

Annual Report 2017



The department proudly acknowledges Victoria's Aboriginal communities and their rich culture, and pays respect to their Elders past and present.

We acknowledge Aboriginal people as Australia's first people and as the Traditional Owners and custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Environment, Land, Water and Planning Annual Report for the year ending 30 June 2017.



Christine Wyatt

Acting Secretary
Department of Environment, Land, Water and Planning
6 September 2017

Cover photo:

Coonooer Bridge Wind Farm © Michael Juttner 2017

Regent Honeyeater © Glen Johnson 2017

Yarra River © Salahuddin Ahmed 2017

Contents

Secretary's message	4
Key initiatives and projects	5
About DELWP	7
Financial review	19
Our people	22
Office-based environmental performance	36
Departmental objectives, indicators and outputs	46
Changes to the objective and output structure in 2016-17	47
Reliable, efficient, accessible, safe and sustainable energy services	48
Zero emission, climate-ready economy and community	51
A quality built environment	54
Healthy, resilient and biodiverse environment	59
Productive and effective land management	65
Safe and sustainable water resources	73
Sustainable and effective local governments	77
Reduced impact of major bushfires and other emergencies on people, property and the environment	80
Legislative and other information	85
Financial Statements as at 30 June 2017	111
Appendices	242
Appendix 1: Disclosure Index	242
Appendix 2: Budget portfolio outcomes	245
Appendix 3: Capital projects	252
Appendix 4: Disclosure of grants and transfer payments	253
Appendix 5: Environmental contributions	277
Appendix 6: Ministerial Statements of Expectation	279
Appendix 7: Municipal and Industrial Landfill Levy (MILL) Trust Account	283
Appendix 8: Sustainability Fund Account and Program Grants	285
Appendix 9: Feed-in tariff data	305
Appendix 10: Acronyms	309

Secretary's message



The Department of Environment, Land, Water and Planning (DELWP) achieved excellent progress in 2016-17, continuing our focus on working closely with Victorian communities through initiatives that have significant impacts. Across our portfolios of Energy, Environment and Climate Change; Water; Planning; Suburban Development; and Local Government, we are setting up liveable, inclusive and sustainable communities for decades to come.

In a landmark year for our response to climate change, *Victoria's Climate Change Framework* was released, which sets out the vision for a net-zero emissions, climate resilient future. Work was completed to prepare the new *Climate Change Act 2017*, which was passed by Parliament in February 2017. *Victoria's Climate Change Adaptation Plan 2017-2020*, a blueprint to prepare for the challenges of climate change and secure our future, was launched.

Victoria's new biodiversity plan *Protecting Victoria's Environment – Biodiversity 2037* outlines a vision to protect our biodiversity and ensure the natural environment is healthy, actively cared for and valued. The action plan aims to protect vulnerable or threatened species and provides conservation options for endangered species.

Water for Victoria was launched in October 2016. The *Water for Victoria* plan provides a framework to guide water management for the benefit of all Victorians now and for future generations. In a first for Victoria, and an important step for our inclusion journey, the plan recognises the value that water has for Traditional Owners and Aboriginal Victorians and commits to involving them in managing water.

Significant progress has been made towards the Victorian Renewable Energy Targets of 25 per cent by 2020 and 40 per cent by 2025. The government has leveraged its own purchasing power to bring forward investment in renewable energy projects, including the 132 megawatt Mt Gellibrand wind farm. Work will continue to deliver Victoria's first large-scale solar plants in North-West Victoria, which will power Melbourne's tram network.

Our approach to controlling fires at first attack is effective. In 2016-17, we responded to 1,015 bush and grass fires on both public and private land, and 93 per cent were contained to less than five hectares.

This government's support for Aboriginal inclusion led to the *Victorian Aboriginal and Local Government Action Plan*, providing councils with greater opportunities to work closely with local Aboriginal communities.

Plan Melbourne 2017-2050 was launched, which sets the vision for how Melbourne will grow and change in the next three decades. We developed the Better Apartments Design Standards, which will help safeguard Melbourne's liveability.

The government established Victoria's first Suburban Development portfolio to ensure that as Melbourne grows, it also becomes a stronger, fairer and greener city. The Office for Suburban Development was established within DELWP to drive changes to the way in which we think and invest locally. The *Suburban Development Statement* outlines the portfolio's key role in coordinating better social, economic and environmental investments. Six Metropolitan Partnerships will facilitate better integration between government, business and community to ensure Melbourne grows in ways that protect liveability and create opportunities.

Within the department, we launched *DELWP 2020*, which identifies our outcomes and programs and sets out how we deliver our services in an integrated way, supporting a diverse and inclusive workforce and meaningful conversations with the communities we serve. We also developed an integrity framework, established programs to assist staff affected by family violence, and focussed on addressing gender equity through the *Women in Fire and Emergency Leadership Roles Action Plan*.

We began to see our work in innovation produce exciting results. New apps such as Max's Base Camp Assistant and GOFirefighter are examples of this smart approach. We also progressed *Digital First*, which ensures our customers can connect with us using the channels they want. This focus on innovation owes much to former Secretary Adam Fennessy, who left DELWP in June 2017 to take up a role in the private sector. I want to pay tribute to Adam's leadership in establishing DELWP and building key relationships with communities across Victoria.

A handwritten signature in black ink, appearing to read 'Christine Wyatt', with a long, sweeping horizontal line extending to the right.

Christine Wyatt

Acting Secretary
Department of Environment, Land, Water and Planning
6 September 2017

Key initiatives and projects

We delivered many key initiatives and projects for Victoria. These initiatives highlight how DELWP places Victorian communities, together with the natural and built environments, at the centre of everything we do. In 2016–17 we:

- **Secured more than \$1 billion** in the 2017–18 Victorian State Budget for the Energy, Environment and Climate Change, Local Government, Planning, Suburban Development and Water portfolios. This included more than \$921 million to help boost our bushfire prevention capability, protect the environment, prepare Victoria for climate change and maintain a fair energy market. It also included \$116 million to improve water security for local communities, help farmers plan their future water needs, protect Victorian jobs that rely on water security and improve the environmental health of waterways across the state. A further \$60 million has been allocated to plan for growth across Victoria to support healthy, well managed and liveable communities and \$50 million over the next two years for the Growing Suburbs Fund to help councils invest in vital community infrastructure.
- **Responded to 1,015 bushfires and grass fires** on both public and private land. Of these fires, 93 per cent were contained to less than five hectares (compared to a target of 80 per cent), an indication of the effectiveness of first attack.
- **Reduced bushfire risk to** 63 per cent, against a target of 70 per cent. Through ***Safer Together***, DELWP is working in partnership with the Country Fire Authority and local councils to deliver fuel management across public land, private land and roadsides.
- Released Victoria's ***Climate Change Framework***, setting out the vision for a net-zero emissions, climate resilient future. The framework includes targets to reduce the state's greenhouse gas emissions by 15 to 20 per cent below 2005 levels by 2020; and to reduce emissions from the operations of government departments by 30 per cent below 2015 levels by 2020.
- Released Victoria's ***Climate Change Adaptation Plan 2017–2020***, which was tabled in Parliament on 8 February 2017. The Plan is a blueprint to prepare our state to meet the challenges of climate change and take action to secure our future.
- Developed the ***Climate Change Act 2017*** which was passed by Parliament on 23 February 2017. The Act provides Victoria with a world-leading legislative foundation to manage climate change risks, maximise the opportunities that arise from decisive action, and drive Victoria's transition to a net-zero emissions, climate resilient community and economy.
- Released Victoria's new ***biodiversity plan, Protecting Victoria's Environment – Biodiversity 2037*** in April 2017, an ambitious and forward looking plan to stop the decline of our native plants and animals and achieve overall biodiversity improvement over the next 20 years.
- Released and commenced implementation of ***Water for Victoria*** in October 2016, a new water plan to improve urban and rural water security, provide for productive agriculture and industry, create liveable, sustainable and growing communities and a healthy environment.
- Oversaw the successful delivery of \$162 million of state and commonwealth ***investment in water infrastructure projects in rural Victoria*** to generate water savings, increase water security and services delivered to water users, and enable farmers to improve their farming practices and manage water security risks. The Goulburn–Murray Water Connections project was successfully reset; stage one of the Bacchus Marsh Irrigation District Modernisation project was completed; stage one of the Werribee Irrigation District Modernisation project commenced; the Macalister Irrigation District 2030 Phase 1A project reached practical completion; construction of the Macalister Irrigation District Phase 1B commenced; stage one of the South West Loddon Rural Water Supply Project was completed; and works for the Sunraysia Modernisation project were completed.
- Commenced a program to invest a record \$222 million over four years to ***improve the health of our waterway and catchments*** across Victoria, in partnership with regional catchment management authorities.
- Established ***Liveability Victoria International*** to promote and support Victoria's strengths, services and expertise in liveability. This encompasses water, clean technology, environment protection, and architecture, planning and urban design to build export opportunities for Victorian businesses in the sector, with a focus on China, India and south-east Asia, particularly Indonesia and Vietnam.
- Made significant progress towards the ***Victorian Renewable Energy Targets of 25 per cent by 2020 and 40 per cent by 2025***. Victoria is on track to meet these targets, with the share of Victorian energy sourced from renewables increasing to 16.8 per cent in 2016–17, up from 14.8 per cent in 2015–16.
- Facilitated starting the construction of the 132 MW ***Mt Gellibrand wind farm***, located 17km west of Winchelsea and the 30 MW ***Kiata wind farm***, located 50km north west of Horsham.

- Commenced a second tender that will establish an additional 75 MW of large scale solar projects by the end of 2018, with around 35 MW of this being linked to the entire power demand of Melbourne's tram network. This clean energy initiative will **generate electricity to power more than 60,000 households**.
- Helped more than 18,000 businesses and 95,000 households undertake energy efficiency upgrades, through the Victorian Energy Efficiency Target scheme, **saving Victorians over \$84 million on their energy bills per year**.
- Released **Plan Melbourne 2017-2050**, the government's vision for guiding the growth of our city and regions until 2050, ensuring we do not just grow bigger, but more sustainable and fairer as well.
- Prepared the new **Heritage Act 2017**, which was passed by Parliament on 9 March 2017. The new Act simplifies key statutory processes to reduce regulatory burden and provide clarity and certainty for all users.
- Released the **Better Apartments Design Standards**, which provide clear rules for apartment liveability.
- Completed or progressed **work on several iconic sites**, including the restoration of the Palais Theatre in St Kilda, the construction of a world-class mountain bike park at Harcourt in Central Victoria and the development of a Hanging Rock Masterplan.
- **Renamed Mt Eccles National Park to Budj Bim National Park** in March 2017. The renaming of places to their traditional names is a very important part of reconciliation with Aboriginal communities.
- **Released the Yarra River Action Plan** in February 2017, and introduced landmark legislation to Parliament in June 2017 to protect the Yarra River for future generations.
- Conducted a **citizens' jury process** to allow local residents to be at the forefront of the decision-making process, letting them determine how their new council should be designed. This led to the development of the **City of the Greater Geelong Amendment Act 2017**, which was passed by Parliament on 20 June 2017 and praised by the Auditor-General as an example of empowering local communities. Many of the recommendations from the process are being incorporated into the current review of the *Local Government Act 1989*.
- **Partnered with local councils to drive a significant reform agenda**, including undertaking a review of the *Local Government Act 1989*, delivering new governance arrangements for the City of Greater Geelong, implementing the Fair Go Rates System, improving transparency and performance through making performance information available on the *Know Your Council* website and supporting councils to address gender diversity issues.
- Released the **Suburban Development Statement** in May 2017 and established six Metropolitan Partnerships in the Inner Metro, Inner South East, Western, Northern, Eastern and Southern regions in June 2017.
- Achieved **gender equity in executive leadership in DELWP**, with 53 per cent of positions filled by women.

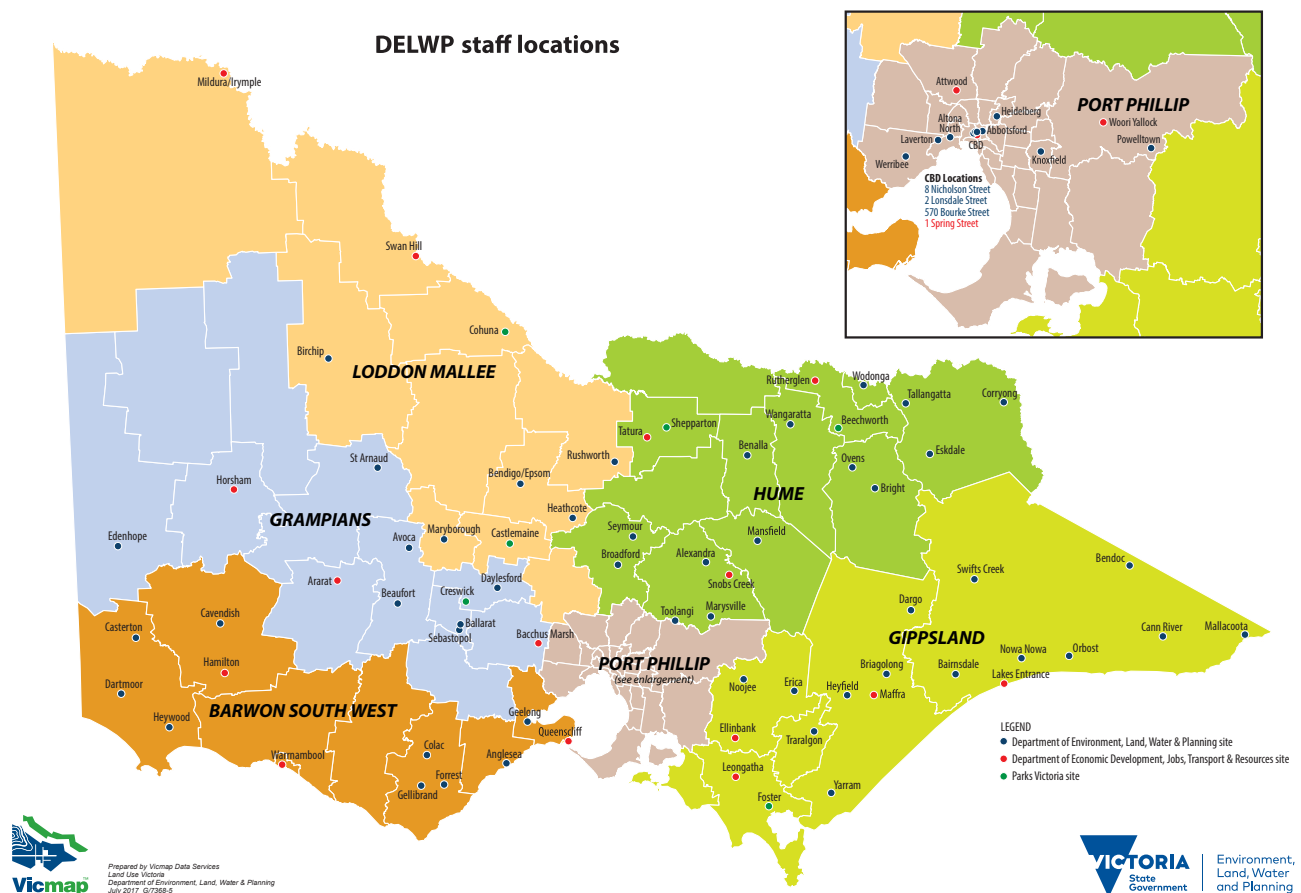
About DELWP

DELWP's purpose is to shape and support liveable, inclusive and sustainable communities and thriving natural environments, where the community is at the centre of everything we do.

We focus on caring for and protecting the environment, and helping to respond to climate change through risk mitigation and adaptation strategies. We recognise the link between the built and natural environment in the quality of our lives and work to accommodate population growth while maintaining world class liveability and protecting our heritage for future generations. We assist local governments to support people, communities and growth at the local level.

Our individual and collective expertise across energy, environment, climate change, water, planning and local government is an essential part of our success. Making the connections across our various portfolios ensures we drive integrated action.

DELWP employs more than 3,500 staff, who work across more than 80 locations throughout the state. DELWP is a key manager of Victoria's public estate. The department directly manages \$10.1 billion of assets - 67 per cent of the asset portfolio comprises various categories of public land. The department owns and manages approximately \$1.6 billion of other assets including 40,000 kilometres of roads and tracks, office buildings, depots, public toilets, picnic shelters, recreational facilities, firefighting and road maintenance equipment, crossings, water bores and mobile plant. A further \$50.1 billion of assets is managed by portfolio agencies.



Our community charter and operating model

To make a real and lasting economic, social and environmental impact, we need to understand and meet the needs of the communities we serve. *Our community charter* describes what Victorians can expect from DELWP.

DELWP promises to be available and easy to contact, to speak clearly and honestly, actively listen and seek to understand, and be timely and consistent in taking action. *Our community charter* brings together everything we have learned since forming as a department, and is an important part of how we are positioning ourselves to put the community at the centre of all that we do.

We have organised our department to deliver on our charter. Our operating model includes:

- a **community-centred approach** that involves the active engagement of communities and key stakeholders in decisions and policies that affect them
- a **place-based approach** that recognises challenges and opportunities are not uniform across the state but leverages DELWP-wide knowledge and experience
- cross portfolio **collaboration** and decision making
- **coordinated and integrated delivery** of programs and services.

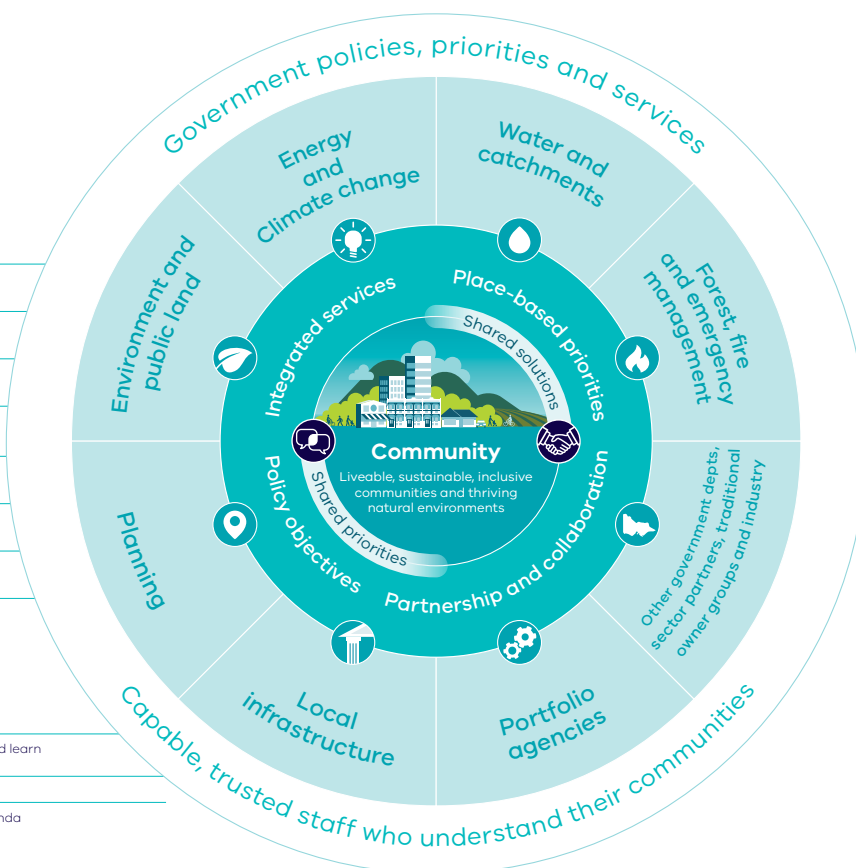
Our operating model

Public value outcomes

- Zero emission, climate-ready economy and community
- Reliable, efficient, accessible, safe and sustainable energy services
- A healthy, resilient and biodiverse environment
- Productive and effective land management
- Safe and sustainable water resources
- A quality built environment
- Sustainable and effective local government
- Reduced impact of major bushfires and other emergencies on people, property and the environment

Drivers

- Understanding that we achieve better outcomes when we listen and learn from communities to co-design and co-deliver services
- Victoria's Regional Statement
- Good government** Victorian Government public sector reform agenda



Our partners and stakeholders

Our community charter guides our interactions with communities. This includes connecting with local networks, building capacity and improving the way we communicate. This continuous improvement helps us to achieve our objectives for our shared environment, and improves outcomes for local communities.

