
Receipts from government		537 989	446 308
Receipts from other entities		917	30 960
Goods and services tax (GST) recovered from the ATO ^(a)		9 091	23 068
Total receipts		547 997	500 336
Payments to suppliers and employees		(388 024)	(330 781)
Grants paid		(72 257)	(75 716)
Capital asset charge paid		(62 858)	(62 896)
Interest and other finance costs paid	8.11	(517)	(126)
Total payments		(523 656)	(469 519)
Net cash flows from operating activities	7.21	24 341	30 817
Cash flows from investing activities			
Payments for property, plant and equipment		(7 554)	(13 584)
Proceeds from sale of property, plant and equipment		1 530	1 363
Payments for intangible assets		(2 364)	(4 036)
Net cash flows used in investing activities		(8 388)	(16 257)
Cash flows from financing activities			
Repayment of borrowings and principal portion of lease liabilities (2019: finance leases) ^(b)		(4 667)	(2 484)
Net cash flows used in financing activities		(4 667)	(2 484)
Net increase in cash and cash equivalents		11 286	12 076
Cash and cash equivalents at the start of the year		42 177	30 101
Cash and cash equivalents at the end of the year	7.2	53 463	42 177
Non-cash financing and investing activities	7.2.2		

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

Notes:

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

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

1 About this report

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

Its principal address is: 1 Treasury Place
Melbourne VIC 3002

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

Basis of preparation

The financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis. The accrual basis of accounting has been applied in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

Judgements, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading 'judgement required'.

These financial statements cover the Department as an individual reporting entity and include all the controlled activities of the Department. Infrastructure Victoria, Essential Services Commission and Cenitex, which are part of the Department's portfolio, prepare separate annual financial statements and are not included in the Department's financial statements. Following machinery of government changes, Infrastructure Victoria was transferred to the Department from the Department of Premier and Cabinet (DPC) effective 1 May 2020.

The Victorian Natural Disasters Relief Account (NDRA) and its functions were transferred from the Department to Department of Justice and Community Safety effective 1 December 2019. The financial statements exclude NDRA's transactions from that date and is further described described in note 7.3.1. Pursuant to section 53(1)(b) of the *Financial Management Act 1994* (FMA), the results of the Registrar of Housing Agencies and the Victorian Government Purchasing Board are reported in aggregate as part of the Department's financial statements. These entities are not controlled by the Department.

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

1. About this report

Impact of material events on this report

The global coronavirus (COVID-19) pandemic has introduced significant economic and fiscal uncertainties since early 2020. In conjunction with its public health response to contain the spread of COVID-19, the Victorian Government has restricted travel and introduced physical distancing requirements for individuals and businesses. These measures have limited the State's economic activity and significantly impacted the State's revenue base, predominantly the taxation revenue and GST grants reported in note 4.3.1 Administered income and expenses.

In addition to the Government's public health response, the Government has incurred significant spending to support Victorians through the crisis with health, social, economic and business support measures. Details of the taxation relief measures are described in note 4.3.1 Administered income and expenses - special appropriations and taxation.

Significant assumptions used in accounting estimates prepared by management may also be affected by COVID-19, specifically, the fair value of land and buildings. Details of the land and building fair value assessment performed is described in note 5.1 Property, plant and equipment – subsequent measurement.

Compliance information

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

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

2 Funding delivery of our services

Introduction

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

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

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

Structure

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2.5	Other income	53

2.1 Summary of income that funds the delivery of our services

	Notes	2020 \$'000	2019 \$'000
Income from transactions			
Output appropriations	2.3	441 287	402 649
Other income	2.5	69 862	61 480
Total income from transactions		511 149	464 129

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

2.2 Appropriations

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

Output appropriations

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

2.3 Summary of compliance with annual Parliamentary appropriations

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

	Appropriation Act			Financial Management Act 1994		Total Parliamentary authority \$'000	Appropriations applied \$'000	Variance \$'000
	Annual appropriations – as published \$'000	Advance from Treasurer \$'000	Transfers from other departments administrative restructuring \$'000	Section 29 \$'000	Section 32 \$'000			
2020								
Controlled								
Provision of outputs	467 436	29 793	2 000	27 964	4 290	531 483	441 287	90 196
Additions to net assets	2 590	–	–	–	–	2 590	–	2 590
Administered								
Payments made on behalf of the State	4 949 935	31 666	–	–	–	4 981 601	4 730 944	250 657
2020 total	5 419 961	61 459	2 000	27 964	4 290	5 515 674	5 172 231	343 443
2019								
Controlled								
Provision of outputs	340 637	14 704	50 185	23 913	2 333	431 772	402 649	29 123
Additions to net assets	3 590	–	–	–	–	3 590	–	3 590
Administered								
Payments made on behalf of the State	4 153 679	21 138	–	–	–	4 174 817	3 885 180	289 637
2019 total	4 497 906	35 842	50 185	23 913	2 333	4 610 179	4 287 829	322 350

Explanation of key variances between total Parliamentary authority and appropriations applied – year ended 30 June 2020:

- **Provision of outputs**

\$78 million was not applied due to the timing of grant expenses totalling \$63 million, lower depreciation costs of \$7 million for government-owned buildings and delays in other departmental deliverables of \$8 million. In addition, a Treasurer's Advance of \$10 million was not applied due to lower than expected expenditure on Cenitex information technology initiatives.

- **Additions to net assets**

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

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

\$192 million was not required due to lower payables for the State's dedicated transport investment fund and \$139 million was not required for transactions relating to the National Disability Insurance Scheme. The under-expenditure was partially offset by higher State's payments for GST administration of \$20 million, and higher grant expenses of \$39 million for the First Home Owner Scheme.

2.4 Annotated income agreements

The Department is permitted under section 29 of the FMA to have certain income annotated to the annual appropriation. The income which forms part of a section 29 agreement is recognised by the Department and the receipts paid into the Consolidated Fund as an administered item.

At the point of income recognition, section 29 provides for an equivalent amount to be added to the annual appropriation.

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

	2020	2019
	\$'000	\$'000
Section 105 land tax certificates	3 800	4 555
SRO information communication and technology projects	980	–
Construction supplier register	870	706
Government land and property	950	634
Public financial corporations risk management and reporting framework	210	116
Government bodies gymnasium	250	130
Victorian Energy and Efficiency Target expansion	2 500	2 500
Enterprise resource planning implementation project	590	4 043
Invest Victoria	17 500	10 000
Better Regulation Victoria	164	–
Office of Projects Victoria	150	1 229
Total annotated income agreements	27 964	23 913

2.5 Other income

	2020	2019
	\$'000	\$'000
Provision of services	24 749	19 136
Rental accommodation income	34 839	35 375
Other income	10 274	6 969
Total other income	69 862	61 480

2. Funding delivery of our services

Provision of services

Income from the provision of services where they can be deployed for the achievement of departmental objectives, is recognised when the services are provided. The impact of initially applying AASB 15 *Revenue from Contracts with Customers* (AASB 15) on the Department's revenue from contracts with customers is described in note 9.2.2. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

Performance obligations and revenue recognition policies

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

Previous accounting policy for 30 June 2019

Income from the supply of services was recognised by reference to the stage of completion of the services performed. The income was recognised when:

- the amount of the income, stage of completion and transaction costs incurred could be reliably measured; and
- it was probable that the economic benefits associated with the transaction would flow to the Department.

Other income

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

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when the Department satisfies the performance obligations. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligations are satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Department receives the 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 *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).

The adoption of AASB 1058 did not have an impact on other comprehensive income and the cash flow statement for the financial year.

Previous accounting policy for 30 June 2019

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

VicFleet car hire income and management fee are recognised when the services are provided.

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. In this note, the cost associated with the provision of services are recorded. Note 4 discloses aggregated information in relation to the income and expenses by output.

Judgement required

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

Structure

3.1	Expenses incurred in delivery of services	55
3.2	Grant expenses	57
3.3	Capital asset charge	57
3.4	Supplies and services	57
3.5	Land remediation costs	58

3.1 Expenses incurred in delivery of services

	Notes	2020 \$'000	2019 \$'000
Employee expenses	3.1	176 128	154 010
Grant expenses	3.2	92 296	76 056
Capital asset charge	3.3	62 858	62 896
Supplies and services	3.4	137 570	140 700
Land remediation costs	3.5	7 681	864

3.1.1 Employee expenses – comprehensive operating statement

	2020 \$'000	2019 \$'000
Salaries, wages, annual and long-service leave		
• Salaries and wages	134 820	118 015
• Annual and long-service leave expense	19 120	15 960
Superannuation		
• Defined contribution plans	12 286	10 875
• Defined benefits expense	1 305	1 321
On-costs	8 597	7 839
Total employee expenses	176 128	154 010

Employee expenses comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation expenses represent the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Department discloses, on behalf of the State as the sponsoring employer, the net defined benefit cost and the defined benefit liability related to the members of these plans as administered items (note 4.3).

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

3. The cost of delivering services

3.1.2 Employee-related provisions – balance sheet

	2020	2019
	\$'000	\$'000
Provisions		
Current		
Annual leave		
• unconditional and expected to be settled within 12 months	10 440	7 868
• unconditional and expected to be settled after 12 months	4 119	2 688
Long-service leave		
• unconditional and expected to be settled within 12 months	3 341	4 202
• unconditional and expected to be settled after 12 months	26 832	23 734
On-costs	5 515	4 665
Performance bonus	517	254
Total current employee-related provisions	50 764	43 411
Non-current		
Long-service leave	4 269	3 379
On-costs	471	392
Total non-current employee-related provisions	4 740	3 771
Total provisions	55 504	47 182

3.1.3 Reconciliation of movement in on-costs provisions

	2020
	\$'000
Opening balance	5 057
Additional provisions recognised	2 151
Reductions arising from payments/other sacrifices of future economic benefits	(1 133)
Unwind of discount and effect of changes in the discount rate	(89)
Closing balance	5 986
Current	5 515
Non-current	471

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

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

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

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

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

3.2 Grant expenses

	2020	2019
	\$'000	\$'000
Grant expenses		
Victorian government entities	34 220	26 256
Other government entities	5 405	14 003
Other organisations	52 671	35 797
Total grant expenses	92 296	76 056

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

	2020	2019
	\$'000	\$'000
Capital asset charge	62 858	62 896

A capital asset charge is a charge levied on the written down value of controlled non-current physical assets in a department's balance sheet. It aims to attribute to the department outputs, the opportunity cost of capital used in service delivery;

and provide incentives for the department to identify and dispose of under-utilised or surplus non-current physical assets in a timely manner. The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

3.4 Supplies and services

	2020	2019
	\$'000	\$'000
Rental and property outgoings	27 104	34,651
Purchases of services	81 661	80 318
Information and communication technology expenses	16 198	17 816
Other	12 607	7 915
Total supplies and services	137 570	140 700

Supplies and services are recognised as an expense in the period in which they are incurred. Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

Following the implementation of the Centralised Accommodation Management initiative across government on 1 November 2019, lease payments were transferred from rental and property outgoings to the administered interest expense in note 4.3.1.

Additionally, from 1 November 2019 the Department entered into an occupancy agreement with the Shared Service Provider. The costs associated with the service contract are recognised in rental and property outgoings in note 3.4 Supplies and services.

The Centralised Accommodation Management initiative and the Shared Service Provider occupancy agreement are described in note 4.2 Centralised Accommodation Management.

3. The cost of delivering services

3.5 Land remediation costs

Provisions are recognised when the Department has a present obligation where the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rates that reflect the time value of money and risks specific to the provision. The land remediation provision of \$26.1 million (2019 – \$59.9 million) is to remediate sites intended for residential and commercial development. During the year, an additional provision of \$5.0 million was recognised and \$38.8 million was utilised against the provision.

4 Disaggregated financial information by output

Introduction

The Department is predominantly funded by accrual-based Parliamentary appropriations for the provision of outputs. This section provides a description of the departmental outputs delivered during the year ended 30 June 2020 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

A description of departmental objectives and outputs during the year ended 30 June 2020 are summarised below.

Optimise Victoria's fiscal resources

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

Strengthen Victoria's economic performance

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

Distinction between controlled and administered items

The distinction between controlled and administered items is drawn based on whether the Department has the ability to deploy the resources in question for its own benefit (controlled items) or whether it does so on behalf of the State (administered). The Department remains accountable for transactions involving administered items, but it does not recognise these items in its financial statements, except in notes 4.3 and 8.2.

Structure

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4.3 Administered items	62

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

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

Deliver efficient whole of government common services

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

4. Disaggregated financial information by output

4.1.2 Departmental outputs schedule

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance ^(a)	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Controlled income and expenses for the year ended 30 June 2020				
Income from transactions				
Output appropriations	159 293	164 164	136 423	104 654
Other income	1 028	1 427	881	703
Total income from transactions	160 321	165 591	137 304	105 357
Expenses from transactions				
Employee expenses	88 410	80 578	37 662	28 490
Depreciation and amortisation	5 007	4 286	356	194
Interest expense	279	15	20	6
Grant expenses	5 514	11 135	81 670	63 929
Capital asset charge	880	518	361	262
Supplies and services	60 852	69 865	16 233	8 623
Land remediation costs	–	–	–	–
Payments to Consolidated Fund	–	–	–	–
Total expenses from transactions	160 942	166 397	136 302	101 504
Net result from transactions	(621)	(806)	1 002	3 853
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	30	15	(18)	26
Net (loss) on financial instruments	(10)	(7)		
Net (loss) from revaluation of leave liabilities	(559)	(1 416)	(115)	(236)
Total other economic flows included in net result	(539)	(1 408)	(133)	(210)
Net result	(1 160)	(2 214)	869	3 643
Total other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus	–	–	–	–
Comprehensive result	(1 160)	(2 214)	869	3 643
Controlled assets and liabilities as at 30 June 2020				
Assets				
Financial assets	6 386	6 724	3 713	990
Non-financial assets	15 128	18 135	1 289	1 502
Total assets	21 514	24 859	5 002	2 492
Liabilities				
Total liabilities	58 573	51 287	59 023	49 541
Net assets/(liabilities)	(37 059)	(26 428)	(54 021)	(47 049)

Notes:

(a) Based on the Administrative Arrangements Order (No. 229) 2018, figures for the assets and liabilities for the Invest Victoria's output were included in financial year 2019.

(b) 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 efficient whole of government common services		Other – Not attributable ^(b)		Departmental total	
2020	2019	2020	2019	2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
73 591	62 367	71 980	71 464	–	–	441 287	402 649
7 517	3 613	60 436	55 737	–	–	69 862	61 480
81 108	65 980	132 416	127 201	–	–	511 149	464 129
29 511	27 111	20 545	17 831	–	–	176 128	154 010
267	252	13 702	12 994	–	–	19 332	17 726
16	17	202	88	–	–	517	126
4 978	852	134	140	–	–	92 296	76 056
12 722	13 581	48 895	48 535	–	–	62 858	62 896
17 995	17 471	42 490	44 741	–	–	137 570	140 700
7 681	864	–	–	–	–	7 681	864
–	–	8 802	1 237	–	–	8 802	1 237
73 170	60 148	134 770	125 566	–	–	505 184	453 615
7 938	5 832	(2 354)	1 635	–	–	5 965	10 514
(17)	(147)	126	58	–	–	121	(48)
(111)	(344)	(75)	(214)	–	–	(10)	(7)
(128)	(491)	51	(156)	–	–	(749)	(2 265)
7 810	5 341	(2 303)	1 479	–	–	5 216	8 249
78 998	(2 579)	16 248	–	–	–	95 246	(2 579)
86 808	2 762	13 945	1 479	–	–	100 462	5 670
7 126	4 787	78 612	51 574	279 599	303 269	375 436	367 344
479 714	387 518	419 282	409 469	–	–	915 413	816 624
486 840	392 305	497 894	461 043	279 599	303 269	1 290 849	1 183 968
42 822	73 030	40 862	21 480	–	–	201 280	195 338
444 018	319 275	457 032	439 563	279 599	303 269	1 089 569	988 630

4. Disaggregated financial information by output

4.1.3 Changes to outputs

The Department has made changes to its output structure due to machinery of government changes that took effect on 1 May 2020 as described in note 1. The Infrastructure Victoria output has been transferred to the Department from DPC. This output provides independent and transparent advice to government on infrastructure priorities and sets a long-term strategy for infrastructure investment. Infrastructure Victoria contributes to the objective *Improve how Government manages its balance sheet, commercial activities and public sector infrastructure*.

There were no other material changes to the output structure for 2019-20.

4.2 Centralised Accommodation Management

During 2019, the Government approved the Centralised Accommodation Management (CAM) initiative to leverage off the Shared Service Provider's property function. CAM has been established to derive efficiencies and cost savings through the provision of a consistent whole of government shared accommodation service.

In October 2019, the Shared Service Provider commenced a phased transition of the CAM model to ensure its operational readiness. As part of the implementation of CAM, the Shared Service Provider will manage government accommodation-related service payments.

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

Shared Service Provider occupancy agreement

The Shared Service Provider (SSP) entered into two-year occupancy agreements ending on 31 October 2021, with government departments and portfolio agencies for office accommodations and related services.

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); and
- 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 31 October 2021 under the occupancy agreements as at 30 June 2020 is \$567.6 million. The controlled commitments receivable of \$18.8 million and administered commitments receivable of \$548.8 million are disclosed in note 7.5 Commitments for income.

4.3 Administered items

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

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

Accordingly, transactions and balances relating to these administered resources are not recognised as departmental income, expenses, assets or liabilities within the body of the financial statements, but are disclosed separately in notes 4.3.1 and 4.3.2. Except as otherwise disclosed, administered transactions are accounted for on an accrual basis using the same accounting policies adopted for recognition of departmental items in the financial statements.