We work closely with a wide range of partners and stakeholders, including:

- **Native Title Holders** – We work to ensure that Native Title Holders, as Traditional Owners, are recognised through Recognition and Settlement Agreements and land management agreements. We also partner and work closely with Registered Aboriginal Parties. These partnerships ensure that both Traditional Owners and Registered Aboriginal Parties maintain a strong connection to Country and work collaboratively with DELWP on policy, planning and approvals for the activities that we and our portfolio partners manage.
- **Aboriginal Victorians** – We work with Aboriginal Victorians to manage the public land estate and its natural values. Through Traditional Owner Land Management Boards and other forms of joint management, Victoria's Traditional Owners are partners in managing public land and water and in creating a shared vision for managing natural and cultural values. Aboriginal Victorians have many interests and roles within the environment, land, water, planning, heritage, energy and local government in their strong connection to Country.
- **Community groups** – We work to build better relationships, involve the community to reach decisions through *Engage Victoria* and improve the capacity of community members and DELWP staff to actively engage. We support participation in environmental works and activities by a diverse range of local community groups through Landcare and other not-for-profit and volunteer organisations across the state.
- **Metropolitan Partnerships** – We have established six Metropolitan Partnerships across Melbourne's regions. These will bring together state, local and commonwealth governments, and industry and community leaders, to identify opportunities for driving improved social, economic and environmental outcomes and advise government on actions that can make a real difference to the liveability and prosperity of Melbourne's suburban communities.
- **Portfolio partners** – We collaborate with a wide range of portfolio partners to create liveable, inclusive and sustainable communities. Our activities to protect the natural environment and ensure reliable ecosystem services are delivered through a range of public sector entities, including the Environment Protection Authority, Parks Victoria, Sustainability Victoria, Royal Botanic Gardens, Zoos Victoria, Trust for Nature, water corporations, the Victorian Environmental Water Holder, catchment management authorities and waste and resource recovery groups. We partner with a wide range of statutory bodies to protect and enhance the built environment. These include Development Victoria, the Victorian Building Authority, the Victorian Planning Authority, the Heritage Council of Victoria, the Office of the Victorian Government Architect and the Surveyors Registration Board of Victoria.
- **Victorian councils** – We work with Victoria's 79 councils to support effective local governance, plan for growth and provide infrastructure, in accordance with the Victorian State-Local Government Agreement. We administer the *Local Government Act 1989* to support councils and their peak bodies to build the sector's capacity to plan and deliver services and infrastructure.
- **Victorian Government departments and agencies** – We work with all departments in joint strategic planning and infrastructure development. The DELWP Secretary has signed a Memorandum of Understanding with the Secretary of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) to implement the government's *Plan for Jobs and Growth*, as well as developing the government's climate change and energy strategies. We work with Emergency Management Victoria, Victoria Police and other emergency management agencies to prepare for, respond to and recover from natural disasters and other emergency events. We continue to work with Energy Safe Victoria, the Essential Services Commission, national institutions, the Australian Energy Regulator, the Australian Energy Market Operator and the Australian Energy Market Commission to ensure efficient, sustainable, reliable and safe energy services for households and businesses in Victoria.

- **Commonwealth Government** – We work with the Commonwealth to deliver major infrastructure projects and support national agreements and initiatives developed by the Council of Australian Governments (COAG) and portfolio-based national ministerial councils, including the COAG Energy Council and its Senior Committee of Officials.
- **Industry and business** – We work with industries and businesses to identify and facilitate opportunities to improve the state's productivity, attract new investment and generate jobs and growth. This includes engaging the private sector on infrastructure planning and delivery, attracting investment in innovative renewable energy generation technologies, supporting energy efficiency for small and medium businesses, delivering sustainable industrial and housing development, improving regulatory processes and streamlining the state's planning, building and heritage systems.
- **Ministerial advisory bodies** – We work with ministerial advisory bodies across portfolio areas of responsibility. These include the Victorian Coastal Council, Victorian Environment Assessment Council, a range of advisory committees established by Planning Panels, a Four-Wheel Drive Advisory Committee and a Local Government Mayoral Advisory Panel.
- **Peak bodies** – We work with statewide organisations, industry bodies, policy institutes and universities, including RMIT and the University of Melbourne. These relationships include research, policy development, program implementation and funding support. Our key partners include VicWater, the Cooperative Research Centre for Water Sensitive Cities, Victorian Mineral Water Committee, the Municipal Association of Victoria, Victorian Local Governance Association, Federation of Victorian Traditional Owner Corporations, Law Institute of Victoria, Planning Institute of Australia, Victorian Planning and Environmental Law Association, Urban Development Institute of Australia, Property Council, Australian Property Institute, land surveying, conveyancing, planning and environmental organisations.

Our outcomes

DELWP's public value outcomes provide the broader context within which the department operates and sets our focus and key directions over the medium term. This includes DELWP's contribution to shared government objectives, and collaboration with partners of other key departments and agencies to achieve the government's broader goals. A full report of our performance against these outcomes (also known as our Departmental Objectives) is included from page 46.

In 2016-17 we focused on the following outcomes:

1. Reliable, efficient, accessible, safe and sustainable energy services
2. Zero emission, climate-ready economy and community
3. A quality built environment
4. Healthy, resilient and biodiverse environment
5. Productive and effective land management
6. Safe and sustainable water resources
7. Sustainable and effective local governments
8. Reduced impact of major bushfires and other emergencies on people, property and the environment

From 2017-18, the department will add a ninth outcome, which reflects our role in supporting the Suburban Development portfolio: Affordable and reliable access to jobs, services and infrastructure in Melbourne's suburbs.

Our culture and values

At DELWP, we believe the way we work and behave with each other, our stakeholders, ministers and the community is as important as the outcomes we achieve for the Victorian community. Together, we have developed an agreed set of behaviours to bring our values of Service Excellence, Teamwork, Ownership, and Wellbeing and Safety to life. By living these values, we create a high performing, positive culture that makes DELWP a great place to work. As members of the Victorian Public Service, we agree to work by the *Victorian Public Service Values and Code of Conduct*, which sets the expectations for how we behave as public servants.

DELWP is committed to building an inclusive workplace that uses the full potential of all employees, embraces differences and uses diversity of thought as a catalyst for innovation and improved service delivery. In early 2016, DELWP established a Diversity and Inclusion Council and launched the *Diversity and Inclusion Strategy 2016-2020* on 12 September 2016, creating a stronger link to DELWP's business priorities. The strategy provides a roadmap for how we make inclusion part of everything we do, grow diversity of thought across our teams and create opportunities for people from all backgrounds to become an integral part of our department.

Teamwork

We respect and welcome different perspectives.

We listen to others, give and actively seek constructive feedback.

We lead, empower and trust others.

We support and constructively challenge our colleagues.

We are flexible when dealing with change and ambiguity.

Ownership

We create a safe environment that encourages people to show initiative, learn from mistakes and grow.

We support, trust, equip and empower people to make decisions.

We value the experience and ideas of our people.

We take pride in our work and the organisation, leading by example.

We own our actions and decisions.

Wellbeing and Safety

We create an environment where it is OK to speak up and where issues can be raised and resolved constructively.

We each take personal responsibility for our own wellbeing and safety, and that of our colleagues.

We lead by example and are active role models in how we treat ourselves and others.

We think before acting, are caring, supportive and show empathy towards others.

Service Excellence

We set clear objectives, are honest, transparent and timely.

We take pride in our professional service delivery and engender excellence into everything we do.

We look for opportunities to connect and work together to provide better service outcomes.

We encourage innovation and different ways of working to improve service delivery.

We understand customer and community needs by stepping into their shoes.

Our ministers



Minister for Water

The Hon. Lisa Neville MP was appointed as the Minister for Water in 2016 and also became Victoria's first female Minister for Police.

Ms Neville was elected as the Member for Bellarine in 2002.



Minister for Local Government

The Hon. Natalie Hutchins MP was appointed Minister for Local Government in 2014, and is also Minister for Aboriginal Affairs and Minister for Industrial Relations.

Ms Hutchins was elected member for Keilor in November 2010 and elected member for Sydenham in November 2014.



Minister for Energy, Environment and Climate Change and Minister for Suburban Development

The Hon. Liliانا (Lily) D'Ambrosio MP was appointed Minister for Energy, Environment

and Climate Change and Minister for Suburban Development in 2016.

Ms D'Ambrosio was first elected to the Lower House seat of Mill Park in 2002.



Parliamentary Secretary for Water and Parliamentary Secretary for Energy, Environment and Climate Change

Anthony Carbines MP was appointed Parliamentary Secretary for Water and

Parliamentary Secretary for Energy, Environment and Climate Change in July 2016.

Mr Carbines was first elected Member for Ivanhoe in 2010.



Minister for Planning

The Hon. Richard Wynne MP was appointed Minister for Planning in 2014.

Mr Wynne was first elected Member for Richmond in 1999.

Our executive

DELWP is led by a Secretary who is accountable to the ministers listed above. The Secretary is the leader of the senior executive team, made up of Deputy Secretaries. The role of the senior executive team is to set, monitor and review the strategic direction of the department.

Adam Fennessy **Secretary (until June 2017)**

Adam was the department's Secretary for most of the 2016-17 period, having held this role since 1 January 2015. He took leave from DELWP on 26 June 2017, prior to taking up an executive position in the private sector. Before this, Adam was the Secretary of the former Department of Environment and Primary Industries (DEPI), and Acting Secretary of the former Department of Sustainability and Environment (DSE).

Adam was passionate about leading a high-performing organisation based on DELWP's values that delivers for Victorians and puts the community at the centre of everything we do.

Adam's vision was for DELWP to reflect the communities it serves, through a diverse, inclusive and gender equitable workforce, where everyone at DELWP is empowered to work flexibly and encouraged to think innovatively. In his role as a Victorian Male Champion of Change, Adam believed that gender equity is everyone's business and he drove gender equity across DELWP and state government.

Living in Bendigo with his partner and young family gave Adam a good perspective of the work DELWP does across regional and metropolitan areas of Victoria.

Adam holds a Bachelor of Economics (Hons), a Bachelor of Laws and a Graduate Diploma in Legal Practice.

Christine Wyatt **Acting Secretary (from June 2017)** **Deputy Secretary, Planning**

Christine is the Acting Secretary of DELWP, following Adam Fennessy's departure in June 2017. Christine was appointed to her substantive role as Deputy Secretary, Planning on 1 January 2015. Christine's role in DELWP continued from her role in the former Department of Transport, Planning and Local Infrastructure (DTPLI), where she was appointed Deputy Secretary, Planning in February 2014.

As Deputy Secretary, Christine is responsible for leading the state's planning, building and heritage systems. The Planning portfolio develops long-term integrated land use strategies and policies for

Melbourne and regional Victoria, administers statutory planning, building and heritage responsibilities, and manages and regulates the planning system to support growth and enhance liveability.

Christine is a board member of Development Victoria, the state's urban renewal authority which focuses on development of underutilised government land. She was previously Deputy Chair of Places Victoria, former board member of the Victorian Planning and Environmental Law Association and is a graduate member of the Australian Institute of Company Directors.

Christine brings more than 30 years of experience in urban and environmental planning throughout Australia and internationally, encompassing government liaison, statutory and strategic planning, policy development and formulation, environmental impact assessment, environmental management, and implementation of stakeholder communication strategies.

Prior to joining the public sector in 2014, Christine held senior positions in global consulting firms AECOM and GHD. Most recently she was GHD's Global Environment Market Leader, overseeing the strategic development of the environment business worldwide.

Christine holds a Bachelor of Town and Regional Planning and a Masters in Environmental Studies.

Lee Miezis **Deputy Secretary, Forest, Fire and Regions**

Lee is the Deputy Secretary, Forest, Fire and Regions, and was appointed on 31 March 2016.

Lee has broad experience working across the public sector in policy, operations and strategy development and has developed a deep knowledge of forestry, fire and emergency management and regional Victoria. Lee has built strong relationships across DELWP, in the community and across the state.

As Deputy Secretary, Forest, Fire and Regions he leads a workforce of more than 1,400 staff in providing high quality policy advice on forest, fire and emergency management; and delivering integrated, accessible and high quality departmental programs and services in partnership with local communities. This includes helping communities prepare for, respond to, and recover from fire and other emergencies. Prior to his current role, Lee was the Executive Director, Fire and Emergency Management, and has held senior leadership roles in the former DEPI and former DSE.

Lee holds a Bachelor of Forest Science and a Master of Business Administration.

Kate Houghton
Deputy Secretary, Water and Catchments

Kate is the Deputy Secretary, Water and Catchments. Kate became the Acting Deputy Secretary on 1 July 2015, and was then appointed on 30 November 2015. Prior to this, she held senior roles across DELWP, the Department of Premier and Cabinet (DPC) and the NSW Environment Protection Authority.

Kate has 20 years of experience in public policy development, governance reform and implementation strategies with a key focus on reform across the environment and natural resource sectors (water, climate change, biodiversity, waste, contaminated land, air and noise).

As Deputy Secretary, Kate has responsibility for providing policy advice to government on sustainable water resource management, including issues such as water supply and security, catchment management, implementing the Murray-Darling Basin Agreement, national water reform and oversight of major state projects and programs. Implementing the government's new water plan is a key focus.

Kate holds a Bachelor of Economics (Hons) and Masters of Environment.

Kathryn Anderson
Deputy Secretary, Corporate Services

Kathryn joined DELWP in April 2015 as Deputy Secretary, Corporate Services. She is responsible for the delivery of people and culture, finance and planning, ministerial services, legal services, information services and communications.

Kathryn has more than 25 years of experience as a public servant, across Commonwealth, Queensland and Victorian jurisdictions. She has held senior strategic policy leadership and coordination roles with the Queensland Department of Premier and Cabinet, the Victorian Department of Health and Human Services and the Cape York Institute for Policy and Leadership.

Kathryn chairs key departmental governance committees focused on implementing the Digital First strategy, diversity and inclusion, finance and performance, information communications and technology, and procurement. She is a Director on the board of CenITex, the government's ICT shared services agency.

Kathryn holds a Bachelor of Arts and a Graduate Certificate in Business and is a graduate of the Australian Institute of Company Directors.

Paul Smith
Deputy Secretary, Energy, Environment and Climate Change

Paul is the Deputy Secretary, Energy, Environment and Climate Change. Paul commenced in this role in March 2016, following on from his role as the Deputy Secretary of Land, Fire and Environment held since July 2013.

Paul has broad executive experience in utilising partnerships to deliver results and in driving major reform in the areas of energy, environment and climate change.

Paul has built successful relationships with DELWP's many environment and land portfolio partners and with Victoria's energy organisations. He also led the former DSE's response to the Victorian Bushfires Royal Commission.

Paul holds a Bachelor of Social Science and a PhD in Environmental Policy.

Terry Garwood
Deputy Secretary, Local Infrastructure

Terry is the Deputy Secretary, Local Infrastructure. He has been a Deputy Secretary for nearly four years in both DELWP and the former DTPLI and has responsibility for the operation of Local Government Victoria, Land Use Victoria and the Office for Suburban Development.

Terry has been a career public servant for 37 years and served in several Commonwealth and Victorian public service departments in Canberra, Melbourne and regional Victoria. They include the Department of Aboriginal Affairs, the Department of Employment, Education and Training, the Aboriginal Development Commission, Aboriginal Hostels Limited, Aboriginal Affairs Victoria, the Department of Human Services and the Department of Transport, where he served as the Executive Director, Freight, Logistics and Marine for seven years.

Terry's interests include policy development, community capacity building, regional development and strong collaborative partnerships.

Terry holds a Diploma of Arts, a Graduate Diploma of Education (Secondary) and is Fellow of the Institute of Public Administration.