4. Disaggregated financial information by output

4.3.1 Administered income and expenses for the financial year ended 30 June 2019

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Administered income from transactions				
Payments on behalf of the State appropriations	967 752	512 838	550 034	545 311
Special appropriations	815 370	152 898	–	7 291
Commonwealth grants	–	–	15 369 801	16 719 910
Taxation	18 935 331	19 092 863	–	–
Dividends	–	–	–	–
Capital asset charge	–	–	–	–
Interest	–	–	–	–
Other income	115 239	116 632	1 071	112 014
State revenues received into Consolidated Fund, net of appropriations applied within government departments	–	–	–	–
Total administered income from transactions	20 833 692	19 875 231	15 920 906	17 384 526
Administered expenses from transactions				
Grant expenses	1 019 193	618 114	29 393	374 821
Interest expense	2 892	806	–	–
Superannuation – non-departmental	–	–	–	–
Contribution to GST administration costs	–	–	168 739	155 397
Depreciation and amortisation	–	–	–	–
Short-term lease expenses	–	–	–	–
Ex gratia expenses ^(a)	76 366	10 944	–	–
Financial guarantee expenses	–	–	–	–
Other expenses	9 577	24 316	3 836	2 071
Payments to Consolidated Fund	20 539 882	18 947 683	15 370 872	16 831 924
Total administered expenses from transactions	21 647 910	19 601 863	15 572 840	17 364 213
Administered net result from transactions	(814 218)	273 368	348 066	20 313
Other economic flows included in net result				
Net gain on non-financial assets	–	–	–	–
Net gain/(loss) on financial instruments	(31 905)	(30 129)	–	–
Share of net profits/(losses) of associates, excluding dividends	–	–	–	–
Total other economic flows included in net result	(31 905)	(30 129)	–	–
Administered net result	(846 123)	243 239	348 066	20 313
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans	–	–	–	–
Changes in financial assets available for sale reserve	–	–	–	–
Administered comprehensive result	(846 123)	243 239	348 066	20 313

Note:

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

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable		Departmental total	
2020	2019	2020	2019	2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3 213 006	2 825 523	152	1 508	–	–	4 730 944	3 885 180
585 448	1 530 241	–	–	1 153 635	1 150 316	2 554 453	2 840 746
206	26 252	–	–	8 193 338	8 713 336	23 563 345	25 459 498
453 520	476 771	–	–	–	–	19 388 851	19 569 634
478 410	652 180	–	–	–	–	478 410	652 180
6 455 241	5 864 524	–	–	–	–	6 455 241	5 864 524
26 711	91 727	7 603	5 961	–	–	34 314	97 688
9 945	283 224	264 602	1 087	–	–	390 857	512 957
–	–	–	–	4 883 152	5 792 880	4 883 152	5 792 880
11 222 487	11 750 442	272 357	8 556	14 230 125	15 656 532	62 479 567	64 675 287
–	–	–	–	3 819 037	3 595 407	4 867 623	4 588 342
1 199 413	1 181 823	42 959	5 907	–	–	1 245 264	1 188 536
–	–	–	–	1 039 002	1 217 234	1 039 002	1 217 234
–	–	–	–	–	–	168 739	155 397
–	–	208 289	–	–	–	208 289	–
–	–	65	–	–	–	65	–
–	–	–	–	–	–	76 366	10 944
3 053	–	–	–	–	–	3 053	–
16 862	14 118	108 761	144	–	–	139 036	40 649
23 027 692	13 901 355	1 766	1 643	4 374 301	5 143 796	63 314 513	54 826 401
24 247 020	15 097 296	361 840	7 694	9 232 340	9 956 437	71 061 950	62 027 503
(13 024 533)	(3 346 854)	(89 483)	862	4 997 785	5 700 095	(8 582 383)	2 647 784
2 493	21 921	–	–	–	–	2 493	21 921
–	108 614	–	–	–	–	(31 905)	78 485
–	1 311	–	–	–	–	–	1 311
2 493	131 846	–	–	–	–	(29 412)	101 717
(13 022 040)	(3 215 008)	(89 483)	862	4 997 785	5 700 095	(8 611 795)	2 749 501
–	–	–	–	(2 720 834)	(3 370 909)	(2 720 834)	(3 370 909)
–	247 654	–	–	–	–	–	247 654
(13 022 040)	(2 967 354)	(89 483)	862	2 276 951	2 329 186	(11 332 629)	(373 754)

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	
		2020 \$'000	2019 \$'000
<i>Constitution Act, No. 8750 of 1975 – Governors' Pensions</i>	Governors' pensions	2 007	1 772
<i>Constitution Act, No. 8750 of 1975 – Supreme Court Judges</i>	Judges' pensions	14 031	13 602
<i>County Court Act, No. 6230 of 1958 – Judges</i>	Judges' pensions	20 036	18 528
<i>Financial Management Act, No. 18 of 1994, Section 39</i>	Interest on advances	7 247	5 008
<i>Gambling Regulation Act, No. 114 of 2003, Section 3.6.12</i>	Payments to Community Support Fund	111 808	147 121
<i>Gambling Regulation Amendment (Wagering and Betting) Act 2018, Section 4.6 A.5</i>	Victorian racing industry	–	7 291
<i>Liquor Control Reform Act, No. 94 of 1998, Section 177(2)</i>	Safety net payments	4 162	4 591
<i>State Owned Enterprises Act, No. 90 of 1992, Section 88</i>	State equivalent tax refunds	8 568	–
<i>State Superannuation Act, No. 50 of 1988, Section 90(2) – Contributions</i>	Superannuation contributions	1 117 561	1 116 413
<i>Taxation (Interest on Overpayments) Act, No. 35 of 1986, Section 11</i>	Interest on overpayments of tax	2 892	806
<i>Taxation Administration Act 1997, Section 121^(a)</i>	Tax refunds/waivers and court costs	696 508	380
<i>Treasury Corporation of Victoria Act, No. 80 of 1992, Section 38 – Debt Retirement</i>	Budget sector debt retirement	569 633	1 525 234
Total special appropriations		2 554 453	2 840 746

Note:

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

Commonwealth grants

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

The adoption of AASB 15 and AASB 1058 did not have an impact on other comprehensive income and the cash flow statement for the financial year.

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when the Department satisfies the performance obligations. This is recognised based on the consideration specified in the funding agreement, and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

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

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

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

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

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

Previous accounting policy for 30 June 2019

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

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.

In response to the 2019-20 Victorian bushfires and COVID-19, the Government announced emergency tax relief measures to support the Victorian community. This tax relief includes a combination of waivers, deferrals and refunds. The taxes affected include payroll tax, land tax, land transfer duty, motor vehicle duty and liquor licence fees. The State taxation revenue that is forgone due to the tax refunds or waivers are recognised as reductions in income. During the year, payroll tax of \$672.6 million, land tax of \$37.7 million and liquor license fees of \$22.6 million were refunded or waived.

Dividends

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

Capital asset charge

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

Interest income

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

Other income

Other income relates to other miscellaneous revenue.

Grant expenses

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

Contribution to GST administration costs

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

Depreciation and amortisation

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Department obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated over its useful life ranging from 1 year to 15 years.

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

Short-term lease expenses and low-value assets

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- short-term leases – leases with a term less than 12 months; and
- low-value leases – leases where 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.

Interest in associate entity

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

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

Other economic flows included in net result

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

4. Disaggregated financial information by output

4.3.2 Administered assets and liabilities as at 30 June 2020

	Optimise Victoria's fiscal resources		Strengthen Victoria's economic performance	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Administered assets				
Financial assets				
Cash and deposits	–	–	–	–
Receivables ^(a)	3 157 312	2 664 712	28 984	29 846
Advances paid	–	–	–	–
Investments in controlled entities	–	–	–	–
Other investments	–	–	–	–
Total financial assets	3 157 312	2 664 712	28 984	29 846
Non-financial assets	–	–	–	–
Property, plant and equipment ^(b)	–	–	–	–
Prepayments	–	–	–	–
Total non-financial assets	–	–	–	–
Total administered assets	3 157 312	2 664 712	28 984	29 846
Administered liabilities				
Payables	38 555	24 569	38 855	38 441
Advances received	–	–	–	–
Public Account State Administration Unit liability	–	–	–	–
Provisions	–	–	–	70 088
Unearned income ^(c)	–	–	1 302 369	–
Advances for capital works	–	–	–	–
Borrowings ^(d)	–	–	–	–
Leases ^(b)	–	–	–	–
Superannuation liability	–	–	–	–
Total administered liabilities	38 555	24 569	1 341 224	108 529
Net administered assets	3 118 757	2 640 143	(1 312 240)	(78 683)

Notes:

(a) The Snowy Hydro tax compensation revenue and the corresponding receivable were overstated by \$25.9 million in the 2019 financial year. A prior period adjustment has been made in the 2020 financial year against receivables and accumulated funds.

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

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

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

4. Disaggregated financial information by output

Improve how Government manages its balance sheet, commercial activities and public sector infrastructure		Deliver efficient whole of government common services		Other – Not attributable		Departmental total	
2020	2019	2020	2019	2020	2019	2020	2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
28 782	1 422 132	–	–	6 232 826	2 481 831	6 261 608	3 903 963
169 896	175 923	557 725	256 184	–	–	3 913 917	3 126 665
2 179 341	3 936 225	–	–	–	–	2 179 341	3 936 225
–	–	–	–	163 027 190	111 715 613	163 027 190	111 715 613
1 074 150	705 265	–	–	–	–	1 074 150	705 265
3 452 169	6 239 545	557 725	256 184	169 260 016	114 197 444	176 456 206	123 387 731
–	–	–	–	–	–	–	–
–	–	1 866 129	–	–	–	1 866 129	–
–	–	29 550	–	–	–	29 550	–
–	–	1 895 679	–	–	–	1 895 679	–
3 452 169	6 239 545	2 453 404	256 184	169 260 016	114 197 444	178 351 885	123 387 731
91 847	70 689	9 192	14 631	–	43 748	178 449	192 078
2 179 341	3 936 225	–	–	–	–	2 179 341	3 936 225
–	–	–	–	11 305 707	10 020 681	11 305 707	10 020 681
51	57	2 933	–	–	–	2 984	70 145
49 154	60 258	12 778	–	–	–	1 364 301	60 258
–	–	110 917	97 116	–	–	110 917	97 116
44 930 455	27 485 744	313 792	268 792	–	–	45 244 247	27 754 536
–	–	1 959 454	–	–	–	1 959 454	–
–	–	–	–	31 225 375	28 631 257	31 225 375	28 631 257
47 250 848	31 552 973	2 409 066	380 539	42 531 082	38 695 686	93 570 775	70 762 296
(43 798 679)	(25 313 428)	44 338	(124 355)	126 728 934	75 501 758	84 781 110	52 625 435

4. Disaggregated financial information by output

Administered assets and liabilities

Receivables

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

Advances paid

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

Investment in controlled entities

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

Other investments

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

Property, plant and equipment

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

Public Account State Administration Unit liability

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

Unearned income

This mainly represents the GST funding received in advance from the Commonwealth for the following year's GST income entitlement, and upfront payment of a 30-year lease obligation resulting from the sale of the State's hydroelectricity scheme – Southern Hydro Limited. Revenue is recognised on a straight-line method over the lease period.

Borrowings

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

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

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

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

Leases

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

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);
- 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; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease liability – subsequent measurement

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

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

Short-term leases and leases of low-value assets

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

Presentation of right-of-use assets and lease liabilities

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

Recognition and measurement of leases (under AASB 117 Leases until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases. Refer to note 3.4 for the disclosure of operating leases in the comparative period.

Leases of property, plant and equipment where the Department as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset, and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Assets held under other leases were classified as operating leases and were not recognised in the Department's balance sheet. Operating lease payments were recognised as an operating expense in the comprehensive operating statement on a straight-line basis over the lease term.

Advances received

Advances received are from Port Lessor Pty Ltd. The advances received are 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.

4. Disaggregated financial information by output

Superannuation liability

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

The superannuation liability recognised in the administered balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. This liability mainly represents the State's superannuation liability with respect to superannuation funds operated principally for general government sector employees, being the State's share of the shortfall between the total net assets of the State's general government sector superannuation funds at 30 June 2020 and the present value of benefits that members have accrued up to that date, as determined by an actuarial assessment. The balance of the superannuation liability with respect to these funds is to be met by Commonwealth funded agencies. In addition, the State also recognises a liability for accrued benefits arising from constitutionally protected pension entitlements principally in respect of judges and other judicial office holders. No assets are held in respect of these liabilities and pensions are paid from the Consolidated Fund.

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

The Department manages the State's superannuation liability by:

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

The State's superannuation liability with respect to superannuation funds operated principally for general government sector employees was \$31 225 million as at 30 June 2020 (2019 – \$28 631 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 \$1 280 million (2019 – \$1 262 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

	2020 \$m	2019 \$m
Reconciliation of the present value of the defined benefit obligation		
Balance at the start of the period	52 413	48 151
Current service cost	1 097	990
Interest cost	741	1 314
Contributions by plan participants	237	233
Actuarial (gains)/losses	1 622	3 906
Benefits paid	(2 294)	(2 181)
Balance at the end of the period	53 816	52 413
Reconciliation of fair value of superannuation plan assets		
Balance at the start of the period	23 782	22 946
Interest income	334	626
Expected return on plan assets excluding interest income	1 315	1 039
Actuarial gains/(losses)	(2 414)	(504)
Employer contributions	1 630	1 623
Contributions by plan participants	238	233
Benefits paid (including tax paid)	(2 294)	(2 181)
Balance at the end of the period	22 591	23 782
Reconciliation of liabilities disclosed in the administered statement of assets and liabilities		
State Superannuation Fund/Emergency Services Superannuation Scheme	29 859	27 269
Other funds	1 366	1 362
Total superannuation liability	31 225	28 631

	2020 %	2019 %
Actuarial assumptions		
<i>State Superannuation Fund/Emergency Services Superannuation Scheme</i>		
Expected return on assets	7.0	8.0
Discount rate	1.0	1.5
Wages growth	2.4	2.7
Inflation rate	0.9	1.2
<i>Constitutionally Protected Pensions</i>		
Discount rate	1.0	1.5
Wages growth	2.4	2.7
Inflation rate	n/a	n/a
<i>Health Superannuation Fund</i>		
Expected return on assets	4.8	5.0
Discount rate	1.0	1.5
Wages growth	2.4	2.7
Inflation rate	0.9	1.2

4. Disaggregated financial information by output

Impact of COVID-19

The economic uncertainty associated with COVID-19 has adversely impacted investment returns on the State's defined benefit superannuation assets in the 2020 financial year. At the same time, reductions in the Commonwealth Government bond yields that underlie the key superannuation valuation assumptions increased the defined benefit superannuation obligation that the State is required to report under the Australian Accounting Standards. In combination, both of these factors increased the State's reported superannuation liability as at 30 June 2020.

Changes in the reported superannuation liability that arise solely due to changes in the bond yields that underlie its valuation do not affect the amount of cash required to fund this liability over time. However, superannuation funding requirements will vary over time to reflect any differences between the actual and expected returns on superannuation assets. The impact that COVID-19 ultimately has on the State's superannuation funding requirements can only be assessed when investment market volatility abates, and the investment outlook becomes clearer.

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; and
- **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.

	Base case	Discount rate plus 0.5 per cent	Wage growth plus 0.5 per cent	Inflation rate plus 0.5 per cent
Sensitivity analysis				
Discount rate (per cent a year)	1.0	1.5	1.0	1.0
Salary growth (per cent a year)	2.4	2.4	2.9	2.4
Inflation rate (per cent a year)	0.9	0.9	0.9	1.4
Estimated impact (per cent)	n/a	(6.0)	1.2	4.6
Estimated change in defined benefit obligation (\$ million)	n/a	(3 229.0)	645.8	2 475.6

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:

	2020 %	2019 %
Domestic equity	19.3	27.6
International equity	29.0	27.6
Domestic debt assets	24.9	17.8
International debt assets	3.0	–
Property	7.4	7.5
Cash	7.8	4.1
Other	8.6	15.4
	100.0	100.0

5 Key assets available to support output delivery

Introduction

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

Judgement required

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

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

Structure

5.1	Property, plant and equipment	78
5.2	Intangible assets	83

5.1 Property, plant and equipment

	2020 \$'000	2019 \$'000
Land		
At valuation	636 522	599 781
Buildings (including heritage buildings)		
At independent valuation	191 061	176 061
At cost	16 066	7 150
Less: accumulated depreciation	(36 925)	(24 537)
	170 202	158 674
Construction in progress – at cost	25 988	26 111
Total buildings	196 190	184 785
Leasehold improvements		
Leasehold improvements – at fair value	8 985	8 985
Less: accumulated depreciation	(8 940)	(8 912)
Total leasehold improvements	45	73
Plant and equipment		
Office and computer equipment – at fair value	3 595	3 489
Less: accumulated depreciation	(2 592)	(2 316)
	1 003	1 173
Motor vehicles under lease (2019: finance lease)	6 777	6 841
Less: accumulated depreciation	(1 781)	(1 676)
	4 996	5 165
Total plant and equipment	5 999	6 338
Total property, plant and equipment	838 756	790 977

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.

The initial cost for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) is measured at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The cost of non-financial physical assets constructed by the Department includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

Right-of-use asset acquired by lessees (under AASB 16 – Leases from 1 July 2019) – initial measurement

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

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

Subsequent measurement

Property, plant and equipment as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category in note 8.3. Independent valuations of the Department's land and building assets were last conducted as at 30 June 2017, which resulted in a net revaluation increase of \$72.9 million. The valuations were carried out by Valuer-General Victoria (VGV), Urbis Valuation Pty Ltd, Dominion Group Pty Ltd and Value IT Pty. Ltd. In addition, for right-of-use assets, the net present value of the remaining lease payments is often the proxy for fair value of relevant right-of-use assets.

In accordance with Financial Reporting Direction (FRD) 103H *Non-financial physical assets*, the Department annually assesses the fair values of its land and buildings using indices recommended by the VGV. In the 2020 financial year, this assessment indicated a material increase in values over carrying amounts. This increase is in excess of the threshold set out in FRD 103H and has required management to recognise adjustments to the Department's asset values. As a result, the Department has recognised revaluation increases of \$98.8 million for land and \$16.3 million for buildings in comparison to the 2017 financial year independent valuations. In assessing the fair value of non-financial assets, management recognises the uncertainties associated with COVID-19 but considers that the VGV indices are currently the best available basis of valuation. Management acknowledges that these uncertainties may result in the fair value of non-financial assets moving significantly in the short-term.

Right-of-use asset – subsequent measurement

The Department depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Restricted nature of heritage assets and specialised land

During, and at the end of, the reporting period, the Department held heritage assets and specialised land (note 8.3), which are deemed worthy of preservation for the social rather than financial benefits they provide to the community. Consequently, there are certain limitations and restrictions imposed on their use and/or disposal. The carrying amount of buildings listed as heritage assets is \$106.5 million (2019 – \$96.4 million). These heritage assets cannot be modified nor disposed of without formal ministerial approval.

5. Key assets available to support output delivery

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.

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

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

Impairment of property, plant and equipment

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

5.1.1 Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Charge for the period		
Buildings – structures and ground development	9 624	7 301
Buildings – other building components	5 092	4 945
Leasehold improvements	28	66
Office and computer equipment	329	225
Motor vehicles under lease (2019: finance lease)	1 339	1 224
Capitalised software development	2 920	3 965
Total depreciation and amortisation	19 332	17 726

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

All buildings, plant and equipment and other non-financial physical assets, excluding assets held for sale, that have finite useful lives are depreciated. Depreciation is calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its expected useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. Intangible produced assets with finite useful lives are amortised as an expense from transactions on a straight-line basis over the asset's useful life. Depreciation and amortisation 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 2020 and 30 June 2019 are as follows:

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

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

Impairment of non-financial assets

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

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

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

	Public Administration Purpose Group						
	Land	Buildings (including heritage buildings)	Building construction in progress	Leasehold improvements	Office and computer equipment	Motor vehicles under lease (2019: finance lease)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020							
Carrying amount at the start of the year	599 781	158 674	26 111	73	1 173	5 165	790 977
Recognition of right-of-use assets on initial application of AASB 16	–	49 858	–	–	66	–	49 924
Adjusted balance at 1 July 2019	599 781	208 532	26 111	73	1 239	5 165	840 901
Additions	–	182	7 531	–	93	2 717	10 523
Disposals	(42)	–	–	–	–	(1 547)	(1 589)
Transfers between classes	–	7 654	(7 654)	–	–	–	–
Transfers through contributed capital	–	(47 698)	–	–	–	–	(47 698)
Net transfers from/(to) property held for sale	(42 216)	–	–	–	–	–	(42 216)
Asset revaluation increment	78 999	16 248	–	–	–	–	95 247
Depreciation expense (note 5.1.1)	–	(14 716)	–	(28)	(329)	(1 339)	(16 412)
Carrying amount at the end of the year	636 522	170 202	25 988	45	1 003	4 996	838 756
2019							
Carrying amount at the start of the year	602 551	169 568	13 264	1 459	693	4 491	792 026
Additions	–	32	13 035	–	41	3 208	16 316
Disposals	(2 729)	–	–	–	–	(1 310)	(4 039)
Transfers between classes	–	1 320	(188)	(1 320)	664	–	476
Transfers through contributed capital	(41)	–	–	–	–	–	(41)
Depreciation expense (note 5.1.1)	–	(12 246)	–	(66)	(225)	(1 224)	(13 761)
Carrying amount at the end of the year	599 781	158 674	26 111	73	1 173	5 165	790 977

5.2 Intangible assets

	2020 \$'000	2019 \$'000
Capitalised software development	69 699	64 245
Less: accumulated amortisation	(59 399)	(56 480)
Total capitalised software development	10 300	7 765
Intangible assets under development	3 492	6 583
Total intangible assets	13 792	14 348
Reconciliations of carrying amounts		
Capitalised software development		
Carrying amount at the start of the year	7 765	9 366
Additions	181	–
Transfers from intangible assets under development	5 274	2 364
Amortisation expense (note 5.1.1)	(2 920)	(3 965)
Carrying amount at the end of the year	10 300	7 765
Intangible assets under development		
Carrying amount at the start of the year	6 583	4 911
Additions	2 183	4 512
Transfers to capitalised software development	(5 274)	(2 364)
Transfers to property, plant and equipment	–	(476)
Carrying amount at the end of the year	3 492	6 583

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, assets held for sale and payables that arise from the Department's controlled operations.

Structure

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6.1 Receivables

	2020 \$'000	2019 \$'000
Current:		
Contractual		
Debtors	37 681	17 855
	37 681	17 855
Statutory		
Amounts owing from Victorian Government ^(a)	276 611	303 269
GST recoverable	3 673	676
	280 284	303 945
Total current receivables	317 965	321 800
Non-current:		
Statutory		
Amounts owing from Victorian Government ^(a)	4 008	3 211
Total non-current receivables	4 008	3 211
Total receivables	321 973	325 011

Note:

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

Receivables consist of:

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

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

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

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

6.1.1 Ageing analysis of contractual receivables

	Carrying amount \$'000	Neither past due nor impaired \$'000	Past due but not impaired				
			Less than 1 month \$'000	1-3 months \$'000	3 months-1 year \$'000	1-5 years \$'000	Greater than 5 years \$'000
2020							
Receivables	37 681	11 919	1 663	12 237	11 717	145	-
2019							
Receivables	17 855	11 123	3 459	2 245	1 028	-	-

Impairment of financial assets

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

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

The Department has assessed its debtors as at June 2020, in light of the increased risk of debtors defaulting as a result of the economic impacts of COVID-19 public health restrictions. No further adjustments or provisions have been made as the Department's debtors are predominantly government entities and assessed as low credit risk entities.

6.2 Payables

	2020 \$'000	2019 \$'000
Current:		
Contractual		
Creditors and accruals	88 306	61 252
Statutory		
Amounts payable to other government agencies	21 652	17 970
Total payables	109 958	79 222

Payables consist of:

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

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

6. Other assets and liabilities

6.2.1 Maturity analysis of contractual payables

At balance date the carrying amount and nominal amount of contractual payables amounted to \$88.3 million (2019 – \$61.3 million). The contractual payables for the 2020 and 2019 financial years were neither past due nor impaired.

6.3 Non-financial assets classified as held for sale

	2020 \$'000	2019 \$'000
Vehicles held for sale	165	49
Properties held for sale	49 215	7 000
Total non-financial assets classified as held for sale	49 380	7 049

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

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

6.4 Unearned income

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

7 Financing our operations

Introduction

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

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

Structure

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7.1 Borrowings

	2020 \$'000	2019 \$'000
Current:		
Unsecured		
Bank overdrafts (note 7.2)	–	156
Secured		
Lease liabilities (2019: Finance lease liabilities)	2 891	2 219
Total current borrowings	2 891	2 375
Non-current:		
Secured		
Lease liabilities (2019: Finance lease liabilities)	2 330	3 013
Total non-current borrowings	2 330	3 013
Total borrowings	5 221	5 388
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 (2019: finance lease)	4 996	5 165

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.

7. Financing our operations

The Department leases information and communications technology equipment with contract terms of one to three years. These leases are short-term and or/leases of low-value items. The Department has elected not to recognise right-of-use assets and lease liabilities for these leases. At 30 June 2020, the Department was committed to short term leases and the total commitment at that date was \$1.4 million.

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

Right-of-use assets

Right-of-use assets are presented in note 5.1.

Amounts recognised in the comprehensive operating statement

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

	2020
	\$'000
	517
	4 179
	174
	4 870

Amounts recognised in the cash flow statement

The following amounts are recognised in the cash flow statement for the year ended 30 June 2020 relating to leases:

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

For any new contracts entered into on or after 1 July 2019, 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 which are 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;
- 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; and
- the Department has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

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

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

The recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019) is described in note 4.3.2 Administered assets and liabilities - Leases.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

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

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

7.1.2 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
2020							
Lease liabilities	5 221	5 393	437	369	2 204	2 383	–
Bank overdrafts	–	–	–	–	–	–	–
	5 221	5 393	437	369	2 204	2 383	–
2019							
Finance lease liabilities	5 232	5 422	395	340	1 607	3 080	–
Bank overdrafts	156	156	156	–	–	–	–
	5 388	5 578	551	340	1 607	3 080	–

Note:

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

7.2 Cash flow information and balances

	2020 \$'000	2019 \$'000
Cash on hand	598	2
Funds held in trust	52 865	42 331
Total cash and deposits disclosed in the balance sheet	53 463	42 333
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	53 463	42 333
Less: bank overdrafts (note 7.1)	–	(156)
Balance as per cash flow statement	53 463	42 177

7. Financing our operations

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

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

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

7.2.1 Reconciliation of net result to cash flows from operating activities

	2020 \$'000	2019 \$'000
Net result	5 216	8 249
Depreciation and amortisation expense	19 332	17 726
Net (gain)/loss on disposal of property, plant and equipment	(121)	48
Change in operating assets and liabilities, net of effects of restructuring		
• Decrease/(increase) in receivables	3 040	(23 951)
• (Increase)/decrease in other operating assets	(9 235)	169
• Increase in payables	30 736	26 375
• (Decrease)/increase in other operating liabilities	(24 627)	2 201
Net cash flows from operating activities	24 341	30 817

7.2.2 Non-cash financing and investing activities

During the reporting period, motor vehicles with a fair value of \$2.7 million (2019 – \$3.2 million) were acquired by means of leases.

7.3 Trust account balances

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

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

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

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

7. Financing our operations

Administered true account

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

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

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

Security Trust – *Financial Management Act 1994*

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

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

Swine Compensation Trust – *Livestock Disease Control Act 1994*

Treasury Trust – *Financial Management Act 1994*

Vehicle Lease Trust – *Financial Management Act 1994*

Purpose

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

To hold land compensation monies where claimant not found.

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

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

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

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

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

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

To record transactions relating to the government vehicle pool and fleet management operations.

Administered true account

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

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

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

Purpose

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

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

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

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

	2020				2019			
	Opening balance	Inflows	Outflows	Closing balance	Opening balance	Inflows	Outflows	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Controlled trusts								
Finance Agency Trust ^(a)	12 341	9 507	(8 628)	13 220	8 363	16 808	(12 830)	12 341
Government Accommodation Trust	2 729	38 653	(27 645)	13 737	1 725	41 028	(40 024)	2 729
Inter-departmental Transfer Trust	7 085	12 171	(9 770)	9 486	3 552	10 765	(7 232)	7 085
Master Agencies Media Services Trust	869	–	(630)	239	1 036	–	(167)	869
Shared Corporate Services Trust Account ^(b)	7 564	194 353	(196 151)	5 766	5 132	99 374	(96 942)	7 564
Treasury Trust	5 342	747	(1 719)	4 370	5 942	1 204	(1 804)	5 342
Vehicle Lease Trust ^(c)	6 401	2 317	(2 671)	6 047	4 448	4 353	(2 400)	6 401
Total controlled trusts	42 331	257 748	(247 214)	52 865	30 198	173 532	(161 399)	42 331
Administered trusts								
Asset Sales Deposit Trust Account	7 551	7	(7)	7 551	–	7 551	–	7 551
Cattle Compensation Fund	–	5 353	(5 353)	–	–	4 440	(4 440)	–
Community Support Fund Trust	53 319	112 232	(138 387)	27 164	47 061	147 743	(141 485)	53 319
Debt Portfolio Trust	351 363	–	(350 000)	1 363	851 363	1 466 000	(1 966 000)	351 363
Finance Agency Trust ^(a)	95 388	119 504	(104 882)	110 010	46 679	110 839	(62 130)	95 388
HomesVic Trust	28 770	2 000	(10 095)	20 675	47 230	17 000	(35 460)	28 770
Inter-departmental Transfer Trust	31 186	3 223	(10 911)	23 498	15 551	18 200	(2 565)	31 186
Public Service Commuter Club Trust	(252)	689	(589)	(152)	(234)	628	(646)	(252)
Security Trust	27 475	32 502	(43 492)	16 485	86 444	43 171	(102 140)	27 475
Shared Corporate Services Trust Account ^(b)	–	393 870	(392 132)	1 738	–	–	–	–
Sheep And Goat Compensation Fund	–	1 269	(1 269)	–	–	1 164	(1 164)	–
Swine Compensation Trust	–	192	(192)	–	–	176	(176)	–
Treasury Trust	3 166	3 825 504	(3 828 670)	–	–	3 555 894	(3 552 728)	3 166
Vehicle Lease Trust ^(c)	30 548	213 591	(223 822)	20 317	364	222 260	(192 076)	30 548
Victorian Natural Disasters Relief Account ^(d)	65 273	8 000	(73 273)	–	161 129	8 295	(104 151)	65 273
Victorian Social Housing Growth Fund	–	351 458	(351 458)	–	–	250 746	(250 746)	–
Victorian Transport Fund	9 230	1 868 940	(1 868 940)	9 230	9 230	1 448 400	(1 448 400)	9 230
Total administered trusts	703 017	6 938 334	(7 403 472)	237 879	1 264 817	7 302 507	(7 864 307)	703 017

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 Shared Service Provider business unit that operates the Centralised Accommodation Management (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) The Victorian Natural Disasters Relief Account was transferred to the Department of Justice and Community Safety effective 1 December 2019.

7. Financing our operations

Victorian Natural Disasters Relief Account

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

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

On 1 December 2019, pursuant to a declaration under Section 28(1) of the *Public Administration Act 2004*, the Department relinquished the administrative responsibilities of the NDRA, its functions and employees associated with its administration to the Department of Justice and Community Safety. The transfer allows Emergency Management Victoria to manage and administer funding of post-disaster relief and recovery activities, in line with the Commonwealth cost-sharing measures outlined in the Disaster Recovery Funding Arrangements. The net assets transferred were derecognised at the carrying amount of those assets and liabilities in the Department's balance sheet immediately before the transfer. Where applicable, the net asset transfers were treated as contributions by owners-transfer of net assets.

The Department relinquished the following assets and liabilities of NDRA and its functions at the date of transfer:

	1 December 2019 \$'000
Administered trust	
Assets	
State Administration Unit	43 423
Other assets	10
Liabilities	
Payables	(999)
Provisions	(42 359)
Administered net assets relinquished by the Department	75
Controlled trust	
Assets	
State Administration Unit	256
Liabilities	
Employee related provisions	(256)
Controlled net assets relinquished by the Department	-

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

	2020 ^(a) \$'000	2019 \$'000
Opening balance	65 273	161 129
Inflows		
Appropriation revenue	8 000	8 000
Clean up cost recoveries	-	295
Total inflows	8 000	8 295
Outflows		
Grants to other government departments, agencies and authorities	3 170	8 265
Grants to local government	25 932	93 275
Grants to not-for-profit organisations and rural communities	96	866
Grants to households and persons	160	-
Audit fees	-	30
Other operating costs	492	1 715
Transfers to other government department	43 423	-
Total outflows	73 273	104 151
Closing balance	-	65 273

Note:

(a) The cash transactions of the trust for the 2020 financial year are for the period to the date of transfer.

7.4 Commitments for expenditure

Commitments for future expenditure include capital, outsourcing and lease commitments arising from contracts (including those administered on behalf of the State, where applicable). These commitments are disclosed at their nominal value and inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2020 \$'000	2019 \$'000
Capital commitments – Controlled		
Contracted commitments for capital expenditure on building improvements, fitouts and information technology development, at the reporting date but not recognised as liabilities, and payable:		
• within one year	9 545	5 481
Total capital commitments (inclusive of GST)	9 545	5 481
Capital commitments – Administered		
• within one year	96 089	44 103
Total capital commitments (inclusive of GST)	96 089	44 103
Outsourcing commitments – Controlled		
Commitments under outsourcing contracts for human resource, property management and security services, and payable:		
• within one year	17 373	23 653
• later than one year but not later than five years	28 646	51 531
Total outsourcing commitments (inclusive of GST)	46 019	75 184
In addition, the outsourcing of information technology services is subject to an open-ended memorandum of understanding with an annual cost to the Department of \$5 844 900 (2019 – \$6 911 407).		
Outsourcing commitments – Administered		
Commitments under outsourcing contracts for property management and security services, and payable:		
• within one year	8 694	–
Total outsourcing commitments (inclusive of GST)	8 694	–
Lease commitments – Controlled ^(a)		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
• within one year	574	7 355
• later than one year but not later than five years	812	8 954
• later than five years	–	749
Total lease commitments (inclusive of GST)	1 386	17 058

Notes:

(a) Operating lease commitments for the 2019 financial year mainly relate to accommodation leases with lease terms between one and six years. These contracts do not allow the Department to purchase the property at the expiry of the tenancy, but the Department can renew the lease for a further two to six years. These have been recorded on the administered balance sheet as lease liabilities at 30 June 2020 as disclosed in note 4.3.2.

7. Financing our operations

7.5 Commitments for income

The Shared Service Provider has occupancy agreements, ending on 31 October 2021, with government departments and portfolio agencies for office accommodations and related services.

A significant judgement was made that the occupancy agreement is a service contract (rather than a 'lease' as defined in AASB 16 *Leases*). The income for management fees and business improvement fees are recognised as provision of services based on agreed receipts in the occupancy agreement.

	2020 \$'000	2019 \$'000
Shared Service Provider fees receivable - Controlled		
Due within one year	14 101	-
Due later than one year but not later than five years	4 705	-
Due later than five years	-	-
Total commitments receivable (inclusive of GST)	18 806	-

Rental accommodation income

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

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

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

	2020 \$'000	2019 \$'000
Government Accommodation Trust rental income receivable - Controlled		
Due within one year	37 505	37 185
Due later than one year but not later than five years	149 615	146 957
Due later than five years	5 139	5 358
Total commitments receivable (inclusive of GST)	192 259	189 500

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

	2020 \$'000	2019 \$'000
Shared Service Provider rental and facilities management receivable - Administered		
Due within one year	408 448	-
Due later than one year but not later than five years	140 373	-
Due later than five years	-	-
Total commitments receivable (inclusive of GST)	548 821	-

8 Risks, contingencies and valuation judgements

Introduction

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

8.1 Financial instruments specific disclosures

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

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

Categories of financial assets

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

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

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

Structure

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Financial assets at fair value through other comprehensive income

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

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

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

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

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

The Department recognises certain unlisted equity instruments within this category.