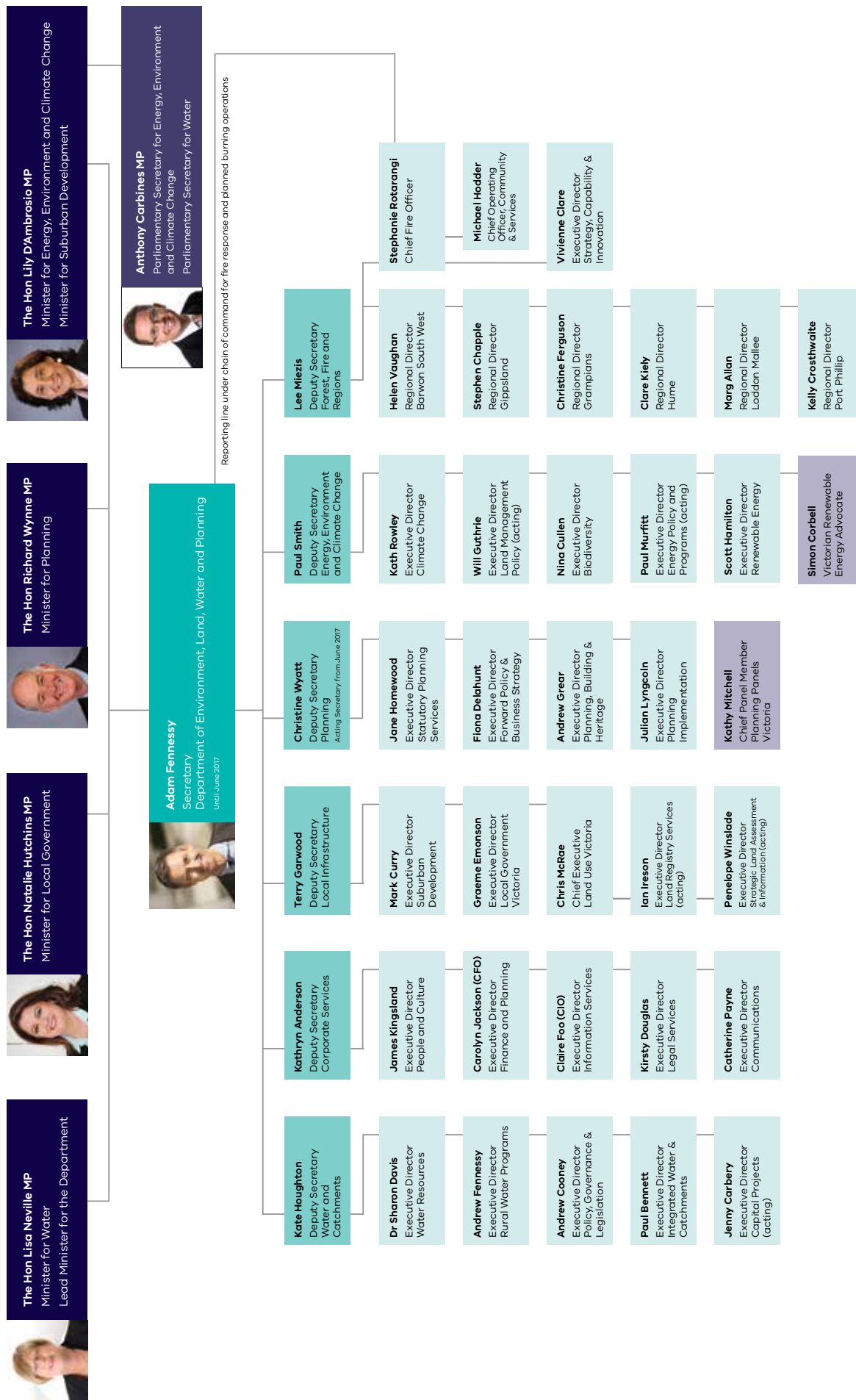
Our functions and services

DELWP is structured around six business groups that work together to support our ministers and their portfolio partners to deliver the Government's priorities:

- **Energy, Environment and Climate Change** – provides high-quality policy advice to government on directions, principles, strategies and actions to protect the environment, mitigate harmful impacts and identify ways the environment, economy and society can achieve mutually beneficial outcomes. The group also provides policy advice on the provision of reliable, efficient, accessible, safe and sustainable energy services and leads programs on renewable energy, improving energy efficiency and productivity, and powerline bushfire safety. The group leads a whole-of-Victorian Government response to climate change and facilitates the sustainable management of public land to maximise community benefit.
- **Forest, Fire and Regions** – provides high quality policy advice to government on forest, fire and emergency management; and delivers integrated, accessible and high-quality departmental programs and services in partnership with local communities. The group also helps communities to prepare for, respond to and recover from fire and other emergencies, and provides valuable intelligence to decision makers on how policy and program design can be shaped to better meet the needs of the Victorian community.
- **Local Infrastructure** – works with local government to support the delivery of services and infrastructure and builds stronger communities across the state. The group also provides administration and information services for the Victorian property industry and the community. The Office for Suburban Development within this group provides dedicated support and advice to the Minister for Suburban Development.
- **Planning** – manages the state's planning, building and heritage systems including developing long-term, integrated land use strategies and policies, administering statutory responsibilities and facilitating urban development. Under Victoria's planning system, local councils and the Victorian government develop planning schemes to control land use and development, and to ensure the protection and conservation of land. The group works collaboratively with local government and other key public and private stakeholders to lead state and metropolitan development, strategic and statutory planning, development regulation and environmental assessment.
- **Water and Catchments** – works to ensure that Victoria has safe and sustainable water resources to meet future urban, rural and environmental needs. The group works in partnership with water corporations, catchment management authorities, government agencies, industry and the community to balance the economic, environmental and social values of water. This helps to deliver secure water supplies, greener and liveable cities and towns, healthy waterways and aquifers.
- **Corporate Services** – delivers support and advisory services that enable the provision of critical services to communities across Victoria. The group aims to be a core enabler of a high performing DELWP and leads initiatives to become an organisation known for service excellence, innovation and leveraging digital services to better meet our customers' needs. The group plays a key role in building an inclusive culture within DELWP, as well as delivering human resources, financial, legal, communications and information technology support services.

Organisational structure

The organisational chart shows the department's structure and senior executives for delivery of functions as at 30 June 2017.



Governance

Under the *Public Administration Act 2004*, the Secretary is accountable to the Minister for Water, Minister for Energy, Environment and Climate Change and Minister for Suburban Development, Minister for Local Government and Minister for Planning for the overall governance of the department.

Risk and Audit Committee

The Risk and Audit Committee is an independent body established in accordance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*. It provides assurance to the Secretary that the department's risk and control environment is operating effectively and efficiently. The Risk and Audit Committee meets five to seven times a year as determined by the Chair.

In 2016-17, Risk and Audit Committee members were:

John Rundell (Chair)	Independent member (until September 2016)
Peter Lewinsky (Chair)	Independent member (from October 2016)
Suzanne Evans	Independent member
Helen Thornton	Independent member
Mark Peters	Independent member
Fiona Delahunt	Executive Director, Forward Policy and Business Strategy (until December 2016)
Kathryn Anderson	Deputy Secretary, Corporate Services
Kate Houghton	Deputy Secretary, Water and Catchments
Helen Vaughan	Regional Director, Barwon South West (from August 2016)
Graeme Emonson	Executive Director, Local Government Victoria (from January 2017)

Senior Executive Team

The Senior Executive Team (SET) is made up of the Secretary and Deputy Secretaries. SET's role is to establish strategies, frameworks, policies and structures to guide the work across DELWP to deliver on the government's priorities. SET is focused on providing strategic and collaborative leadership that helps build high performance across the department, and puts service excellence and our agreed values at the centre of everything we do.

Procurement Governance Committee

The Procurement Governance Committee (PGC) is the internal body established within DELWP tasked with strategic oversight of the department's procurement function (including goods, services and construction-related procurement). It is established in adherence to the Victorian Government Purchasing Board Governance Policy under the directions of the *Financial Management Act 1994*. The PGC meets monthly.

In 2016-17, Procurement Governance Committee members were:

Kathryn Anderson (Chair)	Deputy Secretary, Corporate Services
Lee Miezis	Deputy Secretary, Forest, Fire and Regions
Anthony Connelly	Executive Director, Business, Executive and Ministerial Services
Carolyn Jackson (Chief Finance Officer)	Executive Director, Finance and Planning
Fiona Delahunt	Executive Director, Forward Policy and Business Strategy
Andrew Fennessy	Executive Director, Rural Water Programs
Mark Curry	Executive Director, Office for Suburban Development
Claire Foo	Executive Director, Information Services
A.J. Karliner	Chief Procurement Officer (from 14 March 2017)
Stephen Creaney	Director, Business Operations and Performance

Executive Staffing and Remuneration Committee


The Executive Staffing and Remuneration Committee is established to ensure a consistent and rigorous approach to setting and adjusting remuneration at the executive officer and principal scientist level. It is chaired by the Secretary, and other members include the Deputy Secretary, Corporate Services (Deputy Chair), the Executive Director, People and Culture and an independent external expert.

Attestation for compliance with *Ministerial Standing Direction 3.7.1*

***Victorian Government Risk Management Framework
Attestation 2016-17***

I, Christine Wyatt (Acting Secretary), certify that the Department of Environment, Land, Water and Planning (DELWP) has complied with the *Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes*.

DELWP's Risk and Audit Committee has verified this.



Christine Wyatt
Acting Secretary
Department of Environment, Land, Water and Planning

Date: 4/8/17

Financial review

Five-year financial summary ³

	2017 \$'000 (DELWP)	2016 \$'000 (DELWP)	2015 \$'000 (DELWP)	2014 \$'000 (DEPI) ⁴	2013 \$'000 (DEPI)
Income from government ¹	1,513,215	1,223,155	1,340,615	1,398,269	1,045,240
Total income from transactions	2,183,659	1,688,819	1,802,945	1,665,813	1,278,847
Total expenses from transactions	1,987,133	1,667,768	1,479,411	1,580,771	1,264,680
Net result from transactions ²	196,526	21,051	323,534	85,042	14,167
Net result for the period	188,390	(33,732)	326,533	69,342	243,820
Net cash flow from operating activities	171,344	140,057	311,435	88,996	46,255
Total assets	10,115,917	9,817,526	8,581,597	8,703,808	7,749,716
Total liabilities	346,599	283,616	295,858	672,102	295,157

Note:

1. Income from government includes both output and special appropriations.
2. The 'net result from transactions' is identical to the 'net operating balance' for the general government sector.
3. The comparative amounts in the five-year financial summary are not restated for the Machinery of Government changes, which are outlined in the section below.
4. The former Department of Environment and Primary Industries.

Current year financial review

Overview

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

In 2016-17, DELWP recorded a net result from transactions of \$196.5 million, which was \$175.4 million higher than in 2015-16.

Machinery of Government changes affecting the five-year financial summary

On 23 May 2016, the Premier Daniel Andrews announced a change in Ministerial cabinet. As a result of the change, the department assumed responsibility for the Energy output from 1 July 2016. Consistent with Administrative Arrangements Order (No. 222) 2016, this output transferred from DEDJTR. 2016-17 is the first financial year in which the Energy output is reported by the department.

For comparison, 2015-16 marked the first full year results for the department that reflect the Machinery of Government (MoG) administrative arrangements announced on 4 December 2014 and implemented on 1 January 2015. These MoG Administrative Arrangements resulted in the former DEPI relinquishing its Agriculture, Biosecurity and Sustainably Manage Fish and Forest Resources outputs to DEDJTR. DELWP assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect, and the Planning, Building and Heritage outputs from the former DTPLI, and part of the Regional Development (Planning) output from the former Department of State Development, Business and Innovation (DSDBI).

As part of MoG Administrative Arrangements implemented on 15 May 2015, DELWP relinquished its Office of Victorian Government Architect output to DPC.

The 2013-14 results for the former DEPI reflect the MoG Administrative Arrangements implemented on 1 July 2013. These MoG Administrative Arrangements in 2013-14 resulted in the former Department of Sustainability and Environment (DSE) relinquishing its Land Administration and Property Information output to the former DTPLI and the former DSE assuming responsibility for the Development of Primary Industries output from the former Department of Primary Industries (DPI) and becoming the former DEPI.

Financial performance and business review

In 2016-17, DELWP recorded a larger than expected net result from transactions, due to an increase in total income from transactions of \$494.8 million, which was offset by an increase in expenditure of \$319.3 million.

The increase in total income is due to the MoG changes announced on 23 May 2016 effective from 1 July 2016 which transferred the Energy output amounting to \$54.8 million from DEDJTR to the department. Other significant items that contributed to the results were an increase in special appropriation for the Growth Areas Infrastructure Contribution (GAIC). Total funds received were \$137.2 million when compared to \$58.7 million in 2015-16 which represents increased contributions for urban development in Melbourne's growing outer suburbs. Grant income also increased due to the recognition of Commonwealth revenue for the Goulburn-Murray Water (GMW) Connections Project of \$151.9 million and \$20.0 million from DEDJTR for the Southern-Tinamba Modernisation project. Other movements relate to increases of recurrent operating funding for various output groups, coupled with funding for new projects such as the Smart Planning Program of \$10 million and the new pipeline project for the Macalister area of \$20 million. There were also minor increases in revenue relating the Metropolitan Parks Improvement Rate and the Municipal and Industrial Land Fill Levy (MILL).

The expenditure increase of \$319.4 million is primarily represented by an increase in supplies and services expenditure in Energy output costs of \$65.2 million for professional services incurred in relation to the powerline bushfire safety program. Increased expenditure was also made for payments to GMW for Stage 2 of the Connections Project of \$143.5 million due to Commonwealth funding being received as milestones have now been met. This compares to a lower quantum of payments made in the 2015-16 financial year of \$69.1 million. Other significant payments in this item were Land Compensation payments of \$9.6 million regarding land acquisitions linked to the Melbourne Strategic Assessment fund, and a \$15 million payment to DEDJTR for the Palais Theatre Restoration.

Grant and other transfers also increased during the year in relation to the transfer of the Energy output which incurred \$16.4 million in grant payments, \$20.5 million from the Growth Areas Public Transport Fund and Building New Communities Fund, payments to Living Heritage and Smart Planning Program grants amounting to \$18.1 million, and an increase of \$19.9 million in payments made by the Sustainability Fund and MILL.

Other economic flows increased by \$46.6 million largely due to lower derecognition of land parcels arising from the department's ongoing whole of Victorian Government Crown Land Reconciliation project.

Financial position – balance sheet

Total assets increased by \$298.1 million to \$10.1 billion primarily due to the increase in asset values resulting from the independent valuation of the Public Administration asset purpose group of \$24.4 million; \$151.8 million in net cash; investments and financial assets, due to the increases in revenue over expenditure; as well as better debt management which saw an improvement in collection methods and raised awareness within departmental groups around invoice and debt processing. There was also an increase in prepayments of \$139.3 million relating to Stage 2 of the Connections Project to GMW, the Goulburn Broken CMA for the Victorian Farm Modernisation Project, and insurance premiums to the Victorian Managed Insurance Authority for the 2017-18 financial year.

Total liabilities increased by \$62.9 million to \$346.6 million, primarily due to an increase in payables relating to repayable advances of \$38.4 million regarding the powerline bushfire safety program and the associated accruals for this program of \$11.3 million. There is also another repayable advance of \$8.2 million relating to Buckhurst Street, South Melbourne in addition to accruals totalling \$7.9 million for the grant payments to 17 local councils regarding the Public Libraries Funding Program.

Consequently DELWP's net assets increased by \$235.4 million or 2.5 per cent from last year to \$9.7 billion.

Cash flows

DELWP's net cash inflow from operating activities increased by \$31.2 million to \$171.3 million. This increase in cash reflects DELWP's net result from transactions for the year, adjusted for the impact of non-cash items such as depreciation.

Subsequent events

Appointment of Department's Secretary

On Wednesday 16 August 2017, the Andrews Labor Government appointed Mr John Bradley as the new Secretary of the department. As a result of the appointment, Mr Bradley will be the Accountable Officer for the department from 18 September 2017.

Organisational structure change

On Tuesday 22 August 2017, the department announced a new business model for the Forest, Fire and Regions group. As a result, improvements will be made to the structure of the group to better support the effective delivery of outputs. The announcement does not impact the department's organisational structure and financial position at 30 June 2017. The changes and impacts will be considered for the 2017-18 financial year.

Departmental controlled expenses from transactions by output

DELWP payments for outputs (controlled)	\$'000	%
Planning, Building and Heritage	138,466	7.0
Environmental Biodiversity and Climate Change	103,345	5.2
Statutory Activities and Environment Protection	142,260	7.2
Land Victoria	119,884	6.0
Management of Forests, Parks, and Public Land	350,859	17.6
Effective Water Management and Supply	505,048	25.5
Local Government	131,300	6.6
Fire and Emergency Management	401,823	20.2
Energy	94,148	4.7
	1,987,133	100.0

Note: There is a difference in how output costs are presented in the table above (which reflects transactions in the departmental financial statements), with how they are presented in the *Departmental objectives, indicators and outputs* information (commencing from page 46). To reflect output cost data published in the Budget Papers, output cost data in the section from page 46 includes controlled expenses for some small portfolio entities, however these expenses are not included in the table above as the small entities prepare their own audited financial statements. There are further differences arising from certain disclosures (such as internal trading and expenditure recoups) that are included in the table above, to comply with accounting pronouncements but are excluded from output costs in the section commencing from page 46 as they are treated as revenue in the budget papers.

Financial governance

Revised *Standing Directions of the Minister for Finance 2016* took effect from 1 July 2016. Previous requirements have been streamlined, clarified and tailored to a range of different agencies. The 2016 Directions will drive a significant modernisation of the state's financial management regime and operations.

The department diligently exercises its various financial management obligations which include compliance with the provisions of the *Financial Management Act 1994* the associated *Standing Directions of the Minister for Finance 2016* and taxation legislation.

The department's compliance with the Standing Directions is formally assessed at 30 June each year.

The department also maintains financial policies, procedures and associated documents to ensure good governance and consistency in financial transactions and financial reporting. These are reviewed and updated on an annual basis to ensure ongoing relevance and conformance to external reporting requirements.

Financial transactions are subject to regular compliance reviews by the Financial Compliance team within the Finance and Planning division. Compliance reviews include Financial Data Quality Assurance Reviews and Purchasing Card transaction reviews. Exceptions identified during the compliance reviews are reported to the Executive Director, Finance and Planning (who is also the department's Chief Finance and Accounting Officer for the purposes of section 43(1) (a) of the *Financial Management Act 1994*). This activity is supported by data interrogation software that allows full analysis of 100 per cent of the department's financial transactions.

Governance of Financial Management (GOFM) training and Governance and Integrity Training is provided online to all staff. All financial delegates are required to complete the initial GOFM training module and periodically repeat the training if they wish to maintain their financial delegation.

There is active participation in financial management amongst leadership teams throughout the department and financial compliance continues to be embedded into revised work practices. Regular communication of the requirements will continue through financial forums and daily work practices.

These activities form part of the department's commitment to championing a culture of integrity within the public sector.

Budget portfolio outcome statements

A comparison of the budget portfolio outcome statements for the department, as published in the *2016-17 Budget Paper No. 5*, and the actual results for the year can be found at Appendix 2.

Our people

Our aspiration is to have a workforce that represents the communities in which we operate and live.

DELWP employs more than 3,500 people, who work from 81 locations across Victoria.

We are committed to fostering a culture where our employees are provided with opportunities to develop, are valued for their contribution and can work flexibly and safely to deliver value and services to Victorian communities and stakeholders.

Wellbeing and safety

At DELWP we protect the wellbeing and safety of our people, and ensure that safety is integral to how we do our work.

The department actively supports the physical and psychological wellbeing of our people and promotes a healthy workplace by maintaining safe systems of work. The wellbeing and safety of our people is fundamental to the successful delivery of our work programs and a critical factor in supporting our lead-agency role in on-ground activities, especially public land and fire management. Our commitment to wellbeing and safety is based on four key pillars: Lead, Understand, Act, and Improve, which are reflected in the *Safety and Wellbeing Strategic Framework*.

DELWP continues to strengthen its commitment to our core values of wellbeing and safety with the adoption of the *Victorian Public Sector Mental Health and Wellbeing Charter*. The Charter defines our vision to have a workforce that is mentally and physically safe and healthy by embedding health and safety management systems and having our senior leaders champion these values across the department.

Wellbeing programs

The number of DELWP trained peer support officers increased from 12 to 95 over the 2016-17 period. Over the same period DELWP experienced a steady increase in the use of the Employment Assistance Program services, increasing from 7.4 per cent to 9.1 per cent of staff.

DELWP is committed to proactively and effectively addressing mental health and wellbeing in our workplace. Through the delivery of evidence-based programs, training and initiatives, we build our capability and knowledge to identify and prevent the risks to a person's mental health and wellbeing.

Key achievements

- Launch of the Mental Health and Wellbeing Charter
- Implementation of Family Violence Support Officers
- Development of DELWP specific medical standards framework
- Development of the *Mental Health Risk Management Framework*.

Safety programs

DELWP's Safety and Wellbeing team undertook more than 430 site and field audits across the state during 2016-17, resulting in over 550 corrective actions and safety improvements across our region and metro divisions.

Information and system improvements have been made to safety and wellbeing documents and processes. These developments ensure that our systems continue to reflect legislative requirements, are relevant to the department, meet departmental business requirements, are sustainable and achievable by users across the state, and are user friendly.

Key achievements

- A decrease in workplace incidents. In 2016-17, the department had 663 incidents, 83 less than 2015-16. This is an incident rate decrease of 1.23 per cent per 100 FTE
- Delivered a highly regarded Annual Health and Safety Representative Forum
- Key developments in the framework for managing safety and wellbeing in metro regions, including key improvements to the consultative structure and budget framework
- Over half of all managers and supervisors completed Leading Safety in DELWP training
- More than one third of managers and supervisors completed Psychological First Aid training.

Diversity and inclusion

The department is committed to building an inclusive workplace that uses the full potential of employees, embraces difference and uses diversity of thought as a catalyst for innovation and improved service delivery for Victorian communities. This is being further supported through the delivery of the Inclusive Leadership program for our senior leaders.