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

8. Risks, contingencies and valuation judgements

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

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

Categories of financial 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	2020 \$'000	2019 \$'000
Financial assets				
Cash and deposits	7.2	Financial assets at amortised cost	53 463	42 333
Receivables ^(a)	6.1	Financial assets at amortised cost	37 681	17 855
Total contractual financial assets			91 144	60 188
Financial liabilities				
Payables ^(a)	6.2	Financial liabilities at amortised cost	88 306	61 252
Borrowings	7.1	Financial liabilities at amortised cost	5 221	5 388
Total contractual financial liabilities			93 527	66 640

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

	Category	2020 \$'000	2019 \$'000
Financial liabilities			
Borrowings	Financial liabilities at amortised cost	(517)	(126)
Total contractual financial liabilities		(517)	(126)

Note:

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

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

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

8.1.2 Financial risk management objectives and policies

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

Financial instruments: Credit risk

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

Credit risk associated with the Department’s contractual financial assets is minimal because the main 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 (triple-A credit rating)	Total
	\$'000	\$'000	\$'000
2020			
Receivables			
Government departments/councils	–	11 676	11 676
Other entities	–	243	243
Total contractual financial assets	–	11 919	11 919
2019			
Receivables			
Government departments/councils	–	10 827	10 827
Other entities	–	296	296
Total contractual financial assets	–	11 123	11 123

Financial instruments: Liquidity risk

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

Financial instruments: Market risk

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

Sensitivity disclosure analysis and assumptions

The Department’s sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The Department’s fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analysis shown is for illustrative purposes only. The following movements in market interest rates are used for the sensitivity analysis – a movement of 50 (2019 – 100) basis points up and down. The impact on net operating result and equity for each category of financial instruments held by the Department at year end, if the above movements were to occur, is immaterial for the 2020 and 2019 financial years.

8. Risks, contingencies and valuation judgements

Interest rate risk

Exposure to interest rate risk is insignificant and may arise primarily through the Department's 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 (2019 – \$nil) and a quantifiable contingent liability in relation to land remediation costs amounting to \$4 million (2019 – \$4 million).

Quantifiable contingent liabilities – Administered

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

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

2020 \$m	2019 \$m
834	164
14 075	11 866
941	832
49	27
36	26
15 935	12 915

Non-quantifiable contingent liabilities – Administered

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

Land remediation – environmental concerns

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

Victorian Managed Insurance Authority – insurance cover

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

The VMIA reinsures in the private market for losses above \$50 million arising out of any one occurrence, up to a limit of \$950 million for public and products liability, and a \$400 million limit for professional indemnity. In relation to property losses above \$50 million arising out of any one event, there is reinsurance up to a limit of \$3.575 billion. Further, VMIA reinsured in the private market for losses above \$10 million arising out of any one event, up to a limit of \$1.49 billion (property) and \$490 million (public liability) for terrorism. The risk of losses above these reinsured levels is borne by the State.

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

Other contingent liabilities not quantified – Administered

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

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

8.3 Fair value determination

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

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

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

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

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

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

Description of significant unobservable inputs to Level 3 valuations

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

Note:

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

The significant unobservable inputs remain unchanged from 2019.

8. Risks, contingencies and valuation judgements

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 in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible.

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

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

Office and computer equipment

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

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

Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2019. 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 2020				
Land at fair value				
Specialised land	629 169	–	–	629 169
Non-specialised land	7 353	–	7 353	–
Total land at fair value	636 522	–	7 353	629 169
Buildings at fair value				
Buildings (including heritage buildings)	170 202	–	–	170 202
Total buildings at fair value	170 202	–	–	170 202
Plant and equipment at fair value				
Office and computer equipment	1 003	–	–	1 003
Total plant and equipment at fair value	1 003	–	–	1 003
Fair value measurement hierarchy at 30 June 2019				
Land at fair value				
Specialised land	530 874	–	–	530 874
Non-specialised land	68 907	–	68 907	–
Total land at fair value	599 781	–	68 907	530 874
Buildings at fair value				
Buildings (including heritage buildings)	158 674	–	–	158 674
Total buildings at fair value	158 674	–	–	158 674
Plant and equipment at fair value				
Office and computer equipment	1 173	–	–	1 173
Total plant and equipment at fair value	1 173	–	–	1 173

8. Risks, contingencies and valuation judgements

Reconciliation of Level 3 fair value

	Specialised land	Buildings (including heritage buildings)	Office and computer equipment
	\$'000	\$'000	\$'000
2020			
Opening balance	530 874	158 674	1 173
Recognition of right-of-use assets on initial application of AASB 16	–	49 858	66
Adjusted opening balance at the start of the year	530 874	208 532	1 239
Net acquisitions/(disposals)	–	182	93
Transfers through contributed capital	–	(47 698)	–
Transfers between classes	–	7 654	–
Transfers from/(to) held for sale	(23)	–	–
Asset revaluation increment	98 318	16 248	–
Depreciation	–	(14 716)	(329)
Closing balance	629 169	170 202	1 003
2019			
Opening balance	533 644	169 568	693
Net acquisitions/(disposals)	(2 729)	32	41
Transfers through contributed capital	(41)	–	–
Transfers between classes	–	1 320	664
Transfers from/(to) held for sale	–	–	–
Depreciation	–	(12 246)	(225)
Closing balance	530 874	158 674	1 173

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 2020				
Land at fair value				
Specialised land	49 215	–	–	49 215
Total land at fair value	49 215	–	–	49 215
Fair value measurement hierarchy at 30 June 2019				
Land at fair value				
Specialised land	7 000	–	–	7 000
Total land at fair value	7 000	–	–	7 000

9 Other disclosures

Introduction

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

9.1 Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Disposal of non-financial assets

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

Net gain/(loss) on financial instruments

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

Revaluations of financial instruments at fair value

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

Structure

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Other gains/(losses) from other economic flows

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

The net loss from the revaluation of leave liabilities is due to lower discount rates from 1.32 per cent in 2019 to 0.87 per cent in 2020.

9.2 Change in accounting policies

9.2.1 Leases

This note explains the impact of the adoption of AASB 16 on the Department's financial statements.

The Department has applied AASB 16 with a date of initial application of 1 July 2019. The Department has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 *Leases* and related interpretations.

Previously, the Department determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, the Department assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 7.1.1.

9. Other disclosures

On transition to AASB 16, the Department has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into, or changed, on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, the Department previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Department. Under AASB 16, the Department recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, the Department recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Department's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The Department has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Leases as a lessor

The Department is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. The Department accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, the Department recognised \$49.9 million of right-of-use assets and \$49.9 million of lease liabilities.

When measuring lease liabilities, the Department discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.47 per cent.

Total operating lease commitments disclosed at 30 June 2019	
Discounted using the incremental borrowing rate at 1 July 2019	
Discounted options to be exercised using the incremental borrowing rate at 1 July 2019	
Finance lease liabilities as at 30 June 2019	
Recognition exemption for:	
• short-term leases	
• leases of low-value assets	
Lease liabilities recognised at 1 July 2019	

1 July 2019 \$'000

17 057
16 279
35 010
–
(907)
(458)
49 924

9.2.2 Revenue from contracts with customers

In accordance with FRD 121 *Transitional requirements on the application of AASB 15 Revenue from Contracts with Customers*, the Department has applied the transitional provisions of AASB 15, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Department applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

The adoption of AASB 15 did not have an impact for the 2020 financial year.

9.2.3 Income of not-for-profit entities

In accordance with FRD 122 *Transitional requirements on the application of AASB 1058 Income of Not-for-Profit Entities*, the Department has applied the transitional provision of AASB 1058, retrospectively with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Department applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

The adoption of AASB 1058 did not have an impact for the 2020 financial year.

9.2.4 Transition impact on financial statements

This note explains the impact of the adoption of new accounting standard AASB 16 for the first time, from 1 July 2019.

Impact on the Balance Sheet due to the adoption of AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standard at 1 July 2019:

Controlled balance sheet	Notes	Before new accounting standard	Impact of new accounting standard	After new accounting standard
		Opening 1 July 2019	– AASB 16 ^(a)	Opening 1 July 2019
		\$'000	\$'000	\$'000
Total financial assets		367 344	–	367 344
Total non-financial assets	9.2.1	816 624	49 924	866 548
Total assets		1 183 968	49 924	1 233 892
Payables		79 222	–	79 222
Borrowings		5 388	–	5 388
Lease liabilities	9.2.1	–	49 924	49 924
Other liabilities		110 728	–	110 728
Total liabilities		195 338	49 924	245 262
Net assets		988 630	–	988 630
Contributed capital		230 977	–	230 977
Asset revaluation surplus		556 939	–	556 939
Accumulated surplus		200 714	–	200 714
Total equity		988 630	–	988 630

Note:

(a) The Department's right-of-use accommodation leases and the associated lease liabilities were transferred from the controlled balance sheet to the administered balance sheet under Centralised Accommodation Management (CAM) on 1 November 2019. CAM is further described in note 4.2.

9. Other disclosures

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, 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 2019 to 30 June 2020 unless otherwise stated) were as follows:

- Tim Pallas MP, Treasurer of Victoria, Minister for Economic Development and Minister for the Coordination of Treasury and Finance: COVID-19
- Robin Scott MP, Assistant Treasurer (until 15 June 2020)
- Hon Daniel Andrews MP, Acting Assistant Treasurer (from 15 June until 22 June 2020)
- Hon Danny Pearson MP, Assistant Treasurer (from 22 June 2020) and Minister for Regulatory Reform
- Mr David Martine, Secretary

Robin Scott MP and the Hon Daniel Andrews MP acted for the Treasurer during the absences of Tim Pallas MP. Tim Pallas MP and the Hon Daniel Andrews MP acted for the Assistant Treasurer during the absences of Robin Scott MP. Gayle Porthouse and Amy Auster acted in the office of the Secretary during the absences of David Martine.

Total remuneration received or receivable by the Accountable Officer, in connection with the management of the Department during the reporting period, was in the range of \$640 000–\$650 000 (\$630 000–\$640 000 in 2018-19).

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

	Total remuneration	
	2020	2019
	\$'000	\$'000
Short-term employee benefits	21 880	18 714
Post-employment benefits	2 036	1 849
Other long-term benefits	1 637	719
Termination benefits	72	528
Total remuneration ^(a)	25 625	21 810
Total number of executives ^{(a)(b)}	112	112
Total annualised employee equivalents ^{(a)(c)}	97	100

Notes:

(a) Includes eight departmental Chief Financial Officers employed by the DTF Secretary from 1 July 2019.

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

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

9.4 Remuneration of executives

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

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

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

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

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

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

9.5 Related parties

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

Related parties of the Department, include:

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

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

During the year there were no material related party transactions.

Key management personnel of the Department includes the Portfolio Ministers, Tim Pallas MP, Robin Scott MP (until 15 June 2020) and the Hon Danny Pearson MP, the Secretary, David Martine, the Commissioner for the State Revenue Office, Paul Broderick, and members of the Senior Executive Team:

- Deputy Secretary, Budget and Finance Division, Jamie Driscoll
- Deputy Secretary, Economic Division, Amy Auster
- Deputy Secretary, Commercial Division, Jason Loos
- Deputy Secretary, Corporate and Government Services Division, Gayle Porthouse

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

Remuneration of key management personnel

	2020 \$'000	2019 \$'000
Short-term employee benefits	3 206	2 765
Post-employment benefits	171	163
Other long-term benefits	160	79
Termination benefits	–	133
Total remuneration	3 537	3 140

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

	2020 \$'000	2019 \$'000
Audit fees paid or payable to the Victorian Auditor-General's Office		
Annual financial statements of the Department	425	425
Annual financial report for the State of Victoria	380	413
Annual budget for the State of Victoria ^(a)	–	468
Commonwealth acquittals	–	28
	805	1 334

Note:

(a) The annual budget for the State of Victoria has been delayed to late in 2020.

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

9.7 Subsequent events

Post 30 June 2020, the Victorian Government enacted stage four restrictions in response to COVID-19 to reduce the spread of the virus. This containment measure further restricted individuals' and businesses' movements and activities.

With the Government's extension of stage four restrictions and uncertainty around the duration of the pandemic, further impacts on the Department's finances are expected, including a lower revenue base resulting from reduced economic activity and continued expenditure on support measures. However, it is not possible to estimate the extent of the impact at this stage.

Following machinery of government changes, Cenitex was transferred from the Department to DPC on 1 August 2020.

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

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 2019-20 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 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*

This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The Department has not early adopted the Standard.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The Department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

- 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 ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early adopt the Standard. The Department is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

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

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (Appendix C).
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.

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:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- 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 a department's objectives and to deny or regulate the access of others to that benefit.

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

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

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

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

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

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

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

9. Other disclosures

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

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

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

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

Financial asset is any asset that is:

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

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

Financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (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 comprise:

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

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

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

Grants for on-passing are grants paid to one institutional sector (e.g. a State general government) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

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

Interest expense represents costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest components of lease repayments and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

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

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

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

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

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

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

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

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

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

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

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

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

9. Other disclosures

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

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Appendix 1 Workforce data

Public sector values and employment principles

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

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

People and culture strategic activities

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

The Department has a comprehensive Diversity and Inclusion Framework. It includes an Aboriginal Employment Action Plan and an All Abilities Action Plan. Additional diversity and inclusion plans will be developed in the future for LGBTIQ, culturally and linguistically diverse (CALD) and workplace equality and respect.

Performance development, workforce planning, talent management, learning and development, career development and capability development are all supported and embedded in the People Strategy.

People development

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

Initiatives undertaken to support these areas include a leadership development program for Executive Officers, STS7 and VPS6 staff participants; as well as training in mental health and wellbeing, workplace flexibility, bullying and sexual harassment, career planning, Aboriginal cultural awareness, LGBTIQ awareness, building positive workplace relationships, performance management, the Human Rights Charter and workload management.

In addition, the Department has had 31 Senior Executive Service (SES) staff and three Office of Projects Victorian (OPV) staff participate in the Victorian Leadership Academy (VLA) program, approved 19 new studies-assistance applications, supported one staff member in the ANZSOG Executive Fellows Program, and one staff member in the Executive Masters of Public Administration and one staff member in the Deputies Leadership Program.

The Victorian Major Projects Leadership Academy (VMPLA) was established in 2019 to help build and maintain the talent needed to deliver complex infrastructure projects. In 2019 more than 50 Victorian project leaders took part in the unique 12-month program. In 2020, the program was expanded to the Australian Major Projects Leadership Academy (AMPLA), with participants from each state and territory. Due to coronavirus (COVID-19), AMPLA is being delivered online.

The DTF Staff Hub provides links and resources to support staff with wellbeing strategies and remote development opportunities during coronavirus (COVID-19).

Employee relations

During 2019-20, there was one industrial dispute lodged with the Fair Work Commission.

The matter related to an overstated long service leave balance. Conciliation occurred in February 2020 and the matter was resolved.

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.

Recruitment

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

The Department advertised externally for 105 roles, and a number of additional vacancies were filled by internal appointments at all levels. DTF promotes an agile workforce and encourages employees to take on internal opportunities, within the Department and the wider VPS, to gain relevant experience and progress their career.

Graduate recruitment scheme

The Department continues to support the recruitment and development of university graduates by participating in the VPS graduate scheme (GRADS). In addition, DTF managed the accounting and finance and the economist graduate streams on behalf of the VPS. The Department also supported the Aboriginal and Disability Graduate Pathway programs as part of GRADS.

During 2019-20, 13 graduates joined the Department. The Department also offers summer economist and accounting and finance internships to a number of penultimate year university students. There were ten internships offered last summer in economics, accounting and finance, and six in legal. OPV employed eight interns throughout 2019-20.

Diversity

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

In 2019-20, the Department continued to implement the Diversity and Inclusion Framework and has committed to increasing the representation of people with disability to 6 per cent by the end of 2020, and those that identify as Aboriginal and Torres Strait Islander to 2 per cent by 2022. The Department is committed to achieving gender balance in leadership roles and reducing unconscious bias in all people-related decisions, such as recruitment, performance assessments and access to professional development.

During 2019-20 the Department has continued to implement a range of initiatives to advance equity and inclusion for all. These include diversity and inclusion awareness sessions, disability confidence training for employees and hiring managers, Aboriginal cultural awareness training, retirement transition and superannuation planning and LGBTIQ

awareness training. The Department also has a Safe People program as an alternative option for staff to discuss issues of unreasonable workplace behaviour.

The Department supports the LGBTIQ Pride Network, and uses its membership with Pride in Diversity to support LGBTIQ employees. The Department has an internal LGBTIQ Network that champions days of significance and provides a safe space for LGBTIQ employees.

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

In 2019-20, the Department continued as a member of the Australian Network on Disability and established an alumni partnership with Job Access to assist in the recruitment and workplace support of people with disability. The Department participated in the Stepping Into Internship program for people with disability, employing 7 interns in a diverse range of positions.

In 2019-20 the Department launched a Diversity Scholarship. The scholarship supports a talented member of the community from a diverse background to undertake tertiary study in the 2020 academic year. It incorporates both mentoring and financial support and includes an opportunity to participate in a work placement within the Department.

The Department's Aboriginal Employment and Inclusion Action Plan contains four areas of focus, including improving attraction and recruitment, creating a culturally safe workplace, enhanced support for Aboriginal staff, and creation of progressive career experiences. This plan aligns with and leverages Barring Djinang, the Aboriginal Employment Strategy for the VPS. The Department's Aboriginal Working Group met throughout 2019-20 to support the implementation of actions identified in the plan.

The Department supports the Public Sector Veterans Employment Strategy and has engaged with the Veterans Employment Branch in the Department of Premier and Cabinet to support initiatives including the Veterans Networking Sessions.

In 2019-20, a number of significant events were celebrated including Reconciliation Week, NAIDOC week, International Day Against Homophobia, Biphobia, Interphobia and Transphobia (IDAHOBIT), Wear it Purple Day, International Day of People with Disability, International Day of Older Persons and International Women's Day.

Mental Health and Wellbeing Charter

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

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

The Department recognises mental health and wellbeing as being critical in delivering outcomes. In 2019-20, the Department continued to train a group of first aid officers to ensure they are specifically equipped in mental health acute response.

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

In 2019-20, the Department continued to roll out mental health and wellbeing training for people leaders aimed at Executive Officers, STS7 and VPS6 staff. The training was attended by 60 staff.

The Department has put in place several initiatives to combat the unique challenges presented by coronavirus (COVID-19), with a focus on building a positive culture towards wellbeing, empowering staff to be resilient and providing resources to manage workload. Our leadership team plays a critical role in driving policies and practices that promote employee wellbeing. The DTF Leadership Development Program has been expanded to incorporate a wellbeing module, focusing on fostering the wellbeing of their teams through the behaviours they model.

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

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

Human Rights Charter

Throughout 2019-20, DTF employees continued to consider human rights in the course of their work, including in submissions to Cabinet on matters that affect members of the public. Commitment to the Human Rights Charter forms part of our public sector values and is highlighted for all new staff during the Department's corporate induction.

The Department increased its Human Rights Charter training offering with the roll out of human rights e-learning modules and face-to-face training. The training was attended by 457 staff. We have now included these e-modules with compliance training for new starters, and a refresher every two years.

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

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

Notes for all tables in Appendix 1

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

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active public service employees of the Department, employed in the last full pay period in June of the current reporting period (2020), and in the last full pay period in June of the previous reporting period (2019).

Profile of Department of Treasury and Finance's workforce: June 2020

	June 2020							June 2019						
	All employees		Ongoing		Fixed term and casual			All employees		Ongoing		Fixed term and casual		
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	393	384.2	345	15	356.4	33	27.8	348	342.1	308	17	320.7	23	21.4
Female	384	365.5	281	65	327.9	38	37.6	347	323.2	239	76	294.4	32	28.8
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	41	39.6	30	1	30.8	10	8.8	36	34.4	29	–	29.0	7	5.4
25–34	203	201.0	174	4	176.8	25	24.2	188	184.3	165	9	171.3	14	13.0
35–44	243	229.1	175	46	208.0	22	21.1	207	191.9	135	50	171.5	22	20.4
45–54	159	154.8	135	14	145.7	10	9.1	138	134.0	115	15	126.0	8	8.0
55–64	98	95.3	87	10	94.7	1	0.6	95	92.8	81	11	89.8	3	3.0
65+	33	30.0	25	5	28.4	3	1.6	31	27.9	22	8	27.6	1	0.4
VPS1–6 Grades	669	646.8	531	72	583.2	66	63.6	607	581.4	475	79	531.8	53	49.6
Grade 1	4	4.0	–	–	–	4	4.0	5	5.0	–	–	–	5	5.0
Grade 2	31	28.4	17	2	18.4	12	10.0	28	25.7	22	2	23.5	4	2.2
Grade 3	93	90.3	75	10	82.3	8	8.0	81	77.5	64	12	72.7	5	4.8
Grade 4	120	117.3	100	11	108.3	9	9.0	120	116.7	98	11	106.3	11	10.4
Grade 5	202	197.4	165	18	178.4	19	19.0	170	163.7	136	21	150.7	13	13.0
Grade 6	219	209.3	174	31	195.7	14	13.6	203	192.8	155	33	178.6	15	14.2
Senior employees	106	101.8	94	8	100.0	4	1.8	87	83.5	72	14	83.3	1	0.2
STS	13	10.8	10	–	10.0	3	0.8	11	9.7	7	3	9.5	1	0.2
Executives ^(a)	93	91.0	84	8	90.0	1	1.0	76	73.8	65	11	73.8	–	–
Other	2	1.0	1	–	1.0	1	–	1	0.4	–	–	–	1	0.4
Total employees	777	749.6	626	80	684.2	71	65.4	695	665.3	547	93	615.1	55	50.2

For the purpose of the 2020 annual report, the Secretary (Accountable Officer) has been listed under Other.

Note:

(a) The total number of executives differs from the number shown in section 9.4 of the financial statements, as the number in the financial statements includes those executives that have left prior to 30 June 2020, and includes executives from the State Revenue Office.

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

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

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
<\$160 000	2 ^(a)	3 ^(b)				
\$160 000–\$179 999	4 ^(c)	3				
\$180 000–\$199 999	20 ^(d)	4				
\$200 000–\$219 999	17	1				
\$220 000–\$239 999	14	2				
\$240 000–\$259 999	8					
\$260 000–\$279 999	5					
\$280 000–\$299 999	12					
\$300 000–\$319 999	3					
\$320 000–\$339 999	2					
\$340 000–\$359 999						
\$360 000–\$379 999						
\$380 000–\$399 999	3					
\$400 000–\$419 999	3					
\$420 000–\$439 999						
\$440 000–\$459 999						
\$460 000–\$479 999						
\$480 000–\$499 999						
Total	93^(e)	13				

Notes:

- (a) There are two employees employed on a part time basis at a 0.6 FTE.
- (b) There are three employees employed on a part time basis. One at 0.60 FTE and two at 0.10 FTE.
- (c) There are three employees employed on a part time basis at 0.80 and one employee at 0.90.
- (d) There are two part time employees at 0.60 and 0.90 FTE.
- (e) Table excludes the Secretary (Accountable Officer).

Profile of State Revenue Office's workforce: June 2020

	June 2020						June 2019							
	All employees		Ongoing		Fixed term and casual		All employees		Ongoing		Fixed term and casual			
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	315	309.9	274	19	288.5	22	21.4	274	268.3	236	22	253.1	16	15.2
Female	355	328.7	249	81	305.0	25	23.7	300	277.0	215	73	265.3	12	11.7
Self-described	-	-	-	-	-	-	-	1	1.0	1	-	1.0	-	-
Age														
15-24	27	27.0	17	-	17.0	10	10.0	19	19.0	14	-	14.0	5	5.0
25-34	156	151.4	124	13	132.7	19	18.7	127	122.9	103	14	112.9	10	10.0
35-44	195	181.8	148	36	171.5	11	10.4	165	152.3	121	37	145.6	7	6.7
45-54	149	141.9	118	27	137.9	4	4.0	132	125.3	108	23	124.3	1	1.0
55-64	118	112.9	96	19	110.9	3	2.0	107	102.9	86	16	98.7	5	4.2
65+	25	23.6	20	5	23.6	-	-	25	23.9	20	5	23.9	-	-
VPS1-6 Grades	670	639.0	523	100	593	47	45.1	575	546.2	452	95	519.3	28	26.9
Grade 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 2	82	76.5	34	13	42.8	35	33.7	70	65.8	48	13	56.8	9	9.0
Grade 3	199	188.9	159	34	182.9	6	6.0	175	164.39 ^(a)	130	37	156.7	8	7.7
Grade 4	151	143.9	127	22	142.5	2	1.4	128	120.96 ^(a)	103	21	117.6	4	3.4
Grade 5	150	144.1	125	22	141.1	3	3.0	124	119.84 ^(a)	105	15	115.8	4	4.0
Grade 6	56	54.3	51	5	54.3	-	-	47	45.1	40	5	43.3	2	1.8
Senior employees								8	7.9	7	1	7.9	-	-
STS	1	1.0	1	-	1.0	-	-	1	1.0	1	-	1.0	-	-
Executives	8	7.5	6	2	7.5	-	-	7	6.9	6	1	6.9	-	-
Other	23	22.4	20	2	21.4	1	1.0	23	22.2	19	3	21.2	1	1.0
Total employees	670	638.5^(b)	523	100^(a)	593.5	47	45.1^(c)	575	546.2	452	95	519.3	28	26.9

Notes:

(a) Number of part time employees continues to increase given ongoing promotion of flexible work

(b) Increase in FTE due to conversions of four IT contract roles to ongoing roles, onboarding of 75.66 FTE SRO advanced compliance program commenced from January 2020, 1.5 FTE increase in the Policy and Legislation Division to backfill other staff and fill vacancies under workforce plan, two FTE increase in the Technical Advice and Review Branch's workforce plan numbers, two FTE increase in Executive to fill six month Property Tax Reform roles and 26.65 FTE increase in Operations Division due to fixed term staff employed to backfill other staff and address workload.

(c) Increase in fixed term staff due to 26.65 FTE increase in Operations Division due to staff employed to backfill other staff and address workload.

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

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

Notes:

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

(b) One executive under the range of \$220 000–\$239 999 was employed on a part time basis at 0.9 FTE rate.

(c) One executive under the range of \$200 000–\$219 999 was employed on a part time basis at 0.6 FTE rate.

Profile of Essential Services Commission: June 2020^(a)

	June 2020						June 2019							
	All employees		Ongoing		Fixed term and casual		All employees		Ongoing		Fixed term and casual			
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	68	67.1	55	4	58.3	9	8.8	60	59.0	50	4	53.4	6	5.6
Female	70	67.7	51	9	58.0	10	9.7	59	54.9	36	9	42.4	14	12.5
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	4	4.0	1	–	1.0	3	3.0	7	5.1	2	1	2.8	4	2.3
25–34	40	39.7	33	2	34.7	5	5.0	34	33.8	27	1	27.8	6	6.0
35–44	55	52.9	38	8	44.4	9	8.5	43	41.2	33	7	38.2	3	3.0
45–54	24	23.4	20	2	21.4	2	2.0	25	24.4	21	2	22.4	2	2.0
55–64	14	13.8	13	1	13.8	–	–	9	5.6	5	3	3.6	1	2.0
65+	1	1.0	1	–	1.0	–	–	1	1.0	1	–	1.0	–	–
VPS1–6 Grade	123	119.8	92	13	102.3	18	17.5	104	100.2	76	14	85.6	14	14.6
Grade 1	2	1.8	–	–	–	2	1.8	–	–	–	–	–	–	–
Grade 2	5	5.0	3	–	3.0	2	2.0	2	1.6	1	–	1.0	1	0.6
Grade 3	20	19.3	15	2	16.6	3	2.7	24	23.2	19	3	21.2	2	2.0
Grade 4	24	23.8	22	1	22.8	1	1.0	24	23.6	19	1	19.6	4	4.0
Grade 5	46	45.6	37	2	38.6	7	7.0	32	31.4	23	4	26.4	5	5.0
Grade 6	26	24.3	15	8	21.3	3	3.0	22	20.4	14	6	17.4	2	3.0
Senior employees	15	15	14	–	14	1	1	13	13.0	13	–	13.0	–	–
STS	4	4.0	3	–	3.0	1	1.0	3	3.0	3	–	3.0	–	–
SRA	6	6.0	6	–	6.0	–	–	5	5.0	5	–	5.0	–	–
Executives	5	5.0	5	–	5.0	–	–	5	5.0	5	–	5.0	–	–
Other	–	–	–	–	–	–	–	2	0.7	–	–	–	2	0.7
Total employees	138	134.8	106	13	116.3	19	18.5	119	113.9	89	14	98.6	16	15.3

Note:

(a) Excludes commissioners and chair.

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

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

Note:

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

Profile of Cenitex's workforce: June 2020

	June 2020						June 2019							
	All employees		Ongoing		Fixed term and casual		All employees		Ongoing		Fixed term and casual			
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender														
Male	399	398.3	349	2	350.3	48	48.0	424	420.0	369	5	373.1	50	46.9
Female	113	110.4	81	11	89.4	21	21.0	110	105.7	78	14	88.1	18	17.6
Self-described	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Age														
15–24	10	10.0	5	–	5.0	5	5.0	17	14.7	5	1	5.8	11	8.9
25–34	110	109.6	77	1	77.6	29	29.0	103	101.8	76	5	80.2	22	21.6
35–44	194	191.9	159	8	164.9	15	15.0	205	201.9	176	6	179.9	23	22.0
45–54	140	139.3	118	2	119.7	12	12.0	125	124.1	114	4	117.1	7	7.0
55–64	81	79.8	63	2	64.6	8	8.0	76	75.6	69	2	70.6	5	5.0
Over 64	10	10.0	8	–	8.0	–	–	8	7.6	7	1	7.6	–	–
VPS1–6 Grades	472	469.0	400	12	409.0	60	60.0	505	496.9	426	18	439.4	61	57.5
Grade 1														
Grade 2	7	7.0	2	–	2.0	5	5.0	9	8.0	1	2	2.6	6	5.4
Grade 3	116	115.5	89	2	90.5	25	25.0	114	110.0	81	6	85.9	27	24.1
Grade 4	71	70.6	61	2	62.6	8	8.0	82	81.2	74	3	76.2	5	5.0
Grade 5	134	132.9	121	4	123.9	9	9.0	146	145.2	130	3	132.2	13	13.0
Grade 6	144	143.0	127	4	130.0	13	13.0	154	152.5	140	4	142.5	10	10.0
Senior employees	40	39.8	30	1	30.8	9	9.0	29	28.8	21	1	21.8	7	7.0
STS	33	32.8	29	1	29.8	3	3.0	25	24.8	21	1	21.8	3	3.0
Executives	7	7.0	1	–	1.0	6	6.0	4	4.0	–	–	0.0	4	4.0
Total employees	512	508.8	430	13	439.8	69	69.0	534	525.7	447	19	461.2	68	64.5

Profile of Emergency Services and State Super workforce: June 2020

	June 2020							June 2019						
	All employees		Ongoing		Fixed term and casual			All employees		Ongoing		Fixed term and casual		
	Number	FTE	Full-time	Part-time	FTE	Number	FTE	Number	FTE	Full-time	Part-time	FTE	Number	FTE
	(headcount)		(headcount)	(headcount)		(headcount)		(headcount)		(headcount)	(headcount)		(headcount)	
Gender														
Male	89	86.9	75	4	77.8	10	9.08	78	76.0	70	4	73.0	4	3.0
Female	89	82.2	60	19	73.1	10	9.1	85	77.8	62	19	74.5	4	3.3
Self-described	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age														
15-24	7	7.0	7	-	7.0	-	-	6	6.0	6	-	6.0	-	-
25-34	31	30.3	27	1	27.8	3	2.5	29	28.1	24	4	27.1	1	1.0
35-44	52	49.0	39	8	44.4	5	4.6	52	49.5	45	6	48.5	1	1.0
45-54	57	55.0	42	5	45.0	10	10	44	41.2	34	6	37.6	4	3.6
55-64	22	20.6	15	6	19.6	1	1	23	21.3	16	6	20.6	1	0.7
65+	9	7.1	5	3	7.0	1	0.08	9	7.6	7	1	7.6	1	-
ESS1-4 grade	171	162.0	128	23	143.9	20	18.18	158	148.8	127	23	142.5	8	6.3
ESS 1	39	36.4	25	8	30.4	6	6	36	33.6	27	7	31.6	2	2.0
ESS 2	43	38.2	29	12	37.1	2	1.1	42	37.9	29	12	36.9	1	1.0
ESS 3	56	54.5	48	3	50.4	5	4.08	53	50.7	47	4	50.0	2	0.7
ESS 4	33	33.0	26	-	26.0	7	7	27	26.6	24	-	24.0	3	2.6
Senior employees	7	7.0	7	-	7.0	-	-	5	5.0	5	-	5.0	-	-
Executives	7	7.0	7	-	7.0	-	-	5	5.0	5	-	5.0	-	-
Total employees	178	169.0	135	23	150.9	20	18.18	163	153.8	132	23	147.5	8	6.3

Note:

For VPS reporting, fixed term executives are considered ongoing.

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

Income band (salary)	Executives	Senior non-executive
<\$160 000		
\$160 000–\$179 999		
\$180 000–\$199 999		
\$200 000–\$219 999	3	
\$220 000–\$239 999	2	
\$240 000–\$259 999	1	
\$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	7	

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 2019-20.

Workforce inclusion policy initiative	Target	Actual progress in 2019-20	Actual progress in 2018-19
Gender diversity at executive levels	Executives: 50 per cent male 50 per cent female	Executives: 56 per cent male 44 per cent female	Executives: 54 per cent male 46 per cent female

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

Senior Executive Service data

For a Department, a member of the Senior Executive Service (SES) is defined as an executive employed under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an executive is defined 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 officer does not include a statutory office holder or an Accountable Officer.

The following tables disclose the SES staff of the Department and its portfolio agencies for 30 June 2020:

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

Total number of 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	4	1	2	0	0	0
SES-2	29	11	12	4	17	7	0	0
SES-1	58	7	36	7	22	0	0	0
Total	93	19	52	12	41	7	0	0

Table includes Invest Victoria.

Table includes Office of Projects Victoria.

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

Table excludes the Secretary (Accountable Officer).

Var column indicates the variation between the current and previous reporting periods. The increase in executive positions during the reporting period includes Chief Financial Officers now employed by the DTF Secretary.

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

Reconciliation of DTF executive members: June 2020

	2020	2019
Executives	103	93
Accountable Officer (Secretary)	1	1
Separations	-10	-18
Total executive numbers at 30 June	93	76

DTF Portfolio Executives

Portfolio agencies	Total		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Cenitex	7	-3	2	-	4	2	-	-
Emergency Services and State Super	7	2	7	2	-	-	-	-
Essential Services Commission	5	-	4	1	1	-1	-	-
State Revenue Office	8	1	5	-	3	1	-	-
State Trustees Limited	6	-	3	-	3	-	-	-
Treasury Corporation of Victoria	6	-	5	-	1	-	-	-
Victorian Funds Management Corporation	6	-	2	-	4	-	-	-
Victorian Managed Insurance Authority	10	-1	5	-	5	-1	-	-
Total	55	-1	33	3	21	1	-	-

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

All figures reflect employment levels as at 30 June 2020 unless otherwise stated.

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

Advancing self-determination in DTF

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

DTF acknowledges the importance of increasing government accountability to the commitments made in Victorian Aboriginal Affairs Framework 2018-2023 (VAAF) and self-determination. The publication of the Plan indicates DTF's intent and commitment as an organisation to the VAAF and contribution towards improving the lives of Aboriginal Torres Strait Islander people living in Victoria.

The table below lists the actions the Department has delivered and is delivering to achieve self-determination goals.