DELWP supports employees to work flexibly and recognises the changing needs of employees at different points in their career cycle. Our flexibility survey held in March 2017 identified that 74 per cent of employees are working flexibly.

DELWP is now a member of the Diversity Council of Australia. The role of Diversity and Inclusion Advocate has been introduced to support the department's actions, with people across the department recruited and trained in June 2017.

Programs and activities

DELWP participates and supports a broad range of activities that raise awareness, celebrate diversity and inclusion and lead to behaviour change. These include: Reconciliation Week; NAIDOC (National Aboriginal and Islander Day Observance Committee) Week; Carers Week; International Day for People with a Disability; International Women's Day; Victoria Against Violence, Human Rights Day; Midsumma Festival; the Pride March; Cultural Diversity Week; International Day Against Homophobia, Transphobia and Biphobia; R U OK Day; Go Home on Time Day; ChillOut in Daylesford and Wear it Purple Day.

We also were active in supporting and participating in the Victoria-wide program of Lesbian, Gay, Bisexual, Transsexual and Intersex (LGBTI) Regional Roadshows run by Gender and Sexuality Commissioner Ro Allen.

Key achievements

Diversity and Inclusion Council

In September 2016, DELWP's Diversity and Inclusion Council launched the *Diversity and Inclusion Strategy 2016-2020*. A diverse and inclusive organisation enables us to learn from each other, grow our understanding and find new ways of doing things. At DELWP, we recognise that these benefits will help us to fulfil our mandate to support liveable, inclusive and sustainable communities and thriving natural environments.

Munganin-Gadhaba

DELWP's Aboriginal Inclusion Plan, *Munganin-Gadhaba*, which means 'Achieve Together' from the Taungurung language, brings to life the department's aim to work in partnership with Traditional Owners and Aboriginal communities across the state.

The plan outlines actions to achieve the outcomes of: Recognition and Respect; Opportunity and Prosperity; and Participation and Collaboration. Major achievements included:

- Established an Aboriginal Water Use unit in the Water and Catchments group, recognised Aboriginal values of water in Victoria's water plan, introduced Aboriginal governance arrangements for water resources, and sought to increase Aboriginal representation on Victoria's water boards and in catchment management authorities
- Introduced traditional burning to joint projects. This practice provides a means of fulfilling cultural obligations to manage Country, as well as a way of maintaining wellbeing through traditions related to the cleansing and healing of country through the appropriate use of fire
- Launched the *Victorian Aboriginal and Local Government Aboriginal Action Plan* and appointed a Manager for Local Government and Aboriginal Partnerships
- Developed the Post Native Title – Land Management Policy, including recruiting a Traditional Owner Partnership Coordinator.

The associated Aboriginal Employment Plan recognises the need to build and strengthen our relationships with Traditional Owners, and to work with Aboriginal communities across the state to provide employment, training and business opportunities to Aboriginal people in Victoria. A range of actions were delivered including:

- The employment of an Aboriginal and Diversity Employment Programs Coordinator
- Refinement of recruitment processes
- Capability building and career development for our existing Aboriginal staff and Victorian Aboriginal community members with scholarships and targeted training.

The DELWP Aboriginal Employees Network continues to grow, holding a two day event in February 2017 bringing together staff from across the state. The group has renamed itself the *Munganin-Gadhaba* Network, to better support the work of the inclusion and employment plans.

Gender equity in executive leadership positions

DELWP is a strong advocate for gender equity. Our *Diversity and Inclusion Strategy 2016-20* includes an objective for 50 per cent of our executive leadership positions to be filled by women. As at June 2017, 53 per cent of our executives are female.

DELWP will continue to invest in several networking, development and leadership opportunities for women to help build their careers in the public sector.

Lesbian, Gay, Bisexual, Transsexual and Intersex Community

DELWP continues to offer an independent LGBTI Employee Assistance Program and maintained DELWP's membership of Pride in Diversity (PiD) - a not-for-profit organisation to support LGBTI inclusion. Together with PiD, 'LGBTI awareness in the workforce' and 'LGBTI Ally' training has been offered to staff.

DELWP achieved a Bronze Employer Ranking in the Australian Workplace Equality Index for our work in 2016. This is the national benchmarking instrument for LGBTI workplace inclusion.

Multiculturalism

To celebrate Cultural Diversity Week, a group of staff formed a network called Multicultural@DELWP to work with others to encourage, support and celebrate our multicultural workforce and the work we do in partnership with our multicultural communities. They provided a report on issues of importance for DELWP to the Diversity and Inclusion Council that is supporting their continued development.

DELWP also supported the development of Victoria's Multicultural Policy Statement, *Victorian. And proud of it.*

Abilities and life stages

DELWP supported the development of *Absolutely Everyone – the State Disability Plan 2017-2020*, adding a number of DELWP led actions and initiatives. DELWP also supports a Young Professionals Network that promotes networking and development for young (and young in career) professionals. This is run in conjunction with DEDJTR, with more than 560 people in the network.

In 2017, our Graduate programs recruited 26 graduates. The retention rates since 2015 for the graduate programs exceeds 90 per cent. Our programs include the Science Graduate Program (including Planners) and the VPS Graduate Recruitment and Development Scheme.

Developing our people

To deliver the *DELWP 2020* vision we are committed to developing our people in a thoughtful, systematic and engaging way. In 2016-17 the People and Culture division undertook a comprehensive environmental scan of key departmental strategies, data and information. This scan was used by the Workforce Capability Committee to agree four priority areas for investing in capability development:

- Managing and leading people
- Community at the centre
- Core business skills in government (writing, policy, project management)
- Diversity and inclusion

Key achievements

In 2016-17 DELWP delivered training to 2,813 employees. The top five training courses were:

- Community Service and Interaction (1,017)
- Leading Flexible Teams (461)
- People Management Fundamentals (166)
- Writing Ministerial Briefs and Correspondence (165)
- Contract Management (133)

People Matter Survey

Each year DELWP staff are asked to participate in the People Matter Survey. This year, 1,556 DELWP staff participated in the survey. Based on a comparison of this year's survey with those of last year, we have made significant improvement in the following areas:

- creating a diverse and inclusive workforce underpinned by flexible working arrangements
- workplace integrity including reporting improper conduct and avoiding conflicts of interest
- reduced tolerance for bullying.

The results from the People Matter Survey, together with those from our Organisational Culture Inventory survey, will inform our ongoing work towards our preferred culture and will contribute to the development of a DELWP People Strategy.

Employment and conduct principles

The department applies the public sector values and employment principles as set out in the *Public Administration Act 2004*, including the application of merit and equity principles when appointing staff. The selection processes ensure the applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

Workplace relations

Advice was provided on 11 organisational change management programs including: Forest, Fire and Regions group; Water and Catchments group; Information Services and Communications divisions.

The department also processes portfolio statutory authorities' enterprise agreements through to government approval, and provides industrial advice and assistance as required. In 2016-17, 10 management logs and eight final agreements were processed through to government approval.

The department recorded no industrial relations incidents that resulted in lost time in 2016-17.

Grievances

In 2016-17, the department received 38 new grievances with four grievances being carried over from the previous financial year.

The table below shows grievances by outcome:

2016-17: Grievances by outcome

Outcome	Number
Withdrawn	3
Not substantiated	10
Partially substantiated	1
Substantiated	2
Rejected	11
No further action required	15
Open	0
Total	42

Workplace incidents

In 2016-17, the department had 663 incidents, 83 less than 2015-16. This is an incident rate decrease of 1.23 per cent per 100 FTE.

OHS performance indicators ⁽ⁱ⁾

Description	Performance indicator	2015-16	2016-17
Incidents and hazards ⁽ⁱ⁾			
	Incidents	746	663
	Lost time incidents	98	80
	Hazards	215	170
	Incident rate per 100 FTE	21.03 ⁽ⁱⁱ⁾	19.80
WorkCover ⁽ⁱⁱⁱ⁾			
Claims	Number of standard claims	49	47
	Rate per 100 FTE	1.22	1.17
	Standard claims with lost time	35	33
	Rate per 100 FTE	0.87	0.82
Fatalities	Number of fatalities	0	0
Claim costs	Average cost per claim(\$)	\$47,277	\$39,839
Return to work (RTW)	Percentage of RTW arrangements initiated for claims exceeding 20 days per 100 FTE	70.6	72.2
Management commitment	Evidence of safety and wellbeing policy, strategy, regular reporting to senior management, safety criteria in purchasing guidelines	Achieved	Achieved
Consultation and participation	Designated work group structure, health and safety representatives (HSR) and issue resolution procedure in place	Achieved	Achieved
Risk management	Internal audits/inspections conducted as planned Reporting of incidents and injuries Investigation of incidents and corrective actions initiated	Achieved	Achieved
Training	Safety and Wellbeing Induction Job Safety Planning HSR training Management training	Achieved	Achieved

Note:

- (i) Data sourced from DELWP Safety Incident Management System (POSSUM).
- (ii) The incident and hazard rates based on 2016-17 FTE count represent March 2017 figures of 3,662.2 FTE and capture the majority of Project Firefighters.
- (iii) The data is sourced from the Victorian WorkCover Authority. The 2016-17 rate is based on FTE count at 30 June 2017. This excludes external contractors/consultants and temporary staff employed by employment agencies.

Comparative workforce data

Profile of the DELWP workforce: June 2017

Table 1: Details of employment levels in June 2016 and 2017

Department of Environment, Land, Water and Planning

Classification data	June 2017						June 2016					
	All employees			Ongoing			Fixed term and casual			All employees		
	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)
VPS 1-6 grades	3,114	2,912	2,104	530	2,463	480	449	2,681	2,025	486	2,351	350
VPS 1	1	1	0	0	0	1	1	0	0	0	0	0
VPS 2	197	168	102	50	129	45	39	183	106	51	134	26
VPS 3	650	612	480	104	548	66	64	661	490	107	559	62
VPS 4	815	766	544	135	636	136	130	703	495	119	575	85
VPS 5	824	765	518	159	630	147	135	718	464	142	564	112
VPS 6	547	525	402	71	455	74	70	512	407	57	449	48
Science Adaptives	62	59	48	3	50	11	10	64	50	3	52	11
Legal Adaptives	18	16	10	8	16	0	0	20	13	7	18	0
Senior employees	120	118	95	7	100	18	18	99	83	8	89	8
STS	31	31	21	1	22	9	9	24	21	1	22	2
PS	17	16	7	1	8	9	9	13	5	2	7	6
Executives	72	71	67	5	71	0	0	62	57	5	61	0
Field Staff	300	296	267	3	269	30	27	294	273	4	276	17
Other	24	20	17	4	19	3	1	25	17	2	18	6
Total employees	3,558	3,346	2,483	544	2,851	531	495	3,279	2,398	500	2,733	381

Note:

- All figures reflect employment levels during the last full pay period in June each year.
- Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- FTE means full time staff equivalent and is rounded to the nearest whole number.
- Victorian Public Service data specifications include the following employee classification codes: 'STS' - Senior Technical Specialist, 'PS' - Principal Scientist.
- Employees reported with a classification of 'other' include the following categories: Trainees and Wild Dog Controllers.
- Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.
- Employees attached to the Commissioner for Environmental Sustainability are employees of the Department Secretary and are included in the above figures.
- Employees attached to Sustainability Victoria are employees of the Department Secretary and their numbers are included in following tables. Employee numbers are also reported in their annual report.
- The Environment Protection Authority is a discrete agency within this portfolio that employs public servants independently of the Department Secretary. The EPA is required to produce its own annual report. Employee numbers are published in the EPA annual report.
- There is one STS employee acting as Executive under long-term acting arrangements.

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

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.

Income band (salary)	Executives	STS	PS	SMA	SRA	Other
< \$160,000	8	2	5 ⁽ⁱ⁾	-	-	-
\$160,000 - \$179,999	17 ⁽ⁱⁱ⁾	16	6	-	-	-
\$180,000 - \$199,999	15	10 ⁽ⁱⁱⁱ⁾	6 ^(iv)	-	-	-
\$200,000 - \$219,999	12 ^(v)	3	-	-	-	-
\$220,000 - \$239,999	7	-	-	-	-	-
\$240,000 - \$259,999	4	-	-	-	-	-
\$260,000 - \$279,999	4	-	-	-	-	-
\$280,000 - \$299,999	2	-	-	-	-	-
\$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	1 ^(vi)	-	-	-	-	-
Total	71	31	17	-	-	-

Note:

Victorian Public Service data specifications include the following employee classification codes: 'STS' – Senior Technical Specialist, 'PS' – Principal Scientist, 'SMA' – Senior Medical Advisor, 'SRA' – Senior Regulatory Analyst. The definition of an Executive Officer does not include a statutory office holder or an Accountable Officer.

The salaries reported above is for the full financial year, at a 1 FTE rate, and excludes superannuation.

(i) There is one employee employed on a part-time basis at a 0.6 FTE rate.

(ii) There are two employees employed on a part-time basis at a 0.8 FTE rate and a 0.9 FTE rate respectively.

(iii) There is one employee employed on a part-time basis at a 0.8 FTE rate.

(iv) There is one employee employed on a part-time basis at a 0.8 FTE rate.

(v) There are two employees employed on a part-time basis at a 0.8 FTE rate and a 0.9 FTE rate respectively.

(vi) There is one employee employed on a part-time basis at a 0.6 FTE rate.

Profile of Sustainability Victoria workforce

As at June 2017, Sustainability Victoria (SV) employed 109 FTE staff across Victoria.

Table 1: Details of employment levels in June 2016 and 2017

	2017						2016					
	All employees			Ongoing			Fixed Term and casual			All employees		
	Number (head-count)	FTE	Full-time (head-count)	Part-time (head-count)	FTE	Number (head-count)	FTE	Number (head-count)	FTE	Number (head-count)	FTE	Number (head-count)
Gender												
Male	47	46.4	32	0	32	15	14.4	46	45.8	35	0	11
Female	67	62.4	38	13	46.8	16	15.6	67	62.4	42	10	15
Age												
Under 25	0	0	0	0	0	0	0	0	0	0	0	0
25-34	25	24	12	2	13.4	11	10.6	25	25	13	0	12
35-44	50	46.8	30	7	34.4	13	12.4	49	46.4	32	8	9
45-54	26	25	17	4	20	5	5	22	21.2	18	2	2
55-64	11	11	9	0	9	2	2	15	14.6	11	1	3
Over 64	1	1	1	0	1	0	0	1	1	1	0	0
VPS 1-6 Grades												
VPS 1	0	0	0	0	0	0	0	0	0	0	0	0
VPS 2	0	0	0	0	0	0	0	0	0	0	0	0
VPS 3	3	3	2	0	2	1	1	4	4	3	0	1
VPS 4	36	34	24	5	27	7	7	37	35.0	23	6	8
VPS 5	55	52	29	6	33	20	19	48	45.6	30	4	14
VPS 6	14	13.9	11	1	11.9	2	2	19	18.6	15	1	3
STS	1	1	0	0	0	1	1	1	1	1	0	0
Executive	5	4.9	4	1	4.9	0	0	4	4	4	0	0
Total	114	108.8	70	13	78.8	31	30	113	108.2	76	11	26
												25.6

Note:

(i) All figures reflect employment levels during the last full pay period in June of each year.

(ii) FTE means full time staff equivalent and is rounded to the nearest whole number.

(iii) Victorian Public Service data specifications include the following employee classification codes: 'STS' – Senior Technical Specialist, 'PS' – Principal Scientist.

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

(v) Employees attached to Sustainability Victoria are employees of the Department Secretary. Employee numbers are also reported in their annual report.

Executive officer data

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

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

The following tables disclose the EOs of the department and its portfolio agencies for 30 June 2017:

- Table 1 discloses the total number (headcount) of EOs for the department, broken down by gender
- Table 2 provides a reconciliation of executive numbers presented between the Report of Operations and Note 3.1 'Expenses incurred in delivery of services' in the financial statements
- Table 1 and 2 also disclose the variations between the current and previous reporting periods.

Profile of DELWP executive officers: June 2017

Table 1: Total number of EOs for the department, broken down into gender

	All		Male		Female	
Class	Number	Variation	Number	Variation	Number	Variation
EO-1	2	0	1	0	1	0
EO-2	36	0	17	(1)	19	1
EO-3	33	10	15	3	18	7
Total	71	10	33	2	38	8

The number of executives in the Report of Operations is based on the number of executive positions that are occupied at the end of the financial year. Note 3.1.1 (b) in the financial statements lists the actual number of EOs and the total remuneration paid to EOs over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left the department during the relevant reporting period. To assist readers, these two disclosures are reconciled below.