Advancing self-determination through the budget
<p>Increased collaboration with the Aboriginal community on budget business case development. To help improve collaboration between departments and Aboriginal communities when developing budget submissions, DTF implemented revisions to the 2020-21 budget bid business case template. The changes require:</p> <ul style="list-style-type: none">• greater specificity on Aboriginal communities' involvement in developing proposals (including specific communities) and the level of consultation that has occurred; and• accompanying reports, advice and/or letters of endorsement from Aboriginal communities to be attached.
<p>Undertaking cultural safety and self-determination training for budget analysts. In January 2020, DTF held Aboriginal cultural safety and self-determination training for budget analysts in DTF and DPC responsible for briefing the Government on funding submissions.</p>
<p>A framework to help budget analysts apply cultural safety and self-determination principles to their work. Based on the training session materials, combined with the self-determination guiding principles, DTF developed guidance materials to help budget analysts apply cultural safety and self-determination principles to budget briefing advice and recommendations.</p>
<p>Apply authoritative reports on Aboriginal affairs to budget submission advice provided to Government. DTF budget analysts have applied key findings and recommendations into their briefing advice to the Government from recent authoritative reports on Aboriginal affairs. This includes briefing positions incorporating specific references to findings and recommendations from such reports.</p>
<p>Reduce the reporting burden on the Aboriginal community. DTF is committed to undertaking this action as part of the 2020-21 budget in late 2020, including ensuring that funded initiatives do not increase the overall reporting burden placed on the Aboriginal community.</p>
Increased government procurement from Aboriginal businesses
<p>Recruited a dedicated specialist team to drive Aboriginal business engagement in support of Tharamba Bugheen. Two new employees commenced in February 2020 to work with DTF and each department to increase the engagement of Aboriginal businesses by providing specialist advice, conducting spend opportunity analysis, developing tailored action plans and identifying Aboriginal businesses. In addition, the team increases business visibility via articles and case studies. The team works closely in partnership with Kinaway to deliver the key outcomes.</p>
<p>Specific reporting on Aboriginal business engagement. DTF is tracking engagements per department on achievements against the Tharamba Bugheen 1 per cent Procurement Target and reporting progress in the Social Procurement Framework (SPF) annual report. The DTF SPF team has developed a specific reporting mechanism, the ABN wash tool, that enables DTF to calculate engagement with Aboriginal businesses.</p>
<p>Implementation of the SPF that supports the engagement of Aboriginal businesses. DTF leads the development and implementation of the SPF that includes the engagement of Aboriginal businesses. The SPF provides a comprehensive framework that supports both buyers and suppliers. It is predicated on the principles of self-determination to enable access to economic opportunities that may not ordinarily occur. DTF facilitates a number of activities including procurement officers' forums, information on <i>Buying for Victoria</i> and networking and learning sessions.</p>
<p>Strategic partnership with Kinaway Chamber of Commerce. Kinaway has a primary role in the identification, certification and capability development of Aboriginal businesses. Having a close relationship with DTF helps facilitate information and intelligence to increase the engagement of businesses.</p>

Understanding self-determination and developing expertise to help advance it

A new mandatory self-determination training program – A new training package for DTF staff to complement existing Aboriginal cultural awareness training. This new whole of Victorian government training, being prepared by DPC, will build on the success of the budget analysts' self-determination training.

Updated Aboriginal Cultural Awareness Training, which is currently provided to all DTF staff. A remote delivery pilot of the training was delivered in July 2020. The training has been updated to align with the successful budget analysts' self-determination training.

Advancing Self-Determination in DTF plan has been promoted internally through the DTF Intranet page Aboriginal Matters, along with other relevant resources including the *Aboriginal Cultural Capability Toolkit* and the *Aboriginal Employment and Inclusion Plan*.

Seeking to promote volunteering opportunities with Aboriginal communities and organisations in partnership with DTF's Barring Djinang Community of Practice. Opportunities will be advertised as they arise, along with information about special leave arrangements for staff to participate.

Aboriginal intern and graduate recruitment. DTF has already recruited one Barring Djinang intern; along with one VET Graduate. One employee has completed the *Aboriginal Career Development Program* to date. DTF will continue to promote and source Aboriginal Pathways to GRADS, of which there have been four in DTF to date.

Aboriginal artwork. DTF is exploring opportunities to make the Department a culturally safe space, including the display of more Aboriginal art.

Reflecting self-determination in our communications

Promote DTF's commitment to self-determination. The Department's *2019-23 Corporate Plan* and *2019-20 Annual Report* note the Department's self-determination initiatives.

Review other Department's public commitment to self-determination. Communications on DTF's self-determination activities have been aligned with the initiatives taken across other departments, including the publishing of the plan on DTF's website, incorporation of Aboriginal art within the plan, and promotion across social media.

Development of self-determination case studies. A process has been established to share organisational success stories on self-determination via the Department's intranet. Recent case studies include artwork on the Plan as well as procurement of an Aboriginal design agency to produce the SPF annual report.

Developing relationships with the Aboriginal community

Review of DTF's contact with Aboriginal stakeholders and strengthening and broadening our relationships. Terms of reference and a project plan have been developed to consider DTF's relationships with the Aboriginal community and how new relationships could be made.

Changes to policy advice

Add an additional check to DTF cabinet submission briefing template. Once self-determination training is rolled out to all DTF staff, the DTF cabinet submission briefing template will be amended to prompt staff to assess whether the proposals align with principles of self-determination where relevant.

Reviewing DTF policy advice delivery structures. A review has begun into the delivery options for DTF's advice on Aboriginal affairs. The review will consider the upcoming current issues in Aboriginal affairs involving Treaty, self-determination reforms, the Closing the Gap national agreement, as well as current team structures.

Appendix 2 DTF occupational health and safety report 30 June 2020

The Department continued its commitment to occupational health and safety (OHS) and has demonstrated its ability to rapidly enact a transition to the workforce having to work from home as a result of the public health response to coronavirus (COVID-19). The health, safety and wellbeing of staff is the Department's highest priority.

The work from home directive resulted in a changed focus to the OHS programs, with an initial focus on accommodating DTF's workforce to be safely set up to work remotely and staff wellbeing. On 27 March 2020, coronavirus (COVID-19) policy and operational guidance was issued that provides an outline of current remote work arrangements in light of coronavirus (COVID-19). It is designed to provide assistance and support to employees in the current unprecedented circumstances with many people working from home. Staff were required to complete the OHS Remote Working Form and return them for review. As at 30 June 2020, 638 forms had been received. During the initial three months, no WorkCover claims were associated with remote work.

Incident management

Incidents reported across the Department decreased to 21 in 2019-20; down from 28 in 2018-19. Incidents include injuries and near-misses. The number of incidents that resulted in workers compensation claims also fell. The decrease is a positive trend and reflects the enhanced focus on safety across DTF operations.

Key achievements

In addition, the Department has delivered a number of key achievements:

- Four quarterly Health and Safety Committee meetings held during the year. The last meeting was held in April 2020.
- A Safety Month program held during October (in alignment with Safe Work month: Safe Work Australia and WorkSafe Victoria). This program involved health and wellbeing seminars on mindfulness, roving ergonomic assessments, blood pressure testing available to staff, CPR Refresher training for First Aid officers, and other OHS awareness activities.
- Two First Aid Officer information and support meetings held during the year. Five existing First Aid officers, including one stationed at the Essential Services Commission, have been accredited in Mental Health First Aid.
- Provision of 271 workstation ergonomic assessments were conducted, including 220 face-to-face assessments, 10 virtual or face-to-face home workstation assessments to support employees working from home, and 51 online assessments via DTF's safe workstation setup online module. Following these assessments, DTF OHS Advisory commissioned 15 sit-stand desks to support office-based workers to adjust between a sitting and standing working posture.
- Managing Psychological Conditions in the Workplace training was provided to 45 executives and managers.
- The annual on-site flu vaccination program was held, with 289 employees receiving flu vaccinations. This number was lower than the previous years as the final session was cancelled due to coronavirus (COVID-19) work from home directives.
- Provision of DTF's eye testing procedure, with 18 eyewear reimbursements claimed.
- Enhanced promotion of DTF's Employee Assistance Program. A total of 61 new referrals were raised during 2019-20.
- Seven additional employees were inducted as DTF Safe People and provided with specialist training to support this important initiative, which now comprises 14 staff.
- A number of wellbeing initiatives were developed in direct response to the coronavirus (COVID-19) work from home directives to support staff including:
 - DTF COVID-19 Staff Hub, which includes a dedicated wellbeing section full of resources to help staff cope with things like social isolation, video conference fatigue, self-care hygiene practices and relaxation techniques;
 - Wellbeing Check-In Action Plan designed to assist managers in proactively conducting regular conversations with staff about their wellbeing;
 - Digital Downtime Guidelines to promote work-life balance in the remote, virtual environment;
 - online training including webinars by the Black Dog Institute and Victorian Leadership Academy; and
 - advice regarding video conference fatigue – why it happens and how to beat it.

DTF's performance against OHS management measures

Measure	KPI	2017-18 ^(a)	2018-19 ^(a)	2019-20
Incidents	Number of incidents	27	28	21
	Rate per 100 FTE	4.56	4.59 (based on FTE 610.11)	2.80 (based on FTE 749.61)
	No. of incidents requiring first aid and/or further medical treatment	n/a	15	8
Claims	Number of standardised claims ^(b)	4	2	1
	Rate per 100 FTE	0.68	0.33	0.13 (based on FTE 749.61)
	Number of lost time claims ^(c)	–	2	–
	Rate per 100 FTE	–	0.33	–
	Number of claims at 13 weeks ^(d)	–	2	–
	Percentage of claims at 13 weeks against total number of claims	n/a	n/a	–
	Number of claims exceeding 13 weeks	–	2	–
	Rate per 100 FTE	–	0.33	–
	No. of claims at 26 weeks	n/a	n/a	–
	Percentage of claims at 26 weeks against total number of claims	n/a	n/a	–
Fatalities	Fatality claims	–	–	–
Claim costs	Average cost per standard claim ^(d)	\$934.66 ^(d)	\$3 524.36	\$539.83 ^(e)
Absenteeism	No. of days absent due to sickness			3 581
	Rate per 100 FTE			477.72 (based on FTE 749.61)
Return to work	Percentage of claims with return to work plan <30 days	25 per cent ^(e)	100 per cent	100 per cent
Legislative compliance	No. of WorkSafe Victoria Notices issued	n/a	n/a	Nil
	Rate of notices issued per inspector visit	n/a	n/a	Nil (no inspector visits)
	No. of prosecutions	n/a	n/a	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. Director of People and Culture continues to chair Quarterly Health and Safety Committee (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. Acting Head of People and Culture chairs Quarterly Health and Safety (HSC) Meetings. DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Sub-Committee and working groups. OHS Advisory was involved in the implementation of dedicated incident reporting system for emergency related incidents across DTF.	Statement of Commitment signed by the Secretary Manager People and Culture chaired Quarterly Health and Safety (HSC) Meetings. DTF participated in whole of Victorian government Inter-departmental Mental Health and Wellbeing Charter Committee, Subcommittee and working groups.

Measure	KPI	2017-18 ^(a)	2018-19 ^(a)	2019-20
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	OHS Advisory was involved in the procurement of more than 500 office chairs. OHS Advisory was involved in the procurement of portable sit-stand desks.	OHS Advisory continues to be involved in the procurement of ergonomic office chairs for specific worker ergonomic related issues. OHS Advisory was involved in the procurement of portable sit-stand desks. Various specialist ergonomic workstation equipment trials and purchases have been coordinated by OHS Advisory. Services and personnel engaged to support the OHS program (i.e. flu vaccination program, training, etc.) have been required to provide evidence of competency and insurance information.	OHS Advisory continues to be involved in the procurement of portable sit-stand desks and other ergonomic equipment as required. 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. OHS Advisory involved in recommending and ordering personal protective equipment associated with coronavirus (COVID-19) management.
Consultation and participation	Evidence of agreed structure of designated work groups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)	Four OHS Committee meetings were held during this period. OHS Advisory released four OHS newsletters.	Four Health and Safety Committee meetings were held during this period. Designated work group structures are aligned to reflect DTF's spread of employees across multiple workplace locations and floors.	Four Health and Safety Committee meetings were held during this period on 3/7/2019, 9/10/2019, 21/1/2020, 9/04/2020. Designated Work Group structures were reviewed and continue to reflect DTF's distribution of employees across multiple workplace locations and floors.
	Compliance with agreed structure on DWGs, HSRs, and IRPs	All HSR positions are filled at 30 June 2018.	All 10 HSR positions were filled for the full year, two located at 1 Treasury Place, three at 1 Macarthur Street, one at 55 Collins Street, one in Werribee, one at 121 Exhibition Street at Invest Victoria and two at 2 Lonsdale Street with the Essential Services Commission. HSC meetings took place in September 2018, December 2018, April 2019 and the June 2019 meeting was postponed to 3 July 2019.	All HSR positions were filled for the full year. HSR Position was filled for Invest Victoria.
	Number of quarterly OHS Committee meetings	n/a	The committee met in each quarter in 2018-19.	The committee met in each quarter in 2019-20

Measure

Risk management

KPI

Percentage of internal audits/inspections conducted as planned

2017-18 (a)

95 per cent of workplace inspections where completed quarterly, across the 11 locations where workplace inspections were scheduled to take place.

Locations included:

- conduct workplace inspection – ground floor and basement, Levels 4, 6, 7, 9, 10, 11 and 12 at 1 Macarthur Street
- conduct workplace inspection – Level 4 and 5, 1 Treasury Place
- conduct workplace inspection – Werribee

100 per cent completion of quarterly first aid room inspection.

100 per cent completion of quarterly first aid kit replenishment inspections were completed.

The following annual internal audits were completed: (i) OHS Management System Review; (ii) Register Audit; and (iii) SLA Audit.

2018-19 (a)

90 per cent of quarterly workplace inspections were completed across the 14 locations where workplace inspections were scheduled to take place.

Locations included:

- 1 Macarthur Street: ground floor and basement, Levels 4, 6, 7, 9, 10, 11 and 12
- 1 Treasury Place: Levels 4 and 5
- Werribee Library
- 55 Collins Street: Level 4 (commencing quarter 2)
- Invest Victoria (commencing quarter 4)

100 per cent completion of quarterly first aid room inspection.

76 per cent completion of quarterly first aid kit replenishment inspections were completed.

The following annual internal audits were completed: (i) OHS Management System Review; (ii) Register Audit; and (iii) SLA Audit.

2019-20

100 per cent of quarterly workplace inspections were completed before directive to work from home due to coronavirus (COVID-19) was given.

Locations included:

- 1 Macarthur Street: ground floor and basement, Levels 4, 6, 7, 9, 10, 11 and 12
- 1 Treasury Place: Levels 4 and 5
- Werribee Library
- 55 Collins Street: Level 4 (commencing quarter 2)
- Invest Victoria (commencing quarter 4)

100 per cent of quarterly first aid room inspections were completed before directive to work from home due to coronavirus (COVID-19) was given.

88 per cent completion of quarterly first aid kit replenishment inspections were completed before directive to work from home due to coronavirus (COVID-19) was given.

An audit of DTF Policies and Procedures was conducted in June 2020.

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.

Percentage of reported incidents investigated

n/a

Out of the 28 incidents reported, 100 per cent of these incidents were investigated.

Of the 21 incidents reported, 100 per cent of these incidents were investigated

No. of Improvement Notices issued across the Department by WorkSafe Inspector

n/a

No improvement notices were issued for 2018-19.

None

Percentage of issues identified actioned arising from:

Measure	KPI	2017-18 ^(a)	2018-19 ^(a)	2019-20
OHSMS development and improvement	<ul style="list-style-type: none"> internal audits 	Internal audit against SLA. Five corrective actions were identified. Actions were in place to close these by 30 June 2018.	Internal audit against SLA. Zero corrective actions were identified. Treasury Place Chief wardens were audited against Emergency Evacuations Management Service Level Criteria November 2018. Corrective actions in relation to training and implementing corrective actions from evacuation exercises were identified and corrected.	Zero corrective actions were identified from DTF Policy and Procedures review
	<ul style="list-style-type: none"> HSR provisional improvement notices WorkSafe notices 	<ul style="list-style-type: none"> nil issued nil issued 	<ul style="list-style-type: none"> nil issued nil issued 	<ul style="list-style-type: none"> nil issued nil issued
	No. of procedures developed and approved, and/or	n/a	n/a	Guidance for working remotely – due to coronavirus (COVID-19) work from home directive – was approved in April 2020
	No. of procedures reviewed and refined	n/a	n/a	31 DTF policies and procedures were reviewed.
Training	Percentage of managers and staff that have received OHS training: <ul style="list-style-type: none"> induction management training contractors, temps and visitors 	265 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 44 per cent of DTF's FTE. Four DTF employees have attended an accredited mental health First Aid training course. 197 (71 per cent) executive and senior DTF staff have completed Online Mental Health Training. 14 workers participated in a combination of First Aid training and CPR training.	127 DTF employees have attended mental health and wellbeing training for people leaders. 429 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 64 per cent of DTF's FTE. 38 (13 per cent) executive and senior DTF staff have completed Online Mental Health Training FTE.	60 DTF employees have attended mental health and wellbeing training for people leaders. 303 DTF employees and contractors have successfully completed OHS online learning modules through ComplianceNet. This reflects 40 per cent of DTF's FTE. 45 (6 per cent) executive and senior DTF staff have completed Online Mental Health Training. Coronavirus (COVID-19) issues have resulted in delays to training for First Aid Officers. As of June 2020, one appointed First Aid Officer had not received their initial training and one First Aid Officer was due for training. A training session was held in April 2020 for First Aid in the coronavirus (COVID-19) age. DTF currently has four Mental Health trained First Aid Officers
<ul style="list-style-type: none"> executive officers training management training; contractors, temps, and visitors 	<ul style="list-style-type: none"> n/a n/a n/a 	<ul style="list-style-type: none"> n/a n/a n/a 	<ul style="list-style-type: none"> 72 per cent 49 per cent n/a 	

Measure	KPI	2017-18 ^(a)	2018-19 ^(a)	2019-20
	Percentage of HSRs trained:	At 30 June 2018, 100 per cent of DTF's HSRs have been provided with the opportunity to complete the WorkSafe Approved HSR initial OHS training as per DTF's legislative duties.	At 30 June 2019, 100 per cent of DTF's HSRs have been provided with the opportunity to complete the WorkSafe Approved HSR Initial OHS Training as per DTF's legislative duties.	At 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.
	<ul style="list-style-type: none"> upon acceptance of role (initial training) 	<ul style="list-style-type: none"> no vacancies currently exist 	<ul style="list-style-type: none"> one vacancy at 121 Exhibition Street is currently being recruited. 	<ul style="list-style-type: none"> no vacancies currently exist
	<ul style="list-style-type: none"> re-training (annual refresher) 	100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR refresher OHS training. Refresher training was completed by three HSRs.	100 per cent of HSRs were provided with the opportunity to complete the WorkSafe Approved HSR OHS training. Four new HSRs completed the WorkSafe Approved HSR initial OHS training and refresher training was completed by three HSRs.	WorkSafe Approved HSR Initial OHS Training was offered and is either scheduled or has been rejected by HSRs after being offered.
	<ul style="list-style-type: none"> reporting of incidents and injuries 	Reviewing the Incident Register is part of the HSC meeting agenda. Investigations are led by OHS Advisory in consultation with the HSRs.	Investigations are led by OHS Advisory in consultation with the HSRs. All reported incidents have been investigated. Incident trends are reported on a quarterly basis.	Investigations are led by OHS Advisory in consultation with the HSRs and relevant manager as appropriate. All reported incidents have been investigated. Incident trends are reported on a quarterly basis including to the HSC.
Hazards	No. of hazards reported	n/a	n/a	8
	Rate per 100 FTE	n/a	n/a	1.07 (based on FTE 749.61)
Corrective actions	No. of corrective actions	n/a	n/a	8
	Percentage of corrective actions completed	n/a	n/a	100 per cent
OHSMS audits	No. of OHSMS audits conducted	n/a	n/a	–
	Percentage of workplaces audited	n/a	n/a	–
OHSMS implementation	Percentage of an averaged OHSMS audit score	n/a	n/a	–
Management participation in audits	Percentage of managers that have participated in the total no. of workplace audits conducted	n/a	n/a	–
	No. of senior management participating in departmental OHSMS review and evaluation per two-year cycle	n/a	n/a	–
Mental health and wellbeing training	No. of mental health and wellbeing training initiatives/activities delivered	n/a	n/a	12
	Percentage of senior leaders, people leaders and staff that have completed mental health and wellbeing training:	n/a	n/a	25 per cent
	<ul style="list-style-type: none"> senior leaders training 	n/a	n/a	72 per cent
	<ul style="list-style-type: none"> people leaders training 	n/a	n/a	49 per cent

Measure	KPI	2017-18 ^(a)	2018-19 ^(a)	2019-20
Mental health and wellbeing audit	• staff training	n/a	n/a	n/a (yet to commence)
	Evidence of staff having participated in at least two wellbeing initiatives/activities	n/a	n/a	DTF currently does not have a system with the capability to track individual employees' training records to the extent required by this measure. The Department has opted into the whole of Victorian Government implementation of the Human Capital Management (HCM) project. This includes a learning management system which allows for accurate tracking of training requirements moving forward.
	Total percentage of staff participation at mental health and wellbeing initiatives/activities	n/a	n/a	DTF currently does not have a system with the capability to track individual employees training records to the extent required by this measure. The Department has opted into the whole of Victorian Government implementation of the Human Capital Management (HCM) project. This includes a learning management system which allows for accurate tracking of training requirements moving forward.
	Mental injury 13-week claims as a percentage of total claims	n/a	n/a	0
	Mental injury 26-week claims as a percentage of total claims	n/a	n/a	0
	Averaged fully developed costs – mental injury claims	n/a	n/a	0
	Averaged no. of days/shifts lost per workers' compensation claim for mental injury	n/a	n/a	0
	No. of workers' compensation claims for mental injury by industry groups	n/a	n/a	0
	Evidence of department completing the mental health self-assessment tool	n/a	n/a	Completed
	Staff appointed as peer support officers who have attended relevant training:	n/a	n/a	7
No. of staff appointed as peer support officers	n/a	n/a	14	

Measure	KPI	2017-18 ^(a)	2018-19 ^(a)	2019-20
	Percentage of staff appointed as peer support officers (or equivalent)	n/a	n/a	2 per cent

Notes:

(a) Please note, a number of additional OHS metrics have been included for the financial year 2019-20, as per a decision made by the Public Sector OHS Leadership Group.

(b) Victorian WorkCover Authority (VWA) supplied data. Data for standardised claims, time lost claims and death claims is as at 30 June 2020. 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 2019 and 30 June 2020. 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) One OHS claim submitted in 2019-20, was for medical expenses only.

Appendix 3 Environmental reporting

Office-based environmental impacts

DTF monitored the environmental impacts of its operations during 2019-20. 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.

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

Energy use

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

Indicator	2019-20	2018-19	2017-18
Total energy usage segmented by primary source (MJ)	10 623 432	10 387 146	2 917 181^(a)
Electricity (MJ) – excluding green power	7 619 756	7 678 840	2 548 469 ^(a)
Natural gas (MJ)	3 003 685 ^(b)	2 708 306	368 712 ^(a)
Green power (MJ)	–	–	–
LPG (MJ)	–	–	–
Total greenhouse gas emissions from energy consumption (t CO₂-e)	2 537	2 646	913^(a)
Electricity (t CO ₂ -e) – excluding green power	2 371	2 496	892 ^(a)
Natural gas (t CO ₂ -e)	166	150	21 ^(a)
LPG (t CO ₂ -e)	–	–	–
Percentage of electricity purchased as green power	–	–	–
Units of office energy used per FTE (MJ/FTE)	15 026^(b)	17 028	4 928.56^(a)
Units of office energy used per office area (MJ/m²)	700	684	192^(a)

Notes:

(a) Figures shown under previous methodology. Refer to 2018-19 Annual Report for comparative data.

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

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

Actions undertaken

- DTF upgraded heating, ventilation and air conditioning systems across its office building portfolio.
- DTF centrally purchases the bulk of the Victorian government's electricity load under two State Purchase Contracts (SPCs).

Targets

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

Result

- Electricity consumption declined slightly in 2019-20 compared with 2018-19.

Explanatory notes

- Billing data was used to calculate the Department's energy use.
- DTF's gas usage is an office space apportioned percentage of total building gas usage. Gas usage results may therefore be under or over-estimated as a result of co-tenant gas usage.
- Electricity usage results before 2018-19 do not include base building energy consumption. Results including and since 2018-19 reflect updated FRD 24D *Reporting of office based environmental impacts* guidance to include base building consumption in electricity usage results.
- Gas usage results before 2018-19 were estimated according to FRD 24D guidance. Gas usage results from 2018-19 onwards are actuals. The increase in gas usage from 2017-18 to 2018-19 is due to the change in reporting methodology.

Paper use

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

Indicator	2019-20	2018-19	2017-18
Total units of A4 equivalent copy paper used (reams)	5 045	6 462	7 291
Units of A4 equivalent copy paper used per FTE (reams/FTE)	6.88	10.59	12.32
Percentage of 75–100 per cent recycled content	68	88	70
Percentage of 50–74 per cent recycled content	–	–	–
Percentage of 0–49 per cent recycled content	32	12	30
Optional indicators			
Total units of A4 equivalent paper used in publications (reams)	759 ^(a)	2 196	2 080

Notes:

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

Actions undertaken

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

Targets

- Reduce units of copy paper used per FTE (reams/FTE) by 0.5.

Result

- Total paper usage decreased in 2019-20.

Explanatory notes

- The 2019-20 results are less comparable to previous years due to disruption of coronavirus (COVID-19) related restrictions. For instance, 25 reams of A4 equivalent paper were purchased during quarter 4 2019-20, compared with 1 721 during quarter 4 2018-19.
- Paper usage is calculated using the information provided under the whole of government office stationery contract.
- Where data is unavailable, average use from the previous billing period is used.
- Figures account for Invest Victoria paper use and total FTE located at 121 Exhibition Street.

Water consumption

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

Indicator	2019-20	2018-19	2017-18
Total water consumption (kilolitres)	5 009	6 341	8 955.5
Units of office water used per FTE (kilolitres/FTE)	7.09	10.39	15.13
Units of office water used per office area (kilolitres/m ²)	0.330	0.417	0.587

Actions undertaken

- Upgrades to plumbing infrastructure at 1 Macarthur Street and 1 Treasury Place.

Result

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

Explanatory notes

- The 2019-20 data was calculated using billing data.

Travel and transport

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

Indicator	2019-20	2018-19	2017-18
Total energy consumption by fleet vehicles (MJ)	152 726	171 417	51 600
Diesel	65 919	101 171	4 989
LPG	–	–	–
Unleaded	63 369	49 487	46 611
Hybrid	23 438	20 759	–
Total distance travelled by fleet vehicles (km)	56 780	55 893^(a)	19 912
Diesel	16 934	29 645	1 384
LPG	–	–	–
Unleaded	24 047	18 677	18 528
Hybrid	15 799	7 571	–
Total greenhouse gas emissions from fleet vehicles (t CO₂-e)	10.70	12.03	3.50
Diesel	4.65	7.13	0.35
LPG	–	–	–
Unleaded	4.42	3.45	3.15
Hybrid	1.63	1.45	–
Greenhouse gas emissions from fleet vehicles per 1 000km (t CO₂-e)	0.19	0.62	0.19
Diesel	0.27	0.24	0.02
LPG	–	–	–
Unleaded	0.18	0.18	0.17
Hybrid	0.10	0.19	–
Total distance travelled by air (km)	425 469	322 979.87	415 331.74
Percentage using sustainable transport to get to and from work by locality	93.4^(b)	93.4	91.1
Melbourne CBD	81.3 ^(b)	81.3	n/a
Metropolitan Melbourne	95.8 ^(b)	95.8	n/a
Regional Victoria	83.3 ^(b)	83.3	n/a

Notes:

(a) Fleet use has increased due to increased engagement regionally.

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

Actions undertaken

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

Result

- There has been a decrease in the use of diesel vehicles and an increase in the use of hybrid and unleaded vehicles which has had a positive impact on CO₂ emissions.
- Total distance travelled by air increased in 2019-20 but is comparable with years prior to 2018-19.

Explanatory notes

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

Waste and recycling

The waste data in the indicators below, includes data from the three kitchen waste streams (landfill, recycling and compost), as well as data from paper and cardboard bins.

Indicator	2019-20 ^(a)	2018-19	2017-18
Total units of waste disposed of by destination (kg/yr)	27 970	24 136	45 482.65
Landfill (kg)	7 764	6 700	6 847
Co-mingled recycling (kg)	14 175	12 232	34 481.02
Paper and card (kg)			
Secure documents (kg)			
Organics (kg)	6 030	5 203	4 154.63
Total units of waste disposed of per FTE by destination (kg/FTE)	39.6	39.6	76.85
Landfill (kg/FTE)	11.0	11.0	11.57
Co-mingled recycling (kg/FTE)	20.1	20.1	58.26
Paper and card (kg/FTE)			
Secure documents (kg/FTE)			
Organics (kg/FTE)	8.5	8.5	7.02
Recycling rate (per cent)	72	72	85
Greenhouse gas emissions associated with waste (t CO₂-e)	7.45	6.43	9.59

Notes:

(a) Due to the impact of coronavirus (COVID-19) work from home directives, the waste audit scheduled for quarter 4 2019-20 was not undertaken, so the 2019-20 figures are FTE adjusted estimates based on the 2018-19 waste audit data.

Actions undertaken

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

Targets

The following target was set for 2018-19 and carried over to 2019-20:

- Reduce landfill units of waste per FTE (kg/year) to less than 11 per FTE.

Result

- The 2019-20 waste and recycling results reflect an increase in DTF's total FTE employees. Units of waste disposed per FTE did not change.

Explanatory notes

- Due to coronavirus (COVID-19) work from home directives, DTF was unable to conduct its 2019-20 waste audit. The 2019-20 results are therefore estimates based on 2018-19 results.
- Assumptions to the 2019-20 estimated results are:
 - total waste disposed of increased in proportion with FTE; and
 - units of waste disposed of per FTE did not change.
- The 2018-19 waste data was collected from waste audits conducted at 1 Treasury Place and 1 Macarthur Street, which cover 90 per cent of staff. As the 2018-19 waste audit did not include Invest Victoria staff located at 121 Exhibition Street, the FTE employee figure used to estimate 2019-20 results excludes Invest Victoria.

Greenhouse gas emissions

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

Indicator	2019-20	2018-19	2017-18
Total greenhouse gas emissions associated with energy use (t CO ₂ -e)	2 537.08	2 646	913.3 ^(a)
Total greenhouse gas emissions associated with vehicle fleet (t CO ₂ -e)	10.70	12.03	3.5 ^(a)
Total greenhouse gas emissions associated with air travel (t CO ₂ -e)	42.41	68.59	102.5 ^(a)
Total greenhouse gas emissions associated with waste disposal (t CO ₂ -e)	7.45 ^(b)	6.43	9.6 ^(a)
Greenhouse gas emissions offsets purchased (t CO ₂ -e)	42.41	–	–

Note:

(a) Figures shown under previous methodology. Refer to 2018-19 Annual Report for comparative data.

(b) Figure is an FTE adjusted estimate based on 2018-19 actuals, excluding Invest Victoria.

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;
- updating guidance materials to support implementation of the Social Procurement Framework and for the Public Construction Procurement Committee; and working with Sustainability Victoria and the Department of Environment, Land, Water and Planning on the development of the Buy Recycled directory and Recycled First requirements to increase the use of recycled content in major infrastructure projects; and
- providing advice and feedback to departments and agencies on invitations to supply and Social Procurement Plans to incorporate sustainability requirements.

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 2019-20 financial year, the General Order dated 1 January 2019 (in place at 1 July 2019) was supplemented by the Supplement to the General Order effective 1 September 2019. That supplement transferred the Treasurer's responsibility for the *Rural Assistance Schemes Act 2016* to the Minister for Agriculture.

Under the General Order dated 1 January 2019, the Assistant Treasurer was responsible for the following provisions of the *Audit Act 1994*:

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

Under the Supplement to the General Order effective 1 September 2019, these responsibilities were amended to:

- Sections 10–13, 19, 22–28 and 57
- Sections 15, 78 and 84 (jointly and severally administered with the Special Minister of State)

The General Order dated 1 January 2019 (as supplemented) was replaced by the General Order dated 1 January 2020, under which section 64.A.42 of the *Gambling Regulation Act 2003* was added to the Treasurer's responsibilities. The reference to 'Supply Acts (passed annually)', previously administered by the Treasurer, was not included in that General Order. The 1 January 2020 General Order also transferred responsibility for sections 8A and 8B of the *Parliamentary Salaries, Allowances and Superannuation Act 1968* (previously titled the *Parliamentary Salaries and Superannuation Act 1968*) from the Assistant Treasurer to the Special Minister of State.

The 1 January 2020 General Order was supplemented by the Supplement to the General Order effective 23 March 2020. Under that Supplement to the General Order, administration of the following Acts was transferred from the Special Minister of State to the Treasurer:

- *Audit Act 1994*, except for sections 10–13, 19, 22–28 and 57 which remained within the Assistant Treasurer's portfolio (Note: sections 15, 78 and 84 are jointly and severally administered with the Assistant Treasurer)
- *Infrastructure Victoria Act 2015*
- *Parliamentary Budget Officer Act 2017*

The General Order dated 1 January 2020 was replaced by the General Order dated 22 June 2020, under which the Treasurer's responsibilities under the *Constitution Act 1975* were transferred to the Minister for Regulatory Reform, and the Assistant Treasurer's responsibilities under the *State Owned Enterprises Act 1982* were transferred to the Minister for Government Services.

For reporting purposes, the legislation administered by DTF's Ministers under the General Orders dated 1 January 2019, 1 January 2020 and 22 June 2020, and their Supplements have been included in the *2019-20 Annual Report*. References to responsibilities of other Ministers are, for convenience, provided under their current titles.