Table 2: Reconciliation of DELWP executive numbers

		2017	2016
Add:	Executives (Financial Statement Note 3.1.1 (b))	96	76
	Accountable Officer (Secretary)	1	1
Less:	Separations	21	15
	Leave without pay	1	0
	Long term acting arrangements	2	0
	External secondment from public sector	1	0
	Total executive numbers	72	62

Profile of Sustainability Victoria executive officers: June 2017

Table 1: Total number of executive officers for Sustainability Victoria, broken down into gender

Class	All		Male		Female	
	Number	Variation	Number	Variation	Number	Variations
EO-1	0	0	0	0	0	0
EO-2	0	0	0	0	0	0
EO-3	5	2	3	1	2	1
Total	5	2	3	1	2	1

Table 2: Reconciliation of Sustainability Victoria executive numbers

		2017	2016
<i>Add:</i>	Executives	7	4
	Accountable Officer (Secretary)	0	0
<i>Less:</i>	Separations	2	0
	Leave Without Pay	0	0
	Long term acting arrangements	0	0
Total executive numbers		5	4

Executive numbers for the department's portfolio agencies

Table 1: Executive numbers for the department's portfolio agencies

Organisation Name	June 2017				June 2016				Annual change			
	Female	Male	Intersex	Total	Female	Male	Intersex	Total	Female	Male	Intersex	Total
Architects Registration Board of Victoria	1	0	0	1	0	0	0	0	1	0	0	1
Barwon Coast Committee of Management	0	1	0	1	0	1	0	1	0	0	0	0
Barwon Region Water Corporation	6	10	0	16	3	14	0	17	3	(4)	0	(1)
Barwon South West Waste and Resource Recovery Group	0	1	0	1	1	0	0	1	(1)	1	0	0
Bellarine Bayside Foreshore Committee of Management Inc	0	1	0	1	0	1	0	1	0	0	0	0
Capel Sound Foreshore Committee of Management Inc	1	0	0	1	1	0	0	1	0	0	0	0
Central Gippsland Region Water Corporation	2	4	0	6	1	9	0	10	1	(5)	0	(4)
Central Highlands Region Water Corporation	1	5	0	6	1	5	0	6	0	0	0	0
City West Water Corporation	2	7	0	9	1	7	0	8	1	0	0	1
Coliban Region Water Corporation	1	5	0	6	0	6	0	6	1	(1)	0	0
Corangamite Catchment Management Authority	0	1	0	1	0	1	0	1	0	0	0	0
East Gippsland Catchment Management Authority	0	1	0	1	0	1	0	1	0	0	0	0
East Gippsland Region Water Corporation	0	4	0	4	0	5	0	5	0	(1)	0	(1)
Energy Safe Victoria	1	5	0	6	2	6	0	8	(1)	(1)	0	(2)
Environment Protection Authority	3	5	0	8	2	4	0	6	1	1		2
Falls Creek Alpine Resort Management Board	0	2	0	2	0	3	0	3	0	(1)	0	(1)
Gippsland and Southern Rural Water Corporation	1	6	0	7	0	4	0	4	1	2	0	3
Gippsland Ports Committee of Management	0	2	0	2	0	1	0	1	0	1	0	1
Gippsland Waste and Resource Recovery Group	0	1	0	1	0	1	0	1	0	0	0	0
Glenelg Hopkins Catchment Management Authority	0	1	0	1	0	1	0	1	0	0	0	0

Department of Environment, Land, Water and Planning

Organisation Name	June 2017					June 2016					Annual change		
	Female	Male	Intersex	Total	Female	Male	Intersex	Total	Female	Male	Intersex	Total	
Goulburn Broken Catchment Management Authority	0	1	0	1	1	1	0	2	(1)	0	0	(1)	
Goulburn Murray Rural Water Corporation	1	6	0	7	2	4	0	6	(1)	2	0	1	
Goulburn Valley Region Water Corporation	1	3	0	4	0	3	0	3	1	0	0	1	
Goulburn Valley Waste and Resource Recovery Group	0	1	0	1	0	1	0	1	0	0	0	0	
Grampians Central West Waste and Resource Recovery Group	1	0	0	1	0	1	0	1	1	(1)	0	0	
Grampians Wimmera Mallee Water Corporation	2	3	0	5	1	3	0	4	1	0	0	1	
Great Ocean Road Coast Committee Inc	0	1	0	1	0	1	0	1	0	0	0	0	
Loddon Mallee Waste and Resource Recovery Group	1	0	0	1	1	0	0	1	0	0	0	0	
Lower Murray Urban and Rural Water Corporation	1	5	0	6	1	5	0	6	0	0	0	0	
Mallee Catchment Management Authority	1	0	0	1	1	0	0	1	0	0	0	0	
Melbourne Water Corporation	2	10	0	12	2	9	0	11	0	1	0	1	
Metropolitan Waste and Resource Recovery Group	0	1	0	1	0	0	0	0	0	1	0	1	
Mount Buller and Mount Stirling Alpine Resort Management Board	0	1	0	1	0	2	0	2	0	(1)	0	(1)	
Mount Hotham Alpine Resort Management Board	0	1	0	1	0	1	0	1	0	0	0	0	
North Central Catchment Management Authority	0	1	0	1	0	1	0	1	0	0	0	0	
North East Catchment Management Authority	0	1	0	1	0	2	0	2	0	(1)	0	(1)	
North East Region Water Corporation	2	4	0	6	1	4	0	5	1	0	0	1	
North East Waste and Resource Recovery Group	0	1	0	1	1	0	0	1	(1)	1	0	0	
Parks Victoria	8	12	0	20	7	12	0	19	1	0	0	1	
Phillip Island Nature Park Board of Management	1	1	0	2	0	1	0	1	1	0	0	1	
Port Phillip and Westernport Catchment Management Authority	0	1	0	1	0	1	0	1	0	0	0	0	

Organisation Name	June 2017				June 2016				Annual change			
	Female	Male	Intersex	Total	Female	Male	Intersex	Total	Female	Male	Intersex	Total
Royal Botanic Gardens Board	1	4	0	5	1	5	0	6	0	(1)	0	(1)
South East Water Corporation	5	18	0	23	4	22	0	26	1	(4)	0	(3)
South Gippsland Region Water Corporation	1	3	0	4	0	4	0	4	1	(1)	0	0
Southern Alpine Resort Management Board	1	1	0	2	0	0	0	0	1	1	0	2
Sustainability Victoria	0	1	0	1	0	1	0	1	0	0	0	0
Trust for Nature (Victoria)	1	0	0	1	1	0	0	1	0	0	0	0
Victorian Building Authority	5	4	0	9	3	4	0	7	2	0	0	2
Victorian Planning Authority	1	5	0	6	2	6	0	8	(1)	(1)	0	(2)
Wannon Region Water Corporation	1	4	0	5	1	4	0	5	0	0	0	0
West Gippsland Catchment Management Authority	0	2	0	2	0	2	0	2	0	0	0	0
Western Region Water Corporation	3	5	0	8	3	3	0	6	0	2	0	2
Westernport Region Water Corporation	1	3	0	4	0	1	0	1	1	2	0	3
Wimmera Catchment Management Authority	0	1	0	1	0	1	0	1	0	0	0	0
Winton Wetlands Committee of Management	0	1	0	1	0	1	0	1	0	0	0	0
Working Heritage	0	1	0	1	0	1	0	1	0	0	0	0
Yarra Valley Water Corporation	5	5	0	10	1	7	0	8	4	(2)	0	2
Zoological Parks and Gardens Board	2	4	0	6	5	4	0	9	(3)	0	0	(3)
Total	67	178	0	245	51	188	0	239	16	(10)	0	6

Note:

- (i) For the purpose of this table, Executive Officers are defined as employees who have significant management responsibility AND receive a Total Remuneration Package of \$156,374 or more.
- (ii) All figures reflect employment levels as at 30 June 2017 unless otherwise stated.
- (iii) Excluded are those on leave without pay or absent on secondment, external contractors / consultants and temporary staff employed by employment agencies.

Office-based environmental performance

Office-based environmental impacts

DELWP's Environment Management System (EMS) was set up to meet government requirements under Financial Reporting Directive 24C (FRD 24C). It enables the department to monitor environmental performance over time and to seek further ways to reduce environmental impacts.

The EMS objectives include:

- reducing greenhouse gas emissions
- reducing the amount of waste and maximising the amount of reused and recycled resources
- ensuring new capital works incorporate environmentally sustainable principles
- making environmentally sound purchasing decisions for capital items and consumables
- encouraging staff to reduce environmental impacts through behaviour change
- communicating environmental performance through regular reporting
- adopting an environmental management system based on *ISO14001 Environmental Management* standards to drive continual environmental improvement across the department.

DELWP reports against a range of indicators for energy and water consumption, transportation, waste generation, paper purchasing, green procurement and greenhouse gas emissions. Consumption and usage is captured through reports and surveys conducted at DELWP sites. Reported sites in the DELWP accommodation portfolio across Victoria include: airbases; depots; fire towers; laboratories; offices; depot / office; research centres; and warehouses.

The reportable site list excludes residences and sites where DELWP staff are located within another department's facility (e.g. Attwood and Horsham). Non-DELWP staff accommodated within a DELWP managed facility are counted towards the DELWP reported consumption figures (but not FTE figures). Staff numbers and office tenancy net lettable area (NLA) details used for reporting calculations are shown below.

Indicator	2016-17	2015-16	2014-15
DELWP FTEs	3,346	3,092	2,960
DELWP office FTEs	2,306	2,089	1,983
DELWP office NLA	52,899	51,184	51,184
Number of DELWP offices	18	20	20

DELWP reports from April 1 – March 31 to allow for a full reporting year and provide greater accuracy for the annual report. The program is independently audited biennially by an environmental auditor appointed under the *Environment Protection Act 1970*. This year some report tables have been modified to allow for improved data presentation.

Key achievements

The key achievements in 2016-17 include:

- 29 per cent reduction in total greenhouse gas emissions
- 5 per cent reduction in energy consumption
- 7 per cent reduction in water consumption
- 10 per cent reduction in waste generation
- 7 per cent reduction in fleet travel
- 43 per cent reduction in air travel.

While the office elements of environmental reporting can be more clearly managed, the broader operational environmental impacts can be influenced by seasonal events, such as the level of fire response activities.

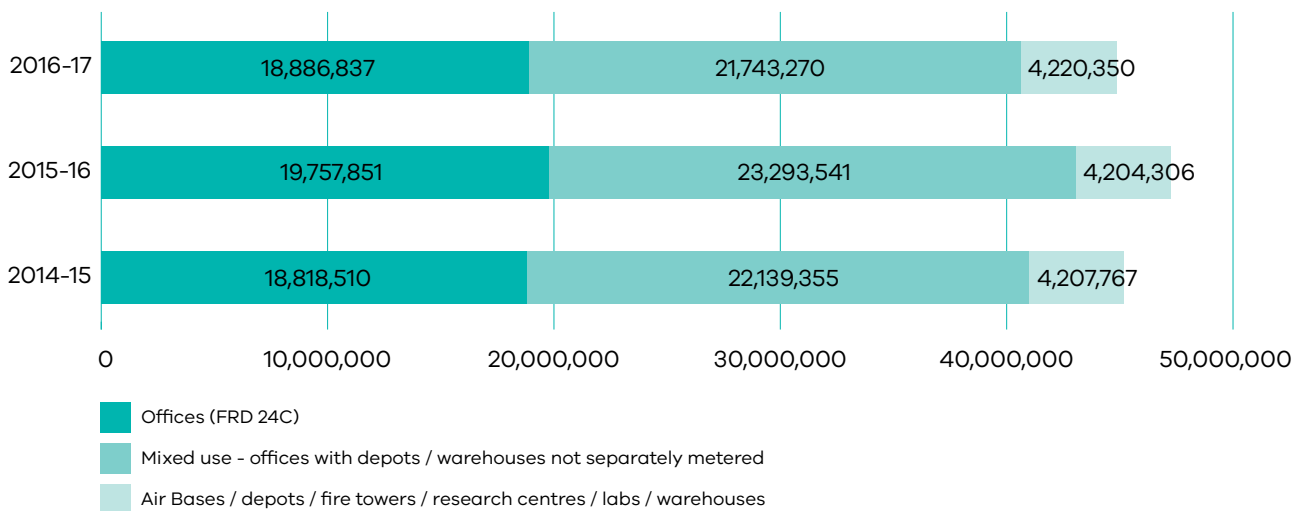
Green Team program

The Green Team program aims to promote staff awareness of environmental objectives by encouraging positive environmental behaviours across the department. A group of approximately 100 Green Team Champions help develop, implement and refine a range of site-based initiatives and activities aimed at encouraging staff to improve performance in reducing energy, water and paper use as well as waste to landfill.

Energy consumption

Total energy consumption (E1) has decreased 5 per cent this year, mainly due to reductions in consumption at Bendigo, Traralgon, Knoxfield and incident control centres. There have also been significant reductions at 8 Nicholson Street in East Melbourne linked to the building refurbishment upgrade. Office energy efficiency (E4 and E5) has also shown an improvement this year.

Total building energy consumption in megajoules (MJ)



Actions undertaken

- DELWP has committed to the Victorian Government TAKE2 climate change pledge to reduce emissions by 30 per cent over the next three years and to be carbon neutral by 2050
- In the last 12 months DELWP has been tracking daily electricity consumption across 30 sites, enabling faults to be identified in advance of billing data
- LED lighting has been installed at 43 DELWP sites
- Photo voltaic solar panels are installed at six DELWP sites. In addition, solar panels for hot water have been installed at many sites
- DELWP has started purchasing Green Power
- Participation in the global Earth Hour event to promote and improve office energy efficiency.

Future objectives

- DELWP is currently undertaking a further 16 energy and water audits at a range of sites to identify further energy saving opportunities
- A program to install photo voltaic solar panels at additional DELWP sites is currently underway.

Indicator	2016-17	2015-16	2014-15
E1. Total energy usage segmented by primary source (MJ) ⁽ⁱ⁾	44,850,457	47,255,698 ^(v)	45,165,632 ^(v)
Electricity (MJ)	35,486,014	37,119,591	35,672,194
Natural gas (MJ)	8,569,217	9,440,213	8,646,534
LPG (MJ) ⁽ⁱⁱ⁾	795,226	695,893	846,904
Office energy consumption (MJ) ⁽ⁱⁱⁱ⁾	18,886,837	19,757,851	18,818,510
Non-Office energy consumption (MJ) ⁽ⁱⁱⁱ⁾	25,963,620	27,497,847	26,347,122

Indicator	2016-17	2015-16	2014-15
E2. Total greenhouse gas emissions from energy consumption (tonnes CO ₂ -e)	9,251 ^(iv)	13,381 ^(v)	12,836 ^(v)
Electricity (tonnes CO ₂ -e)	8,725	12,813	12,303
Natural gas (tonnes CO ₂ -e)	475	523	479
LPG (tonnes CO ₂ -e) ⁽ⁱⁱ⁾	51	45	54
Office greenhouse gas emissions from energy consumption (tonnes CO ₂ -e) ⁽ⁱⁱⁱ⁾	3,896	5,595	5,348
Non-office greenhouse gas emissions from energy consumption (tonnes CO ₂ -e) ⁽ⁱⁱⁱ⁾	5,355	7,787	7,488

Indicator	2016-17	2015-16	2014-15
E3. Percentage of electricity purchased as Green Power (%)	26 ^(iv)	0	0

Indicator	2016-17	2015-16	2014-15
E4. Units of office energy used per FTE (MJ/FTE)	8,190	9,458 ^(v)	9,489 ^(v)
E5. Units of office energy used per office area (MJ/m ²)	357	386 ^(v)	368 ^(v)

Explanatory notes:

- (i) Energy data is sourced directly from the government energy suppliers.
- (ii) This figure is based on LPG canisters purchased. Canisters can remain unused for long periods of time.
- (iii) Under government reporting directions, departments are only required to report energy consumption and emissions for offices. DELWP reports beyond this by also including data for airbases, depots, fire towers, laboratories, offices / depots, research centres and warehouses.
- (iv) Without the purchase of Green Power, the total energy emissions would have been 12,256 (tonnes CO₂-e). DELWP has committed to purchasing 25 per cent Green Power. As this decision was made part way through the year, the commitment was achieved by the purchase of 100 per cent Green Power at six sites.
- (v) These figures have been revised to include previously unavailable utility accounts at 570 Bourke Street (Melbourne) and 57 Cherry Lane (Laverton) for comparative purposes.

Water consumption

Total water consumption (W1) has decreased by 7 per cent this year, mainly due to reductions at Knoxfield, incident control centres and the implementation of water tracking at DELWP sites. Office water efficiency (W2) has also shown an improvement this year.

Total building water consumption (kL)



Actions undertaken

- In the last 12 months, DELWP has been tracking daily water consumption across 30 sites. This has enabled faults to be identified in advance of billing data
- Water storage tanks have been installed at 46 DELWP sites to help reduce the demand for mains water.

Future objectives

- DELWP is currently undertaking a further 16 energy and water audits at a range of sites to identify further water saving opportunities.

Indicator	2016-17	2015-16	2014-15
W1. Total water consumption (kilolitres) ⁽ⁱ⁾	45,109	48,724 ^(iv)	49,906 ^(iv)
Office water consumption (kilolitres)	25,567 ⁽ⁱⁱ⁾	24,162	18,139
Non-office water consumption (kilolitres) ⁽ⁱⁱⁱ⁾	19,543	24,561	31,767

Indicator	2016-17	2015-16	2014-15
W2. Units of office water used per FTE (kilolitres/FTE)	11.1	11.6 ^(iv)	9.1 ^(iv)
W3. Units of office water used per office area (kilolitres/m ²)	0.5	0.5 ^(iv)	0.4 ^(iv)

Explanatory notes:

- (i) Water data is sourced directly from water corporations, building managers or estimated where data is unavailable.
- (ii) The increase in office water consumption can be primarily linked to 8 Nicholson Street (Melbourne), which is now experiencing higher floor occupancy post refurbishment.
- (iii) Under government reporting directions, departments are only required to report water consumption for offices. DELWP reports beyond this by also including data for airbases, depots, fire towers, laboratories, office / depots, research centres and warehouses.
- (iv) These figures have been revised to include previously unavailable utility accounts at 570 Bourke Street (Melbourne) and 57 Cherry Lane (Laverton) for comparative purposes. Estimations have also been included for sites where water data has been previously unavailable.

Waste and recycling

Total waste (Ws1) has decreased 10 per cent this year based on the one day waste and recycling audits across 10 DELWP sites. Office waste efficiency (Ws2) has also shown an improvement this year with the total volume of waste and recycling per FTE reducing.

Actions undertaken

- DELWP diverted 5,435 kilograms of metal, plastics, batteries, mobile phones and stationery through the Green Collect recycling scheme
- DELWP is one of the first two government departments in Australia to participate in the Closed Loop coffee cup trial recycling scheme at 8 Nicholson Street, East Melbourne
- The Red Cycle soft plastics recycling scheme is also being trialled at DELWP sites through the Green Team.

Future objectives

- A Stationery Freecycle collection point will soon operate at 8 Nicholson Street, East Melbourne (and at other sites during office moves) to encourage recycling, minimise waste and reduce the amount of stationery ordered
- Office furniture and fit-out materials continue to be reused, reducing waste generated by office fit-out projects across all sites.

Indicator	2016-17	2015-16	2014-15
Ws1. Total units of waste disposed of by destination (kg)	203,519 ⁽ⁱ⁾	226,236 ⁽ⁱⁱ⁾	245,235 ⁽ⁱⁱ⁾
Landfill (kg)	58,567	55,603	55,258
Comingled recycling (kg)	29,142	35,031	58,132
Paper and card (kg)	56,238	61,882	65,911
Secure documents (kg)	31,908	43,197	40,621
Organics (kg)	27,665	30,522	25,313
Ws2. Total units of waste disposed of per FTE by destination (kg/FTE)	61	73 ⁽ⁱⁱ⁾	83 ⁽ⁱⁱ⁾
Landfill (kg/FTE)	18	18	19
Comingled recycling (kg/FTE)	9	11	20
Paper and card (kg/FTE)	17	20	22
Secure documents (kg/FTE)	10	14	14
Organics (kg/FTE)	8	10	9

Indicator	2016-17	2015-16	2014-15
Ws3. Recycling rate (%)	71 ⁽ⁱⁱⁱ⁾	75 ⁽ⁱⁱ⁾	77 ⁽ⁱⁱ⁾
Ws4. Greenhouse gas emissions associated with waste (tonnes CO ₂ -e)	93	82 ⁽ⁱⁱ⁾	72 ⁽ⁱⁱ⁾

Explanatory notes:

- (i) DELWP waste and recycling data is calculated from annual waste audits which measure general waste and recycling volumes along with contamination over a sample day. Audits were undertaken at the following 10 locations: Alexandra Office/Depot; Bairnsdale Office; Benalla Office/Depot; Bendigo Office/Depot; East Melbourne (8 Nicholson Street); Geelong Office; Heidelberg (Arthur Rylah Institute); Knoxfield Office/Depot; Orbost Office; and Traralgon Office. 47 per cent of DELWP staff were situated at these sites. The results are then extrapolated to cover all DELWP FTE's.
- (ii) Figures have been updated to include details of secure paper and paper and card recycling.
- (iii) Although the estimated total volumes of waste and recycling have decreased overall, the recycling rate has also marginally decreased over the last three years.

Travel and transport

The total energy consumed (T1) and distance travelled (T2) by fleet vehicles have decreased this year along with air travel (T5). A relatively quiet fire season with fewer deployments would have contributed to these figures.

Actions undertaken

- DELWP minimises travel by using telephone and video conferencing facilities whenever possible. Staff are also encouraged to use public transport options
- The Bicycle User Group continues to be widely promoted to help increase the profile of cycling across the department
- From July 2016, DELWP was the first Victorian Government department to start offsetting all air travel emissions as part of the TAKE2 climate change strategy.

Future objectives

- DELWP aims to progressively reduce greenhouse gas emissions associated with the department's vehicle fleet
- DELWP will continue to offset air travel emissions.

Vehicles

Total distance travelled by fleet vehicles (T2) has decreased 7 per cent this year.

Indicator	2016-17	2015-16	2014-15
T1. Total energy consumption by fleet vehicles (MJ) ⁽ⁱ⁾	76,294,160	90,762,013	81,326,831
Diesel	68,623,776	80,103,558	70,805,395
LPG	547,429	707,646	945,636
Unleaded and Hybrid	7,122,955 ⁽ⁱⁱ⁾	9,950,809	9,575,800

Indicator	2016-17	2015-16	2014-15
T2. Total distance travelled by fleet vehicles (km)	17,199,178	18,476,810	17,686,403
Diesel	14,016,242	14,191,626	13,058,929
LPG	177,763	223,232	429,138
Unleaded and Hybrid	3,005,173 ⁽ⁱⁱⁱ⁾	4,061,952	4,198,336

Indicator	2016-17	2015-16	2014-15
T3. Total greenhouse gas emissions from fleet vehicles (tonnes CO ₂ -e)	5,332	6,332	5,641
Diesel	4,817	5,634	4,943
LPG	33	27	57
Unleaded and Hybrid	482 ^(iv)	671	641
T4. Greenhouse gas emissions from fleet vehicles per 1000 km (tonnes CO ₂ -e)	0.31	0.34	0.32

Explanatory notes:

- (i) DELWP reports on all operational vehicles including those required to respond to emergencies. The data also includes usage from the Shared Services Provider. Data was obtained from fuel purchase records, lease data for vehicles and VicFleet. Accuracy is dependent on staff completing vehicle log sheets.
- (ii) The energy consumption for unleaded vehicles was 5,184,952 MJ and for hybrid vehicles was 1,938,003 MJ.
- (iii) The distance travelled for unleaded vehicles was 1,722,479 km and for hybrid vehicles was 1,282,694 km.
- (iv) The emissions for unleaded vehicles were 351 tonnes CO₂-e and for hybrid vehicles was 131 tonnes CO₂-e.

Air travel

Total distance travelled by air (T5) has decreased 43 per cent this year.

Indicator	2016-17	2015-16	2014-15
T5. Total distance travelled by aeroplane (km) ⁽ⁱ⁾	2,376,764	4,120,798	3,077,565
Greenhouse gas emissions from air travel (tonnes CO ₂ -e)	176 ⁽ⁱⁱ⁾	1,134	814

Explanatory notes:

- (i) Air travel data is sourced from the government travel agent, Corporate Travel Management (CTM).
- (ii) All DELWP emissions from air travel were offset from July 2016. Without offsets, emissions would have been 672 (tonnes CO₂-e). The 176 (tonnes CO₂-e) covers the period from 1 April to 30 June 2016.

Staff travel

Indicator ⁽ⁱ⁾	2016-17	2015-16	2014-15
T6. CBD staff: Percentage using sustainable transport to get to work (%)	95	89	89
T6. Metro staff: Percentage using sustainable transport to get to work (%)	21	18	30
T6. Regional staff: Percentage using sustainable transport to get to work (%)	20	22	22

Explanatory note:

(i) Staff travel data is sourced from the annual staff travel survey.

Paper consumption

Total paper purchasing (P1) has increased by 13 per cent this year, mainly due to increased paper purchasing across DELWP CBD sites. Office paper purchasing efficiency (P2) has also shown a marginal increase this year.

Actions undertaken

- The DELWP default white A4 paper is now 100 per cent recycled. Previously the default was 80 per cent recycled.

Future objectives

- DELWP continues to make sure that staff can use the 100 per cent recycled paper wherever possible, by replacing old and outdated printers
- DELWP will continue promotion of duplex printing and electronic record keeping to help reduce its paper consumption over the next financial year.

Indicator	2016-17	2015-16	2014-15
P1. Total units of A4 equivalent copy paper purchased (reams) ⁽ⁱ⁾	40,094	35,332	30,280
P2. Units of A4 equivalent copy paper used per FTE (reams/FTE) ⁽ⁱ⁾	12.0	11.0	10.0
P3. 75-100% recycled content	96.4 ⁽ⁱⁱ⁾	84.0	78.0
P3. 50-74% recycled content	0.2	4.0	4.0
P3. 0-49% recycled content	3.4	12.0	18.0

Explanatory notes:

- (i) DELWP paper purchasing is calculated using data from the government stationery supplier, Complete Office Supplies. There has been an increase in paper purchasing this financial year. Out of this total paper use, 71 per cent is consumed by the CBD offices.
- (ii) Restrictions are now in place to prevent any white paper being purchased with less than 100 per cent recycled content. All coloured paper available for purchasing continues to have no recycled content.

Greener procurement

The Procurement Governance Group provides internal procurement advice to support and strengthen environmental procurement practices. Departmental templates for tendering and contracting incorporate requirements for tenders to demonstrate their environmental credentials, and allow tender evaluation teams to weight and score this as a separate assessment criterion, where relevant.

Staff seeking approval from the Chief Procurement Officer for procurement greater than \$150,000 are requested to advise how sustainability was considered in the evaluation process and to provide reasons if this was not the case.

Actions undertaken

- DELWP continues to consider the environment when procuring stationery, IT equipment, fleet vehicles and office furniture
- The default A4 white printer paper now has 100 per cent recycled content.

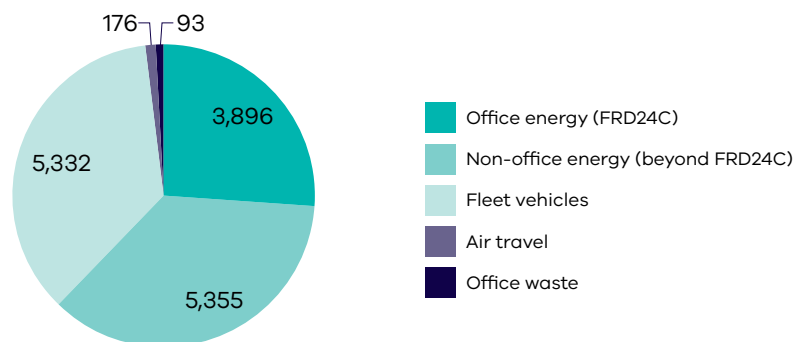
Future objectives

- A Stationery Freecycle collection point will soon operate at 8 Nicholson Street (and at other sites during office relocations) to encourage recycling, minimise waste and reduce the amount of stationery ordered.

Greenhouse gas emissions

DELWP have reduced total greenhouse gas emissions by 29 per cent this year. This result has been achieved mainly by the purchase of green power and air travel offsets.

Total Greenhouse gas emissions (tonnes CO₂-e) by type 2016–17



Actions undertaken

- DELWP committed to the Victorian Government TAKE2 climate change pledge to reduce emissions by 30 per cent over the next three years and to be carbon neutral by 2050
- DELWP started purchasing Green Power
- LED lighting has been installed at 43 DELWP sites
- Solar panels are installed at six DELWP sites
- From July 2016, DELWP was the first Victorian Government department to start offsetting all air travel emissions.

Future objectives

- By 2020, DELWP will reduce total emissions by 30 per cent (based on the 2014-15 baseline) in line with the Victorian Government target, which will reduce annual emissions to 13,500 (tonnes CO₂-e). Currently DELWP has reduced annual emissions by 23 per cent on the 2014-15 baseline
- DELWP is currently undertaking a further 16 energy and water audits at a range of sites to identify further energy saving opportunities
- A program to install solar panels at additional DELWP sites is currently underway.

Indicator	2016-17	2015-16	2014-15
Total greenhouse gas emissions (tonnes CO ₂ -e) ⁽ⁱ⁾	14,852	20,929 ^(iv)	19,363 ^(iv)
Energy (tonnes CO ₂ -e)	9,251 ⁽ⁱⁱ⁾	13,381 ^(iv)	12,836 ^(iv)
Fleet vehicles (tonnes CO ₂ -e)	5,332	6,332	5,641
Air travel (tonnes CO ₂ -e)	176 ⁽ⁱⁱⁱ⁾	1,134	814
Office waste (tonnes CO ₂ -e)	93	82	72

Explanatory notes:

- (i) The total greenhouse gas emissions include both office and non-office energy emissions.
- (ii) Without the purchase of Green Power, the total energy emissions would have been 12,256 (tonnes CO₂-e).
- (iii) All DELWP emissions from air travel were offset from July 2016. Without offsets, emissions would have been 672 (tonnes CO₂-e).
- (iv) These figures have been revised to include previously unavailable utility accounts at 570 Bourke Street (Melbourne) and 57 Cherry Lane (Laverton).

Departmental objectives, indicators and outputs

This section provides an overview of key activities associated with DELWP's departmental objectives (also known as public value outcomes). It also reports on the delivery of the department's outputs, including performance results against the output measures published in the *2016-17 Budget Paper Number 3: Service Delivery* (BP3).

Note: There is a difference between the output costs disclosed on page 21 in the *Departmental controlled expenses from transactions by output table* (which reflects the departmental financial statements), with how they are presented in this section. To reflect output cost data published in the Budget Papers, output cost data in this section includes controlled expenses for some small portfolio entities. These expenses are not included in the DELWP-only output cost data in the table on page 21 as the small entities prepare their own audited financial statements. There are further differences arising from certain disclosures (such as internal trading and expenditure recoups) that are included as part of expenditure in the table on page 21 to comply with accounting pronouncements, but are excluded from output costs below as they are treated as revenue in the budget papers.

The table below provides a summary of DELWP's departmental objectives, indicators and outputs for 2016-17:

Departmental objectives	Indicators	Outputs
Reliable, efficient, accessible, safe and sustainable energy services ¹	Relative share of Victorian energy sourced from renewables	Energy
Zero emission, climate-ready economy and community ²	Level of support from key stakeholders for climate policy development and implementation	Environment, Biodiversity and Climate Change ³
A quality built environment	Efficient provision of timely and authoritative information on population growth and change Public participation in planning, building and heritage initiatives Efficient administration of Victoria's planning, building and heritage systems	Planning, Building and Heritage
Healthy, resilient and biodiverse environment	Participation in community-based environmental programs Reduction in pollutants from priority hotspots	Environment, Biodiversity and Climate Change ⁴ Statutory Activities and Environment Protection
Productive and effective land management	Efficient provision of timely and authoritative land administration and property information services Number of visits to the public land estate managed by the department's portfolio agencies: Parks Victoria Bay and park assets rated in average to excellent condition	Land Victoria Management of Forests, Parks and Public Land
Safe and sustainable water resources	Proportion of properties completely connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts) Number of river reaches/wetlands with maintained or improved environmental condition	Effective Water Management and Supply
Sustainable and effective local governments	Satisfaction with the performance of councils as measured through the Local Government Community Satisfaction Survey	Local Government

Departmental objectives	Indicators	Outputs
Reduced impact of major bushfires and other emergencies on people, property and the environment	<p>Percentage of bushfires contained at first attack and/or under five hectares to suppress bushfires promptly, keep bushfires small and minimise loss</p> <p>Area treated through planned burning and other treatments to maintain the statewide bushfire risk at or below 70 per cent ⁵</p> <p>Adoption of consistent systems across the department to support efficient and effective emergency management</p> <p>Percentage of agreed departmental emergency management obligations met on time and to standard</p>	Fire and Emergency Management

1. This is a new departmental objective for DELWP in 2016-17 following the transfer of the Energy component of the Energy and Resources output from DEDJTR to DELWP on 1 July 2016.
2. During 2016-17, a new departmental objective was created: "Zero emission, climate-ready economy and community".
- 3, 4. Following the creation of the "Zero emission, climate-ready economy and community" departmental objective, the climate change component of the "Environment, Biodiversity and Climate Change" output was moved to this new departmental objective. Hence, the environment and biodiversity components are reported under the "Healthy, resilient and biodiverse environment" departmental objective and the climate change aspects are reported under the "Zero emission, climate-ready economy and community" departmental objective.
5. This indicator replaces the 2015-16 indicator 'Area of public land treated through planned burning and other treatments' as part of a new approach to reducing the risk of bushfire in Victoria, detailed in the government's policy statement *Safer Together*. The new indicator addresses recommendations from the Inspector-General for Emergency Management that a risk reduction target is the most effective form of performance target for bushfire fuel management on public land to protect life, property and the environment.

Changes to the objective and output structure in 2016-17

The department has made changes to its output structure for 2016-17 as shown in the table below:

2015-16 output	2016-17 output	Reason
Environmental Policy Environmental Programs	Environment, Biodiversity and Climate Change	<p>The department consolidated these outputs to better reflect service delivery priorities.</p> <p>During 2016-17, DELWP launched a new strategic plan called <i>DELWP 2020</i>. The purpose of the plan was to set a new strategic direction for the department that incorporated both the significant structural changes that had occurred, and the key policy directions of the Andrews Labor Government. This included a new heightened focus on climate change. Accordingly, a new departmental objective was created: "Zero emission, climate-ready economy and community". The climate change component of the "Environment, Biodiversity and Climate Change" output was moved to this new departmental objective. Hence, the environment and biodiversity components are reported under "Healthy, resilient and biodiverse environment" and climate change aspects are reported under "Zero emission, climate-ready economy and community".</p>
n/a	Energy	The Energy component of the Energy and Resources output has been transferred from DEDJTR to DELWP, due to Machinery of Government changes.



Reliable, efficient, accessible, safe and sustainable energy services

This objective delivers leading programs on renewable energy, improving energy efficiency and productivity. It also includes providing policy advice to government on the delivery of reliable, efficient, accessible, safe and sustainable energy services to all Victorians.

DELWP works with the renewable energy industry, electricity networks and retailers and consumer groups to attract and facilitate investment in renewable energy and support the development of low emission technologies.

Progress towards achieving this objective

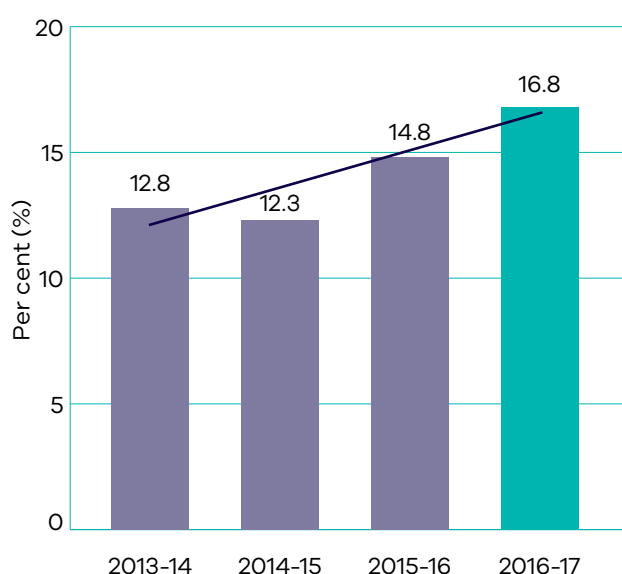
Context and performance trends

The Victorian energy sector is undergoing significant change with the introduction of new renewable and sustainable energy technologies and more engaged energy consumers wanting to take advantage of the opportunities these technologies will provide. The Victorian Government is seeking to drive Victoria towards a more sustainable energy economy that increases jobs, facilitates energy affordability and reduces greenhouse gas emissions.

To support this aim, a Renewable Energy Advocate was appointed in December 2016. The Advocate's role is to promote renewable energy investment in Victoria by working with investors, stakeholders and the community to support policy outcomes and the delivery of the Victorian Renewable Energy Target (VRET). A critical function of the Advocate's role is the provision of independent advice to the Minister for Energy, Environment and Climate Change on how industry and the community are progressing in meeting the VRET.

The government has set a target for energy sourced from renewables of 25 per cent by 2020 and 40 per cent by 2025. Achieving these targets will require Victoria to double its renewable energy generation capacity from current levels. Victoria is on track to meet these targets, with the share of Victorian energy sourced from renewables increasing to 16.8 per cent in 2016-17, up from 14.8 per cent in 2015-16. This generation from renewables is made up of wind and hydro (which each contribute around 6.5 per cent), solar (2 per cent) and bioenergy (1 per cent).

Indicator: Relative share of Victorian energy sourced from renewables



DELWP is leading the development and implementation of initiatives to achieve these targets. Central to these initiatives is the VRET Auction Scheme, which will enable renewable energy developers to bid for long term support contracts for projects in Victoria. Planning for this auction scheme is well advanced, with the scheme design in the process of being finalised. The scheme is expected to significantly boost total capacity and renewable energy supply across Victoria. It will support capital expenditure of up to \$9 billion in renewable energy projects, which is expected to result in up to \$2.5 billion of direct economic activity in Victoria and create up to 11,000 jobs over the life of the scheme. The new generation capacity resulting from the scheme will diversify the state's energy supply, put downward pressure on electricity prices and make a substantial contribution to achieving Victoria's greenhouse gas emissions reduction targets.

Construction began in early 2017 on the 132 MW Mt Gellibrand and 30 MW Kiata wind farms, both a result of successful tenders in the first stage of the Renewable Certificate Purchasing Initiative. This clean energy initiative seeks to secure investment of up to \$370 million in the renewable energy industry and will generate electricity to power more than 600,000 households.

A second solar-specific tender under this initiative, which closed in April 2017, aims to bring forward investment in up to 75 MW of large-scale solar projects. The Victorian Government will purchase certificates directly from these facilities to drive new projects to be built in Victoria, creating around 300 direct construction jobs, and significant flow-on employment and economic development for the state. The government will voluntarily surrender renewable energy certificates matching the amount of electricity used by Melbourne's trams, equal to about 35 MW of installed solar capacity. This will result in a reduction of more than 80,000 tonnes of greenhouse gas emissions every year, which will help Victoria to meet its target of net-zero emissions by 2050.

A two-year pilot for Community Power Hubs in Bendigo, Ballarat and the Latrobe Valley was announced on 12 April 2017. The community-owned and operated hubs will drive investment into regional Victoria, create jobs and help reduce electricity bills. Early calculations suggest the facilities could generate up to 784 kWh – boosting the reliability of the local power grid, creating local jobs and supporting the growth of local businesses.

Our energy storage initiative to build one of Australia's largest battery storage facilities was launched in May 2017, and provides funding of up to \$25 million to deploy at least two 20 MW of utility scale battery storage by summer 2018. The Victorian Government is also partnering with the City of Greater Bendigo to undertake a feasibility study to explore if Bendigo's mineshafts can use solar powered pumped hydro to generate and store electricity.

In May 2017, the Victorian Government announced that it will provide \$5.36 million in seed funding over four years to establish the Centre for New Energy Technologies (C4NET). C4NET will support and capitalise on the energy transformation, building skills, capabilities and instilling innovation in Victoria's new energy technologies sector. The Victorian Government has also announced that it will invest \$15.8 million in microgrid, smart grid and renewable energy storage demonstration projects.

The Hazelwood power station closed on 31 March 2017. The Latrobe Valley Authority (LVA) has been established to bring together local people, councils, industry, education providers and governments to secure the economic future of the Latrobe Valley. A \$266 million package to support workers and create local jobs is being administered by the LVA. The Latrobe Valley Home Energy Upgrade Program will deliver solar installations and energy upgrades to up to 1,000 vulnerable households in the Latrobe City, Wellington and Baw Baw local government areas during 2017 and 2018. The closure provides Victoria with a significant opportunity to accelerate its

transition to a low carbon economy, while ensuring crucial steps are taken to keep Victoria's energy supplies reliable and affordable. The Government is working with ENGIE, the owner of the power station, to clean up and rehabilitate the Hazelwood power station and mine site.