1 July 2019 – 30 June 2020

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)

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

Back to Work Act 2015

Bank Integration Act 1992

Borrowing and Investment Powers Act 1987

Business Franchise (Petroleum Products) Act 1979

Commonwealth Places (Mirror Taxes Administration) Act 1999

Competition Policy Reform (Victoria) Act 1995

Congestion Levy Act 2005

Constitution Act 1975 –

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

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

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

Co-operative Housing Societies Act 1958

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

Duties Act 2000

Educational Institutions (Guarantees) Act 1976

Electricity Industry (Residual Provisions) Act 1993

Financial Agreement Act 1994

Financial Management Act 1994 – except:

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

Financial Sector Reform (Victoria) Act 1999

Fire Services Property Levy Act 2012

First Home Owner Grant Act 2000

Gambling Regulation Act 2003 –

- Section 3.4.33
- Section 4.3.12
- 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)

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

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 –

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

Land Tax Act 2005

Loy Yang B Act 1992

Melbourne Cricket Club Act 1974

Monetary Units Act 2004

Mutual Recognition (Victoria) Act 1998

National Taxation Reform (Consequential Provisions) Act 2000

New Tax System Price Exploitation Code (Victoria) Act 1999

Occupational Licensing National Law Repeal Act 2016

Parliamentary Budget Officer Act 2017 –

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

Payroll Tax Act 2007

Planning and Environment Act 1987 –

- Part 9B (this Part is jointly and severally administered with the Minister for Planning)

(The Act is otherwise administered by the Minister for Energy, Environment and Climate Change and the Minister for Planning)

Port Management Act 1995 –

- Sections 160, 171 and 173

(The Act is otherwise administered by the Assistant Treasurer and the Minister for Ports and Freight)

Public Authorities (Dividends) Act 1983

Rural Assistance Schemes Act 2016 –

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

Snowy Hydro Corporatisation Act 1997

State Bank (Succession of Commonwealth Bank) Act 1990

State Electricity Commission Act 1958 – except:

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

State Owned Enterprises Act 1992 – except:

- Division 2 of Part 2 in so far as it relates to Cenitex (in so far as they relate to that matter, these provisions are administered by the Minister for Government Services)
- Division 2 of Part 2 in so far as it relates to the Victorian Plantations Corporation (in so far as they relate to that matter, these provisions are administered by the Minister for Energy, Environment and Climate Change)
- Division 2 of Part 2 in so far as it relates to the Water Training Centre (in so far as they relate to that matter, these provisions are administered by the Minister for Water)
- Division 2 of Part 2, and Part 3 in so far as they relate to the Victorian Interpreting and Translating Service (in so far as they relate to that matter, these provisions are administered by the Minister for Multicultural Affairs)

State Trustees (State Owned Company) Act 1994 – except:

- Part 4 (this Part is jointly and severally administered by the Minister for Child Protection and the Minister for Disability, Ageing and Carers)

Supply Acts (passed annually) –

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

Taxation Administration Act 1997

Taxation (Interest on Overpayments) Act 1986

Trans-Tasman Mutual Recognition (Victoria) Act 1998

Treasury Corporation of Victoria Act 1992

Trustee Companies Act 1984 –

- The Act is jointly administered with the Attorney-General

Victorian Funds Management Corporation Act 1994

Workers Compensation Act 1958 –

- Division 8 of Part 1

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

Assistant Treasurer

Audit Act 1994 –

- Sections 10–13, 19, 22–28 and 57
- Sections 8, 9, 16A, 16B, 16C, 16D, 16E and 16G
- Sections 15, 78 and 84 (these sections are jointly and severally administered with the Treasurer)

(The Act is otherwise administered by the Treasurer)

(Note: some of the above sections were jointly and severally administered with the Special Minister of State at certain points during the financial year – refer to summary above for changes to the administration of this Act that occurred during the financial year)

Casino Control Act 1991 –

- Section 128K(2)

(The Act is otherwise administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation and the Minister for Planning)

Coal Mines (Pensions) Act 1958

Crown Land (Reserves) Act 1978 –

- In so far as it relates to the land shown as:
 - Crown Allotments 2A, 3 and 4 of Section 5, City of Melbourne, Parish of Melbourne North (Parish Plan No. 5514C) and known as the Treasury Reserve
 - Crown Allotments 4A and 4B on Certified Plan 111284 lodged with the Central Plan Office and to be known as the Old Treasury Building Reserve

(The Act is otherwise administered by the Minister for Business Precincts, the Minister for Corrections, the Minister for Energy, Environment and Climate Change, the Minister for Health, the Minister for Ports and Freight, the Minister for Tourism, Sport and Major Events and the Premier)

Emergency Services Superannuation Act 1986

Essential Services Commission Act 2001

Financial Management Act 1994 –

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

(The Act is otherwise administered by the Treasurer)

Government Superannuation Act 1999

Housing Act 1983 –

- Divisions 1–5, 7–9 of Part VIII, Schedules 7 and 8
- Sections 143(1), 143(2)(d), 143(2)(e), 143(2)(f), 143(2)(i) and 143(3) (these provisions are jointly and severally administered with the Minister for Housing)

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

Land Act 1958 –

- In so far as it relates to the exercise of powers relating to leases and licences under Subdivisions 1 and 2 of Division 9 of Part I in respect of:
 - land in the Melbourne Casino area within the meaning of Part 9A of the *Casino Control Act 1991*
 - Crown land coloured brown on Plans numbered LEGL./93-211, LEGL./93-212, LEGL./93-213, LEGL./93-214 and LEGL./93-215 lodged in the Central Plan Office
 - land shown as Crown Allotment 32E, Section 7 on Certified Plan No. 108871 lodged in the Central Plan Office
 - land shown as Crown Allotment 4A, Section 1A on Certified Plan No. 75050 lodged in the Central Plan Office
 - land shown as Crown Allotment 4D, Section 1A on Certified Plan No. 112128 lodged in the Central Plan Office
 - the area of 3643 square metres of land in the city of Port Melbourne as shown on Plan LEGL./96-216 lodged in the Central Plan Office
 - land shown as Crown Allotment 4, Section 1A on Certified Plan No. 109991 lodged in the Central Plan Office
- Division 6 of Part I, Subdivision 3 of Division 9 of Part I, section 209 and the remainder of the Act where it relates to the sale and alienation of Crown Lands as set out in Administrative Arrangements Order No. 58
- Sections 201, 201A and 399 except in so far as they relate to the land described as Crown Allotment 16 of Section 5, Elwood, Parish of Prahran being the site of the former Elwood Police Station (except in so far as they relate to that land, these provisions are jointly administered with the Minister for Energy, Environment and Climate Change)

- Sections 201, 201A and 399 in so far as they relate to the land described as Crown Allotment 16 of Section 5, Elwood, Parish of Prahran being the site of the former Elwood Police Station (in so far as they relate to that land, these provisions are jointly administered with the Attorney-General)

(The Act is otherwise administered by the Attorney-General, the Minister for Corrections, the Minister for Creative Industries, the Minister for Energy, Environment and Climate Change, the Minister for Government Services, the Minister for Health, the Minister for Ports and Freight and the Minister for Roads and Road Safety)

Parliamentary Salaries, Allowances and Superannuation Act 1968 –

- Sections 6(6), 9K(3), 9K(5) and 9L
- Sections 8A and 8B
- Part 3

(The Act is otherwise administered by the Minister for Government Services)

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

Petroleum Products Subsidy Act 1965

Police Regulation (Pensions) Act 1958 –

- Part III

(The Act is otherwise administered by the Minister for Police and Emergency Services)

Port Management Act 1995 –

- Sections 63A–63J

(The Act is otherwise administered by the Minister for Ports and Freight and the Treasurer)

Project Development and Construction Management Act 1994 –

- Part 4

(The Act is otherwise administered by the Minister for Business Precincts, the Minister for Planning, the Minister for Transport Infrastructure and the Premier)

State Employees Retirement Benefits Act 1979

State Owned Enterprises Act –

- Division 2 of Part 2 in so far as it relates to Cenitex

(The Act is otherwise administered by the Minister for Energy, Environment and Climate Change, the Minister for Multicultural Affairs, the Minister for Water and the Treasurer)

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

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)

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 2019-20, the Department of Treasury and Finance commenced two standard projects that met the threshold for Local Jobs First.

The two projects had a combined value of \$18.2 million and provide commitments for 17 small to medium enterprises (SMEs) to be engaged, five local jobs to be retained and an average of 95 per cent local content to be attained. To date, the two projects have achieved the engagement of 30 SMEs in the supply chain, five local jobs retained and 100 per cent local content. The projects are scheduled to complete in the 2020-21 and 2022-23 financial years and further information on outcomes will be provided following their completion.

There were no strategic projects commenced or completed.

Implementation of the Social Procurement Framework

Victoria is committed to social procurement and has established the Social Procurement Framework. This is the second year in which DTF's annual report covers achievements in social procurement.

The Framework enables buyers and suppliers to use government buying power to deliver social, economic and environmental outcomes that benefit the Victorian community, the economy and the environment.

DTF has a social procurement strategy which outlines its approach to implementing the Framework, which was implemented late 2018.

In 2019-20, DTF continued to prioritise the following Social Procurement Framework objectives:

- opportunities for Victorian Aboriginal people;
- opportunities for Victorians with disability;
- women's equality and safety;
- supporting safe and fair workplaces; and
- sustainable Victorian social enterprises and Aboriginal business sectors.

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

- implementing a policy that at least 50 per cent of any catering be procured through social benefit suppliers;
- identifying social benefit suppliers through the print state purchase contract;
- identifying communications suppliers for use in strategic communications work;
- increasing the use of social benefit suppliers for venue hire; and
- continuing to use social enterprises for group training.

Education for procuring teams has continued in the year, so that key decision makers understand the important principles and requirements of the Framework, and can appropriately influence Victorian suppliers to deliver social outcomes through supplier selection and contract awarding procedures. This drives commitments to social commitment through indirect procurement.

Social procurement metric	Expenditure \$000	No. of businesses engaged
Total spend with Victorian Aboriginal businesses	71.7	8
Total spend with Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises (ADEs)	24.4	5
Total spend with Victorian social enterprises led by a mission for the disadvantaged	240.0	7
Total spend with Victorian social enterprises	783.5	20

Disclosure of government advertising expenditure

In 2019-20, there were no government advertising campaigns with total media spend of \$100 000 or greater (exclusive of GST).

Consultancy expenditure

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

In 2019-20, there were 52 consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is \$23 649 569 (excluding GST). Details of individual consultancies can be viewed at www.dtf.vic.gov.au.

Details of consultancies under \$10 000

In 2019-20, there were four consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10 000. The total expenditure incurred during 2019-20 in relation to these consultancies was \$25 906 (excl. 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 2019-20 reporting period, the Department had a total ICT expenditure of \$46 117 681 with the details shown below.

	\$'000
Business as usual (BAU) ICT expenditure	39 653
Non-business as usual (non-BAU) ICT expenditure consisting of:	6 464
Operational expenditure	3 988
Capital expenditure	2 476

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 2020. 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; and
- be accompanied by an application fee (which may be waived in certain circumstances).

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

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

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

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

Further information can be obtained from foicommissioner.vic.gov.au.

FOI statistics/timeliness

During 2019-20, the Department received 91 FOI applications. Of these requests, 51 were from Members of Parliament, 6 from the media, and 34 from the general public. Requests from the public increased significantly from 2018-19.

The Department made 51 FOI decisions during the 12 months ended 30 June 2020. A further 21 requests were withdrawn, not processed or transferred to more appropriate agencies, with the consent of the applicant. 13 requests were not proceeded with as the applicants did not contact the Department to clarify the requests. 15 requests were yet to be finalised and will carry over into the following financial year period.

There were 31 decisions made within the statutory time period; eighteen decisions were made 1-45 days after, and two decisions were made 46 or more days after the statutory time period to decide the request.

During 2019-20, five requests were subject to a complaint/internal review by OVIC with none progressing to VCAT.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and foi.vic.gov.au.

Community Support Fund

The Community Support Fund (CSF) is a trust fund that directs a portion of gaming revenue back into the community. It was established in 1991 and is governed by the *Gambling Regulation Act 2003*.

As prescribed by the legislation, the CSF receives 8.33 per cent of the revenue generated from electronic gaming machines in hotels. Any interest earned on the balance of the trust fund is retained by the CSF. In 2019-20, the CSF received \$112.23 million in revenue, this was lower than the estimate at the beginning of the year due to the public health restrictions on hotels since March 2020 to slow the spread of coronavirus (COVID-19).

The Government can allocate funding from the CSF to a range of initiatives, which are administered by departments. Funded initiatives must be consistent with the purposes of the legislation.

Programs that tackle problem gambling are the first call on funds from the CSF. The *Victorian Responsible Gambling Foundation Act 2011* gives effect to the Government's problem gambling policy. This legislation provides the basis on which funds will be transferred from the CSF to the Responsible Gambling Fund to reduce the prevalence and severity of gambling-related harm and foster responsible gambling behaviour.

The CSF can also fund:

- drug education, treatment and rehabilitation;
- financial counselling services or support and assistance for families in crisis;
- youth programs;
- sport and recreation;
- arts and tourism;
- community support or advancement; and
- costs associated with administering the CSF.

The funds are provided to departments for making grants to a wide range of community-based organisations and councils, supporting them to build strong and sustainable communities.

The legislation also provides for the payment of one day's revenue from the CSF to the Victorian Veterans Fund.

A total of \$148.07 million in expenditure was incurred in 2019-20. There have been new grant approvals made for 26 community projects in 2019-20 (as tabled on the following page).

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

For more information in relation to the CSF please refer to

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

Projects approved from 1 July 2019 to 30 June 2020

Project name	Responsible area	\$
Department of Education and Training		
Aiia Maasarwe Scholarship Program at La Trobe University	Tertiary Education Policy and Performance Division	250 000
Department of Environment, Land, Water and Planning		
South Oakleigh Wildlife Shelter	Biodiversity Division	40 000
Department of Health and Human Services		
Amaroo Neighbourhood House kitchen upgrade	Disability and Communities Branch	50 000
Big Group Hug	Children and Families Branch	29 000
Father Bob Maguire Foundation	Procurement, Contract and Business Services	40 000
Northern Community CareWorks Community Lunch Program	Procurement, Contract and Business Services	20 000
Department of Jobs, Precincts and Regions		
Balmoral Recreation Reserve Renewal Stage Two Project	Sport and Recreation Victoria	176 767
Benalla Gymnastics Club – installation of a new sprung floor	Sport and Recreation Victoria	67 300
Cobram Cricket Club – new scoreboard	Sport and Recreation Victoria	35 000
Creswick Soccer Club – junior soccer pitch fencing upgrade	Sport and Recreation Victoria	20 000
Creation of the Friends of the Heidelberg School website	Creative Victoria	19 990
HE Parker Reserve Pavilion fit out	Sport and Recreation Victoria	75 000
Kyabram Water Tank Mural Project	Creative Victoria	80 000
Mentone Recreation Reserve coaches' boxes	Sport and Recreation Victoria	12 000
Mitcham Cricket Club new club rooms fitout	Sport and Recreation Victoria	65 000
Museums Victoria – Acquisition of a Triceratops fossil	Creative Victoria	1 500 000
Ten years on Foggy Mountain Primary School Recording Project	Creative Victoria	10 000
The Music Victoria Awards 2019	Creative Victoria	30 000
Department of Justice and Community Safety		
MABELS Program	Justice Policy and Data Reform	400 000
Department of Premier and Cabinet		
Pick My Project	Digital Design and Innovation	8 275 000
Victorian Tamil Community Centre	Multicultural Affairs	390 000
Department of Treasury and Finance		
Carnegie Lions Club – a new trailer	Corporate Finance	1 504
Hume Men's Shed in Craigieburn – purchase of a dust extractor	Corporate Finance	7 000
Mitcham Cricket Club – uniforms for a new women's team	Corporate Finance	3 000
Olivia's Place – purchase of two marquees	Corporate Finance	6 000
Rosebud Soccer Club – installation of CCTV	Corporate Finance	5 000
Total grant approvals		11 607 561

Note:

The list shows the CSF grants approved in the 2019-20 financial year. Expenditure of these projects has partially incurred in 2019-20 and will continue to incur in 2020-21.

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 2020, DTF was responsible for 18 department-owned office buildings.

Mechanisms to ensure buildings conform with the building standards

DTF complies with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments. An occupancy permit or a certificate of final inspection endorsed by a Registered Building Surveyor is obtained for all upgrades to existing facilities requiring a building permit.

DTF ensures design consultants and building contractors engaged for building works are registered building practitioners, and that registrations are maintained during the course of the work.

Works projects (greater than \$50 000)

565 Lonsdale Street, Melbourne	Fitout improvements, soundproof meeting rooms
1 Treasury Place, East Melbourne	Fitout, additional workstations, soundproofing of meeting room.
1 Treasury Place, East Melbourne	AV upgrades, video conferencing and room booking panels.
1 Macarthur Street East Melbourne	Security and safety centre upgrades
565 Lonsdale Street, Melbourne	Refurbishment of floors
55 St Andrews Place, Melbourne	Air conditioning upgrade to foyer
21 McLachlan Street, Horsham	Air conditioning upgrade
1 Macarthur Street East Melbourne	Disability Discrimination Act manual door replacement
565 Lonsdale Street, Melbourne	Replacement of roof membrane
253 Eleventh Street, Mildura	Security upgrade
1 Treasury Place, East Melbourne	Refurbished basement and addressing OHS issues.
1 Treasury Place, East Melbourne	Security upgrade
23 St Andrews Place, East Melbourne	Security fitout

Major works (greater than \$50 000) not subject to certification of plans, mandatory inspections of the works and issue of occupancy permits or certification of final inspection

All works are undertaken by registered building practitioners with certification that the work either complies with the existing occupancy permit, a revised permit, or a certificate of final inspection.

Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned by the department

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

Mechanisms for inspection, reporting, scheduling and carrying out of rectification works on existing buildings

There are five main mechanisms established for inspecting, reporting, scheduling and performing rectification and maintenance works on the existing buildings.

1. Provision and management of maintenance service contracts for all owned buildings.
2. Six-monthly property inspection reports, liaison with tenants and responses to identified issues.
3. Ensuring there is an annual essential safety measures report for each building.
4. Commissioning independent formal condition, maintenance and compliance audits on buildings every five years.
5. Commissioning engineering/consultant reports.

JLL managed the service maintenance contracts for the DTF-owned government office buildings. The outsourced provider is responsible for:

- undertaking breakdown, preventative and cyclical maintenance (point 1 above);
- identifying and prioritising works required in consultation with DTF (point 1 above);
- managing rectification works (point 1 above);
- conducting regular inspections to ensure works are performed to standard (point 2 above); and
- managing maintenance to support the issue of the annual essential safety measures reports (point 1 above).

Quality assurance, performance measures and governance are included in the JLL contract.

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

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

Number of buildings conforming with the building standards

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

The Shared Service Provider has identified certain compliance issues under the *Building Act 1993*, which are currently being rectified. SSP is currently reviewing its processes and programs to ensure ongoing compliance.

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

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

National Competition Policy – Reporting against competitive neutrality principles

The Department continues to comply with the requirements of the National Competition Policy. Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost reflective. Competitive neutrality policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

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

Application of Public Interest Disclosures Act

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

Message from the Secretary

The Department of Treasury and Finance is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees, officers or members. Nor does the Department tolerate reprisals against those who come forward to disclose such conduct, and it is dedicated to protecting the welfare of such persons.



David Martine
Secretary

Compliance with the *Public Interest Disclosures Act 2012*

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

The Department does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Department will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

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

- Secretary of the Department;
- Public Interest Disclosure Coordinator or Protected Disclosure Officer;
- manager or supervisor of the disclosure; or
- manager or supervisor of the person who is the subject of the disclosure.

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

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

Phone: 1300 735 135

Internet: ibac.vic.gov.au

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

Further information

The 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*

	2019-20 (number)	2018-19 (number)
The number of disclosures made by an individual to the Department and notified to the Independent Broad-based Anti-corruption Commission	nil	nil

Information available on request

Financial Reporting Direction 22H provides for the information listed below to be retained by the Accountable Officer and to be made available on request subject to the provisions of the *Freedom of Information Act 1982*.

Information available on request:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including:
 - consultants/contractors engaged;
 - services provided; and
 - expenditure committed to for each engagement.

To ensure the Department is meeting its accountability and compliance requirements, some of the additional information has been included in this annual report where relevant.

This information is available on request from:

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

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, David Martine, certify that the Department of Treasury and Finance has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



David Martine
Secretary

Compliance with DataVic Access Policy

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

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Department of Treasury and Finance made 19 data sets available on the DataVic website for 2019-20.

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

Report of operations

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