There are a number of schemes for households and businesses to improve their energy efficiency and reduce greenhouse gas emissions. The Victorian Energy Efficiency Target scheme is Victoria's largest energy and greenhouse gas saving scheme. In 2016-17 the scheme helped more than 18,000 businesses and 95,000 households undertake energy efficiency upgrades, saving over \$84 million on their energy bills per year. The Victorian Residential Efficiency Scorecard home rating tool was released in March 2017. The Scorecard enables householders to obtain a home star rating through an accredited home assessor. The rating works in the same way as a fridge or washing machine star rating, and provides guidance on home energy efficiency improvements and how to improve home performance in hot weather. Home Energy Assist is a program helping households most in need become more energy efficient. Through the Affordable Retrofits and Victorian Healthy Homes programs, more than 1,800 vulnerable Victorians will receive home energy retrofits and support including for appliance replacements, solar panels and energy literacy.

Legislation passed in February 2017 allows the Essential Services Commission to determine a single rate or multiple rates for purchases of small renewable energy generation electricity. This ensures households and businesses with onsite renewable energy generation are paid a fair price for the electricity they export to the grid. This delivery of a new, fairer feed-in tariff framework includes payment for the environmental and social value of the energy provided.

Following the devastating 2009 Black Saturday fires, the Victorian Bushfires Royal Commission made recommendations to reduce the risk of powerline-caused bushfires. On 11 May 2017, the *Electricity Safety Amendment (Bushfire Mitigation Civil Penalties Scheme) Bill 2017* was passed by Parliament. This Bill has made changes to the *Electricity Safety Act 1998* to ensure that distribution businesses deliver enhanced network safety technologies on time, and to appropriate standards, or face tough financial penalties.

Output performance measures

Output: Energy

This output influences and advocates for the provision of efficient, reliable and safe energy services through national forums and delivers state-based energy programs. It supports the development of renewable energy, improving energy efficiency and productivity outcomes for households and businesses and facilitating new investment opportunities.

This output makes a significant contribution to the achievement of the departmental objective of "Reliable, efficient, accessible, safe and sustainable energy services".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Timeliness					
Delivery of key milestones for the Powerline Bushfire Safety work program	per cent	100	100	0	✓
Delivery of key milestones for the energy efficiency and productivity work program	per cent	100	100	0	✓
Delivery of key milestones for the Victorian Energy Efficiency Target Scheme work program	per cent	100	100	0	✓
Delivery of key milestones for the renewable energy work program	per cent	94	100	-6.0	■
<i>A small number of key projects were delayed due to the reallocation of resources to emerging priorities. Despite a minor variance in delivery against 2016-17 milestones, the government's priorities and objectives in renewable energy have continued to be met.</i>					
Facilitate the delivery of key energy technology innovation milestones in line with grant agreements	per cent	100	100	0	✓
Cost					
Total output cost	\$ million	105.9	65.8	61.0	■
<i>The higher 2016-17 output cost reflects the re-cashflow of the Powerline Bushfire Safety Program.</i>					

Note:

- 1
- ✓ Performance target achieved or exceeded.
 - Performance target not achieved – within 5 per cent variance.
 - Performance target not achieved – exceeds 5 per cent variance.



Zero emission, climate-ready economy and community

This objective leads a whole-of-government response to climate change, including reducing greenhouse gas emissions, adapting to the impacts of a warmer climate, and supporting the economic and social transition to a net-zero emissions and climate resilient future.

DELWP leads the modernisation of legislative, regulatory and governance arrangements in the environment portfolio, and uses economic, research and scientific expertise to develop policy responses to harness Victoria's current and emerging sustainability opportunities.

Progress towards achieving this objective

Context and performance trends

The impacts of climate change are already being felt, including higher than average temperatures, lower than average rainfall, more frequent and intense heatwaves, extreme fire conditions, storm surges and coastal erosion. These impacts are projected to worsen in the coming decades with serious implications for Victorians, the natural environment and the economy. Global action to reduce greenhouse gas emissions also creates challenges and opportunities for Victoria, necessitating a transition to a carbon-constrained economy.

DELWP leads the Victorian Government response to climate change, and in 2016-17, a number of significant milestones were met. On 29 January 2017, the Minister for Energy, Environment and Climate Change released Victoria's *Climate Change Framework*, setting out the vision for a net-zero emissions, climate resilient future. The Framework establishes targets to reduce the state's greenhouse gas emissions by 15 to 20 per cent below 2005 levels by 2020; and to reduce emissions from the operations of government departments by 30 per cent below 2015 levels by 2020.

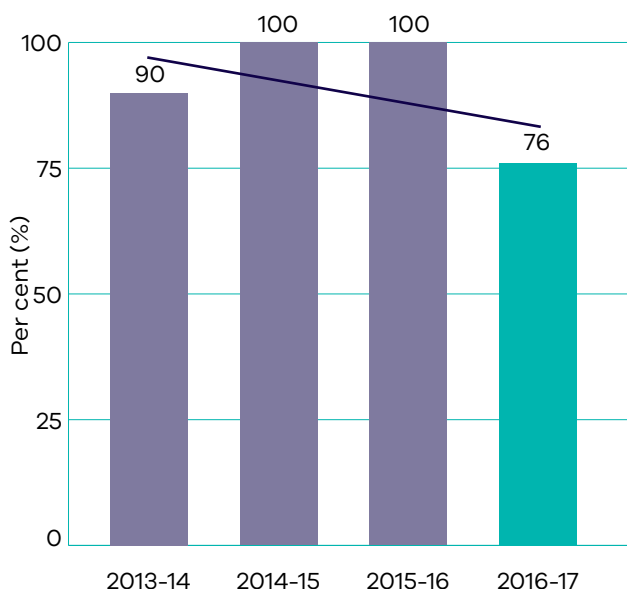
Victoria's *Climate Change Adaptation Plan 2017-2020* was tabled in Parliament on 8 February 2017. The Plan is a blueprint to prepare our state to meet the challenges of climate change and take action to secure our future. The Plan will build a detailed understanding of Victoria's exposure to climate change risks and impacts, build partnerships for integrated and effective responses to climate change, and tackle immediate priorities to reduce the impact of climate change.

On 23 February 2017, Parliament passed the *Climate Change Act 2017*. The Act provides Victoria with a world-leading legislative foundation to manage climate change risks, maximise the opportunities that arise from decisive action, and drive Victoria's transition to a net-zero emissions, climate resilient community and economy. The Act legislates a long-term target of net-zero emissions by 2050, as well as five yearly interim targets to keep Victoria on track to meet this target.

There are a number of innovative programs to support the community to take action on climate change. TAKE2 is Victoria's collective climate change pledge initiative supporting individuals, government, business and other organisations to reach net-zero emissions by 2050, and help keep the global temperature rise to under two degrees. This program is being delivered in partnership with Sustainability Victoria. Launched in June 2016, it has now seen over 8,300 parties including individuals, local governments, businesses and community organisations pledging to TAKE2 and committing to over 67,000 climate change actions.

The *ResourceSmart Schools* program assists schools to minimise waste, save energy and water, promote biodiversity and reduce greenhouse gas emissions. More than 550 schools actively participated in the *ResourceSmart Schools* program in 2016-17. This was against a target of 868. Issues related to the performance of the *ResourceSmart Online* system impacted on the delivery of the program, which led to a lower than expected uptake of the program in 2016-17. Work is underway to reinvigorate *ResourceSmart Schools* and it is expected that improvements will increase participation in future years. The total number of schools to participate since 2008 is over 1,300, reaching approximately 600,000 students. Participating schools are achieving significant results. For instance, Winters Flat Primary School in Castlemaine has reduced its energy consumption from 261 kWh per student in 2012 to 203 kWh in 2015, saving over 28 tonnes of carbon emissions and saving the school \$10,000 in energy costs. The Andrews Labor Government has committed a further \$4.4 million to continue the program over the next two years. This program is being delivered in partnership with Sustainability Victoria.

Indicator: Level of support from key stakeholders for environmental and adaptation policy development and implementation



The objective indicator for level of support from key stakeholders for environmental and adaptation policy development and implementation achieved 76 per cent in 2016-17. The method to calculate the result for the indicator changed in 2016-17. Prior to 2016-17, the result was calculated using the average result for two BP3 performance measures: 'Departmental stakeholder satisfaction with completed policy projects' and 'Departmental stakeholder satisfaction with technical economic analysis, advice and support'. These performance measures reflected the satisfaction of stakeholders within government. The measures have been replaced in 2016-17 with one new measure: 'Departmental stakeholder satisfaction with engagement in completed policy projects', which seeks feedback from a broader range of stakeholders external to government.

This indicator will be discontinued from 2017-18 and replaced with new indicators that better reflect the changes to departmental priorities for the whole-of-government response to climate change, following Machinery of Government changes on 1 July 2016.

Output performance measures

Output: Environment, biodiversity and climate change ⁶

The climate change aspect of this output leads the development and implementation of strategic, whole-of-government climate change policy and programs that contribute to Victoria's 2050 target of net-zero emissions.

This output makes a significant contribution to the achievement of the departmental objective of "Zero emission, climate-ready economy and community".

Output performance measures	Unit of measure	2016-17 actual	2016-17 target	Performance variation (%)	Result ¹
Quantity					
Victorian schools participating in the ResourceSmart Schools program	number	552	868	-36.4	■
<i>The 2016-17 result is lower than the 2016-17 target due to issues related to the performance of the ResourceSmart Online system, which impacted the delivery of the program. The issue has been resolved and it is expected that participation from schools will increase in line with the target in 2017-18.</i>					
Quality					
Departmental stakeholder satisfaction with engagement in completed policy projects	per cent	76	75	1.3	✓
Timeliness					
Delivery of policy, advice and research on climate change within agreed timeframes	per cent	90	80	12.5	✓
<i>Efficiencies in the delivery of a number of climate change projects has led to a greater than expected outcome for 2016-17.</i>					
Cost					
Total output cost	\$ million	135.8 ⁷	134.2	1.2	○

Note:

- 1 ✓ Performance target achieved or exceeded.
○ Performance target not achieved – within 5 per cent variance.
■ Performance target not achieved – exceeds 5 per cent variance.

⁶ During 2016-17, a new departmental objective was created: "Zero emission, climate-ready economy and community". As a result, the Climate Change component of the "Environment, Biodiversity and Climate Change" output has moved to this new departmental objective. The Environment and Biodiversity components are reported under the "Healthy, resilient and biodiverse environment" departmental objective.

⁷ The output cost target and actual for this output are the same as the output cost target and actual for the "Environment, biodiversity and climate change" output under the "Healthy, resilient and biodiverse environment" departmental objective.



A quality built environment

This objective plans for the future growth and transformation of cities and regions, and provides leadership and advice on heritage protection and the built environment. It delivers streamlined, fair and transparent planning, building and heritage systems.

DELWP recognises the link between the built and natural environment in the quality of our lives, and works to accommodate population growth while maintaining world-class liveability and protecting our heritage for future generations.

Progress towards achieving this objective

Context and performance trends

Melbourne is Australia's fastest growing city. According to population projections, Melbourne will be home to about 8 million people by 2051 – compared to 4.5 million today. To cater for that growth Melbourne will need to create 1.5 million new jobs, build 1.6 million new dwellings and accommodate another 10.4 million trips a day on its transport network. To support this and guide how Melbourne and our regional cities will grow, *Plan Melbourne 2017-2050* was launched in March 2017. The Plan sets out the vision for not only managing population growth, but for growing the economy and creating jobs closer to where people live; creating more accessible and affordable options and the housing we need in the right places; improving transport by continuing to invest in and expand our city's existing network; responding to climate change by reducing carbon emissions and growing our green economy; and protecting our liveability.

A coordinated approach to tackling the challenge of housing affordability is outlined through the *Homes for Victorians* strategy, launched in March 2017. The strategy includes measures to support Victorians to buy their own home; to increase development opportunities in Melbourne's inner and middle suburbs; to ensure a strong pipeline of residential land in Melbourne's growth areas; to support local councils to reduce delays in approval times for subdivision plans, local roads and services; and to increase the supply of social housing through funding and planning reform.

An important milestone to protect the Yarra River (pictured on the cover image) was delivered on 22 June 2017, when alongside Wurundjeri elders, the Minister for Planning introduced the *Yarra River Protection (Wilip-gin Birrarung murrnong) Bill 2017* in Parliament. In an Australian first, the Bill identifies the Yarra River and the many hundreds of parcels of public land it flows through as one living, integrated natural entity for protection and improvement. The Bill combines the 'Caring for Country' wisdom of Traditional Owners with the most modern river management expertise. For the first time in the

Victorian Parliament's history, the Bill is co-titled and part of its preamble is written in Woi-wurrung, assuring Traditional Owners a permanent voice in the governance and protection of the Yarra River. The Bill seeks to strengthen the protection and management of the Yarra River by developing a Yarra Strategic Plan to coordinate 14 public entities that operate along the river corridor; establishing a new statutory body, the Birrarung Council, to act as an independent voice for the river; requiring regular reporting by the Commissioner for Environmental Sustainability on the environmental condition of the river and its parklands; designating the parklands and open space along the river as the Greater Yarra Urban Parklands; and ensuring future governments protect the Yarra River. Stronger planning controls to protect against inappropriate private development along the Yarra River have been introduced, setting tougher rules to prevent overshadowing, and introducing mandatory height limits and minimum setbacks from the river's edge.

In December 2016, the *Better Apartments Design Standards* were published. The final design standards provide clear rules for apartment liveability while allowing for innovation and design excellence. The new standards were introduced into the Victoria Planning Provisions and all planning schemes on 13 April 2017, and provide a consistent framework for the design and assessment of apartment developments in Victoria.

DELWP leads the reform of policy, legislation, regulation and systems to help protect our heritage and environment; build productive, sustainable and resilient communities; and achieve better outcomes for consumers and industry. The *Heritage Act 2017* received Royal Assent on 15 March 2017. The new Act modernises and improves the processes and protections provided under the previous Act. It will simplify key statutory processes to reduce regulatory burden and provide clarity and certainty for all users. It also improves compliance and enforcement to ensure higher level protection for state significant heritage and provides an appropriate fee structure for heritage approvals, appeals and penalties. Work is now focused on developing new regulations to support the *Heritage Act 2017* that are expected to come into operation in 2017-18.

Twenty projects were funded through the first round of the competitive grants stream of the Living Heritage Program announced in March 2017, including a \$700,000 Living Heritage grant for conservation works and other upgrades to the Reid's Coffee Palace building in Ballarat, now Reid's Guest House. It is run by Uniting Care and provides safe and secure accommodation for up to 60 vulnerable and disadvantaged locals every night. The grant will cover essential conservation works, as well as a reconfiguration of internal spaces and restoration of the building's prized decorative finishes.

Indicator: Efficient provision of timely and authoritative information on population growth and change

DELWP produces a number of publications which advise users on population growth and change, including a report on the supply, consumption and adequacy of residential and industrial land, and the updated annual state population projections.

One of the key publications, *Victoria in Future*, is produced annually. However due to the 2016 Census data being released in June 2017, which can significantly change the demographic detail of projections, it was decided that *Victoria in Future 2016* remain available as the official projection set of the state. DELWP is advising users of the possible changes due to new Census and population estimates, supporting users to continue to use the current projections under guidance until updates are completed in 2018.

In 2017-18, this indicator has been replaced by "Efficient provision of timely and authoritative information on population and land use". The new indicator provides a clearer indication of how DELWP supports government priorities through the delivery of data and research outputs.

Indicator: Efficient administration of Victoria's planning, building and heritage systems

The planning system supports Victoria's economy, and in 2016-17 more than 47,000 planning permits were issued through Victoria's planning system, delivering an outcome of around \$ 29.9 billion⁸ in estimated costs of works.

The Minister for Planning approved the development of several significant projects in 2016-17. A new development at Collins Wharf was approved on 8 March 2017. It includes five new public parks, and is set to create more than 3,000 direct and indirect jobs over the next eight years. The \$1.2 billion project will include an eco park, complete with an innovative floating wetland, and a Yarra Walk offering new access along the river.

Victoria is leading the nation in cutting development red tape and unnecessarily lengthy approval times. This is being achieved in part through providing critical assistance to regional and metropolitan councils to reduce processing times for major greenfield subdivisions and aiding in the rezoning of brownfield sites through the Streamlining for Growth Program, being led through the Victorian Planning Authority (VPA). The Smart Planning Program is working to simplify and modernise Victoria's planning rules and systems through cutting red tape, getting applications moving and making the planning process simpler. In 2016-17, the Smart Planning program introduced an expanded VicSmart 10 day fast track approval process. This captures simpler applications such as renovations for single storey homes, and is expected to double the amount of applications eligible for VicSmart from 4,000 to 8,000.

Indicator: Public participation in planning, building and heritage initiatives

DELWP oversees the planning, building and heritage systems and administers and delivers timely, accurate and well considered advice to support the Minister's decision making responsibilities under all legislation. Public participation in DELWP's planning, building and heritage initiatives is vital to the effective stewardship of these systems. Through our planning panel and advisory committee processes, we give the public the opportunity to have their say on planning issues and projects that matter to them. These include conducting community consultation processes and establishing specific committees to advise on planning reviews, development applications and amendments to planning schemes. Key advisory committee processes undertaken in 2016-17 include the Melbourne Metro Rail Inquiry, Residential Zones Standing Advisory Committee - Stage 3 and Macedon Ranges Protection Advisory Committee. In 2016-17, DELWP also engaged with the public as part of undertaking many significant pieces of work, such as *Plan Melbourne 2017-50*, the Residential Zones Review and the Smart Planning Program.

⁸ Figure based on 90 per cent of councils that had submitted a complete data set for the 2016-17 financial year at the time of reporting.

Output performance measures

Output: Planning, Building and Heritage

This output delivers programs to address the future growth and transformation of cities and regions through strategic and integrated land use planning; urban development, design and renewal; land supply; heritage conservation and management and regulatory reform. Through this output, DELWP administers the statutory responsibilities of the Minister for Planning and provides for fair and transparent planning, building and heritage systems.

This output makes a significant contribution to the achievement of the departmental objective of "A quality built environment".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					
Local governments undertaking work to support strategic planning for coastal settlements and areas	number	13	9	44.4	✓
<i>Planning projects are currently underway for 13 local governments: Bayside, East Gippsland, Frankston, Greater Geelong, Hobsons Bay, Kingston, Melbourne, Mornington Peninsula, Moyne, Port Phillip, Queenscliff, Wellington Shire and Wyndham.</i>					
Places or objects assessed for the Victorian Heritage Register	number	40	45	-11.1	■
<i>The lower than expected result in 2016-17 was due to an unforeseen shortage in expert staff to assess applications. This resulted in fewer applications processed early in 2017. This has now been addressed.</i>					
Research published: demographic and spatial trends	number	5	5	0	✓
Number of conservation projects funded for 'at risk' state significant heritage places and objects	number	38	24	58.3	✓
<i>A larger than expected number of projects (20) were funded through the first round of the competitive grants stream of the Living Heritage Program announced in March 2017.</i>					

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quality					
Community Infrastructure Fund projects completed that meet agreed project objectives	per cent	100	100	0	✓
Environment effects statements, referrals and assessments are completed effectively and within the timeframes necessary to meet targets in the Ministerial Guidelines	per cent	72	70	2.9	✓
Proportion of planning applications that proceed through VicSmart	per cent	7	7	0	✓
Projects delivered through the Planning support for councils initiative that meet agreed project objectives	per cent	100	100	0	✓
Percentage of amendments that are correct upon submission for approval	per cent	5	20	-75.0	■

This measure is the percentage of planning scheme amendments that are correct upon a council's submission to the department for approval, in instances where the Minister for Planning is not the responsible authority. The 2016–17 result is lower than the 2016–17 target because the system which will greatly improve the quality of a council's submissions is not due to be implemented until 2018–19, as part of the Smart Planning Program.

Timeliness					
Average number of days to issue an archaeological consent	days	11	30	63.3	✓
<i>The processing time for archaeological consents was faster than expected because many of the projects related to the Melbourne Metro Rail Project and the Level Crossing Removal Program, which are less complex to assess and process.</i>					
Average number of days to issue heritage certificates	days	5	7	28.6	✓
<i>The 2016–17 result is higher than the 2016–17 target due to processing efficiencies. All heritage certificates were issued within five business days.</i>					
Community Infrastructure Fund payments made within 21 days of completion of agreed milestones in funding agreement	per cent	95	95	0	✓
Heritage permits issued within initial 60 day statutory timeframes	per cent	97.5	90	8.3	✓
<i>The 2016–17 result is higher than the 2016–17 target due to greater efficiency and the less complex permit applications lodged during the year.</i>					

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Median number of days taken by the department to assess a planning scheme amendment	days	30	25	-20.0	■

The 2016–17 result reflects the continued focus of assessing and finalising older and highly complex planning scheme amendments. New resourcing and improved processing measures that boost the capacity to assess planning scheme amendments in a timely manner were implemented in the second half of the financial year.

Report annually on analysis of supply, consumption and adequacy of residential and industrial land	date	Dec 2016	Dec 2016	0	✓
State population projections reviewed and updated to inform State Budget delivery	date	Feb 2017	Feb 2017	0	✓
Victoria in Future data prepared to support infrastructure and service delivery planning	date	Not achieved	Jun 2017	n/a	■

Victoria in Future projections have not been updated for 2017 due to the timing of Census 2016 data release. Census 2016 data was released in late June 2017, at the same time as updated Census 2011-based projections were due for completion. New census data has the potential to significantly change the demographic detail of projections, and requires at least six months to be incorporated into new detailed projections. Therefore, Victoria in Future 2016 remains available as the official projection set of the state government and can be used under guidance until updates are complete in 2018.

Planning permit applications for new wind farms (excluding call-ins) prepared for determination within 45 days after completion of public notice and receipt of council response to public notice	per cent	100	70	42.9	✓
---	----------	-----	----	------	---

DELWP met all timelines for processing applications in 2016–17.

Cost					
Total output cost	\$ million	138.3	156.1	-11.4	■

The lower 2016–17 output cost predominantly relates to a delay in the Smart Planning program and Growth Areas Infrastructure Contribution funded projects.

Note:

- ✓ Performance target achieved or exceeded.

○ Performance target not achieved – within 5 per cent variance.

■ Performance target not achieved – exceeds 5 per cent variance.



Healthy, resilient and biodiverse environment

This objective delivers effective environment and biodiversity policy, programs, investment and regulation. It provides support for local communities and landholders engaged in environmental works, improves the transparency and delivery of environmental regulation, provides effective governance and investment in environmental programs and provides effective policy for environmental outcomes and resource efficiency.

DELWP leads the development and implementation of strategic regulation and investment in environmental and natural resource programs, working with partners and local communities to deliver outcomes across Victoria.

Progress towards achieving this objective

Context and performance trends

Victoria's natural environment is richly diverse, unique and precious. There are more than 5,000 plants and 1,200 vertebrate animals native to Victoria. However, over a third of these species are classified as rare, threatened or near-threatened. There is a continued decline in the quality and extent of habitat of native species. Victoria's natural environment faces a range of pressures, including fire, invasive species, resource use, extreme weather events and changing land use. Victoria's growing population increases these pressures, which can have substantial impacts on Victoria's unique flora and fauna. Protecting and restoring biodiversity underpins the wellbeing of the environment and economy.

Biodiversity has been historically under-valued, yet it provides enormous benefits to society. It is fundamental to the health, wellbeing and prosperity of current and future generations. It reduces the impacts of climate change and it is fundamental to the cultural practices of Aboriginal Victorians. Moreover, is vital to Victoria's tourism – our parks alone bring \$1.4 billion in to the Victorian economy each year.

On 4 April 2017, Victoria's new biodiversity plan, *Protecting Victoria's Environment – Biodiversity 2037*, was released. It is an ambitious and forward looking plan to stop the decline of our native plants and animals and achieve overall biodiversity improvement over the next 20 years. From 2017-18, the Andrews Labor Government is investing \$86.3 million to implement the Plan. A significant portion of this investment will go to on-ground actions to stop the decline of Victoria's unique biodiversity. This will create 200 direct regional jobs and between 1,200 and 2,000 indirect regional jobs.

A joint ministerial statement "*Victorian memorandum for Health and Nature*" was issued by the Minister for Health and the Minister for Energy, Environment and Climate Change in tandem with the release of *Biodiversity 2037*. The statement emphasises the benefits of spending time in nature to peoples' health and wellbeing and promotes further integration between the health and environment sectors to better realise these benefits.

On 30 January 2017, the Minister for Energy, Environment and Climate Change announced a review of the *Flora and Fauna Guarantee Act 1988* in response to the decline in Victoria's biodiversity. The Act will be reviewed to ensure that it is both modern and effective. Communities were consulted and provided feedback to DELWP in March 2017 to ensure that changes in the Act reflect how we can work together to protect Victoria's biodiversity.

DELWP has delivered on-ground actions aimed at improving biodiversity. In April 2017, 100 captive-bred Regent Honeyeaters were released at the Chiltern Mt Pilot National Park, which is considered Victoria's key habitat location for the species. The Regent Honeyeater (pictured on the cover) is listed as 'threatened' under the *Flora and Fauna Guarantee Act 1988*.

Koala management programs in Cape Otway and French Island have yielded positive results during 2016-17. Victoria has areas of high koala population density, which can cause over-browsing of native vegetation, negative impacts on the health of koala populations, koala welfare and the habitat. Koala management programs undertaken in Cape Otway and French Island involve translocation, fertility control and health checks. In Cape Otway, the mean koala density across private properties has declined from 13.9 per hectare in October 2015 to 4.7 in December 2016. Latest monitoring by the Conservation Ecology Centre in March 2017 indicates an average density of 4.2 koalas per hectare following the 2016 spring program.

Following the closure of the Point Henry Aluminium Smelter and the associated coal mine and power station in 2015, DELWP initiated the Anglesea Futures Community Conversations series in conjunction with Surf Coast Shire Council and Parks Victoria. On 2 February 2017, the early surrender of the Anglesea Heath to the Great Otway National Park was announced. This land was formerly leased to Alcoa until August 2061. Legislation to incorporate the heath into the national park was introduced into Parliament in June 2017.

At today's rates, Victorians are projected to generate 60 per cent more waste by 2043 – over 20 million tonnes each year. Waste and resource recovery infrastructure and services to manage this waste are essential for Victoria. Waste planning must meet the needs of our growing population, while delivering positive economic, amenity and environmental outcomes. On 12 October 2016, the *Metropolitan Waste and Resource Recovery Implementation Plan* was released. Together with the *Statewide Waste and Resource Recovery Infrastructure Plan*, these plans set out Victoria's waste and resource recovery infrastructure needs and opportunities for investment over the next 10 years, with a 30-year outlook. They will increase Victoria's resource recovery rate, decrease reliance on landfills and promote waste as a resource. The plans highlight opportunities to deliver community, environmental and economic benefits while managing the waste produced by Victoria's growing population.

E-waste is growing three times faster than any other waste stream. The Andrews Labor Government has committed to banning e-waste from landfill and has allocated funding to build an appropriate e-waste collection network that all Victorians can access. The ban will be implemented through statutory policies under the *Environment Protection Act 1970*, and supported by a number of other non-regulatory measures. This will provide an opportunity to reduce waste to landfill, increase resource recovery, as well as support jobs and investment in the recycling industry in Victoria. A statewide education and awareness campaign will also be designed to help Victorians understand what e-waste is and their obligations under the new policies.

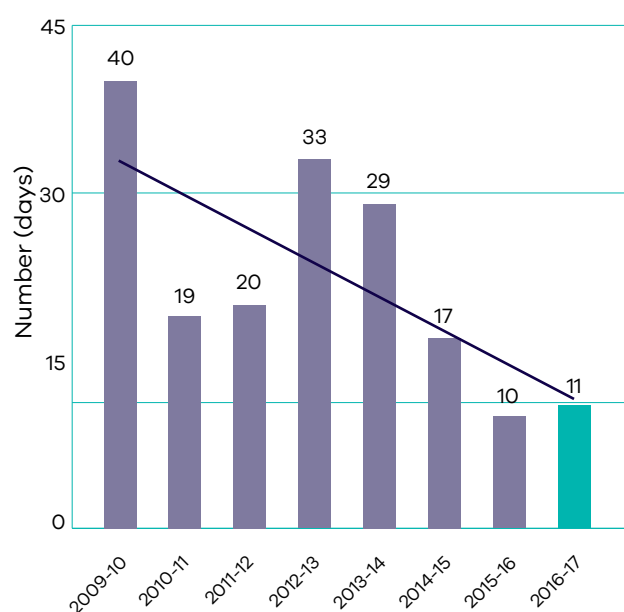
The *Independent Inquiry into Victoria's Environment Protection Authority* was completed in March 2016. The inquiry made 48 recommendations to government about how the Environment Protection Authority (EPA) can be equipped to meet the environment and human health challenges of today and the future. On 17 January 2017, the government released its response to the Inquiry. The government response commits to a once-in-a-generation transformation of the EPA to equip it for the future. A modernised environment protection framework with increased resourcing will ensure that the EPA can continue to protect the health of Victorians, our environment and our world-recognised liveability as Victoria's population continues to grow. The government response supports in full 40 of the 48 recommendations, with seven supported in principle, and one supported in part. To this end, the Minister for Energy, Environment and Climate Change introduced the *Environment Protection Bill 2017* into Parliament on 6 June 2017. This is the first of two bills to overhaul the 47-year-old *Environment Protection Act 1970* and replace it with modernised and fit-for-purpose legislation.

Indicator: Reduction in pollutants from priority hotspots

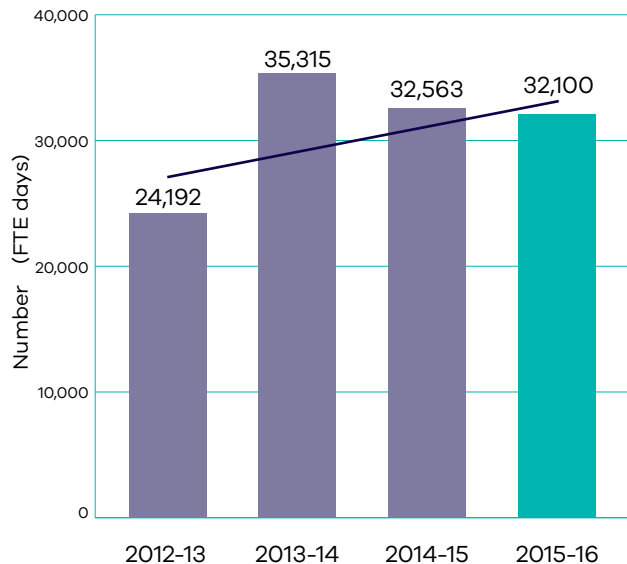
A good measure of pollution is to look at the days where the level of dust particles measured as PM_{10} exceeded the limit. PM_{10} particles are particles in the air with a diameter less than 10 micrometres. These particles can be a variety of shapes and sizes and are small enough to get into the lungs and can cause health problems. Sources of these particles include combustion, crushing or grinding operations, pollen, road dust and sea salt. EPA monitors PM_{10} in Victoria's air through AirWatch.

In 2015-16, a significant amount of work was undertaken to seal roads in the industrial area of Brooklyn, in Melbourne's north-west. This resulted in a significant reduction in the days where the dust levels exceeded the limit. Only 10 days exceeded the level in 2015-16, compared to 17 in 2014-15, a 41 per cent reduction in pollutants from priority hotspots. In 2016-17, the industrial area of Brooklyn recorded 11 days where the dust level exceeded the limit, compared to 10 days the previous year. This additional day equates to a 10 per cent increase in pollutants recorded in priority hotspots. This result is attributed to weather events and fuel reduction burns throughout autumn.

Days where dust levels (PM_{10}) exceeded the limit



Indicator: Participation in community-based environmental programs



Volunteers participating in community-based environmental events and programs have contributed about 32,000 FTE days to Landcare related community activities over 2016-17. This estimate is based on the reported 2015-16 actual total of 32,100 days, reported by 65 of Victoria's 68 Landcare facilitators, funded through the Victorian Landcare Facilitator program. The actual number of FTE days for 2016-17 will be reported in the 2017-18 DELWP Annual Report.

Landcare celebrated its 30 year anniversary in November 2016. A recognition event held at Parliament House was attended by over 300 community Landcarers.

We will continue to support participation in environmental activities and on-ground works across the state by a diverse range of local community-based natural resource management groups such as Landcare. Additional funding of 10 new Landcare facilitator positions in 2016-17 has resulted in 45 more Landcare groups receiving Landcare facilitator support across Victoria.

Victoria is a leader in catchment management and DELWP works closely with the Victorian Catchment Management Council, Catchment Management Authorities and communities to manage our catchments and their land, water and biodiversity resources. In June 2017, an event was held at Parliament House to acknowledge and celebrate the 20th anniversary of catchment management in Victoria. The event recognised the work of the dedicated individuals who have made a significant contribution to catchment management at a local or regional level. The inaugural Catchments Summit "Working Better Together" was also held in Melbourne in June 2017.

Output performance measures

Output: Environment, biodiversity and climate change ⁹

This output leads the development and implementation of strategic, whole-of-government environmental policy and delivers investment, regulatory and research functions that support Victoria's diverse and resilient ecosystems.

This output makes a significant contribution to the achievement of the departmental objective of "Healthy, resilient and biodiverse environment".

Output performance measures	Unit of measure	2016-17 actual	2016-17 target	Performance variation (%)	Result ¹
Quantity					
Area of revegetation protected or enhanced through departmental supported Landcare activities	hectares	1,500	1,500	0	✓
Victorian Landcare Groups supported by a facilitator	number	440	395	11.4	✓
<i>Forty-five more Landcare Groups are now receiving Landcare facilitator support as a result of the funding of 10 new Landcare facilitator positions in 2016-17. The 2017-18 target has been increased to 435.</i>					
Quality					
Completion of annual reporting and board appointment processes in accordance with legislation	per cent	100	100	0	✓
Presentations made and scientific publications in peer reviewed journals	number	63	60	5.0	✓
Timeliness					
Native Vegetation Credit Extracts processed within 10 days	per cent	98	90	8.9	✓
<i>The 2016-17 result is higher than the 2016-17 target due to increased efficiencies in the processing of Native Vegetation Credit extracts in 2016-17.</i>					
Planning referrals relating to native vegetation processed within statutory timeframes	per cent	86	80	7.5	✓
<i>The 2016-17 result is higher than the 2016-17 target due to improved processes and additional resources, which enabled DELWP to respond to 86 per cent of referrals within the statutory timeframe (28 days).</i>					
Wildlife Licence renewals processed by target dates	per cent	96	96	0	✓
Cost					
Total output cost	\$ million	135.8 ¹⁰	134.2	1.2	○

Note:

- 1 ✓ Performance target achieved or exceeded.
 ○ Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.

⁹ During 2016-17, a new departmental objective was created: "Zero emission, climate-ready economy and community". As a result, the climate change component of the "Environment, Biodiversity and Climate Change" output has moved to this new departmental objective. The environment and biodiversity components are reported under the "Healthy, resilient and biodiverse environment" departmental objective.

¹⁰ The output cost target and actual for this output are the same as the output cost target and actual for the "Environment, biodiversity and climate change" output under the "Zero emission, climate-ready economy and community" departmental objective.

Output: Statutory Activities and Environment Protection

This output effectively regulates pollution through statutory and non-statutory tools and settings, conducts enforcement activities and undertakes environmental condition monitoring and research. These activities protect and improve the environment to support a liveable and prosperous state by delivering clean air, healthy waterways, safe land, less waste and minimal disturbances from noise and odour for Victorians.

This output focuses on reducing local pollution problems, working with stakeholders to improve environmental outcomes and using knowledge and science to underpin decision making to shape Victoria's environmental future. Through collaboration, communication and information programs, this output enables greater community involvement in, and ownership of, environmental issues.

This output makes a significant contribution to the achievement of the departmental objective of "Healthy, resilient and biodiverse environment".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					
Environmental condition research reports issued, improvement tools, guidelines, policies, systems and plans completed and issued	number	50	54	-7.4	■
<i>This measure refers to publications released. EPA did not publish some publications as planned in 2016-17. In some cases, EPA published information in more user friendly forms, for example on its website rather than in a publication.</i>					
EPA notices issued for illegal dumping of waste	number	77	70	10.0	✓
<i>Remedial Notices are one of the several activities EPA conducts as part of its focus on Illegal Dumping through its Illegal Dumping Strikeforce Program. This measure is driven by reports by the public and is not fully controlled by the EPA. DELWP has proposed that this measure be removed from 2017-18.</i>					
Quality					
EPA prosecutions are successful, and conditions in enforceable undertakings are focused on improving environmental performance	per cent	100	90	11.1	✓
<i>EPA anticipates successful outcomes for all prosecutions completed in 2016-17.</i>					
Land audits submitted by EPA appointed auditors are reviewed to ensure compliance with statutory requirements and guidelines	per cent	100	90	11.1	✓
<i>As part of a focus on ensuring compliance with statutory requirements, EPA has reviewed all land audits.</i>					
Notices complied with by due date or escalation in line with Compliance and Enforcement policy	per cent	94	90	4.4	✓

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Timeliness					
Pollution reporters requesting follow-up by EPA receive contact within three working days	per cent	97	80	21.3	✓
<i>The 2016-17 result is well above the 2016-17 target due to the ongoing commitment and effort towards improving customer service.</i>					
Works approvals and licences completed within required statutory timelines	per cent	100	96	4.2	✓
Cost					
Total output cost	\$ million	102.2	96.4	6.0	■
<i>The higher than budgeted 2016-17 output cost predominately relates to an increase in the outlay of the Sustainability Fund to General Government Portfolio Agencies.</i>					

Note:

- 1 ✓ Performance target achieved or exceeded.
 ○ Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.



Productive and effective land management

This objective delivers effective management and governance of Victoria's public land to protect its social, economic and environmental values and maximise its use by all Victorians.

DELWP works with statutory agencies, committees, local government and Traditional Owners to ensure that land is productive and is used in a sustainable manner; infrastructure on public land and in coastal environments is appropriate and well managed; the condition of marine, coastal and estuarine environments is protected, maintained and improved and that key biodiversity assets, priority habitats and ecological processes are healthy and secure.

DELWP also provides quality land information services, including comprehensive and accessible spatial information, to support integrated planning and decision making and ensure confidence in the integrity and efficiency of the property system.

Progress towards achieving this objective

Context and performance trends

Victoria's natural ecosystems and landscapes support jobs, wildlife and liveability. Our public land estate provides economic benefits for regional communities and supports key ecosystem services and recreational opportunities. They are also public assets that rely on government intervention for their preservation. Victoria's natural environment is being impacted by three major interacting pressures: climate change, human population growth and the demands of supporting human lifestyles.

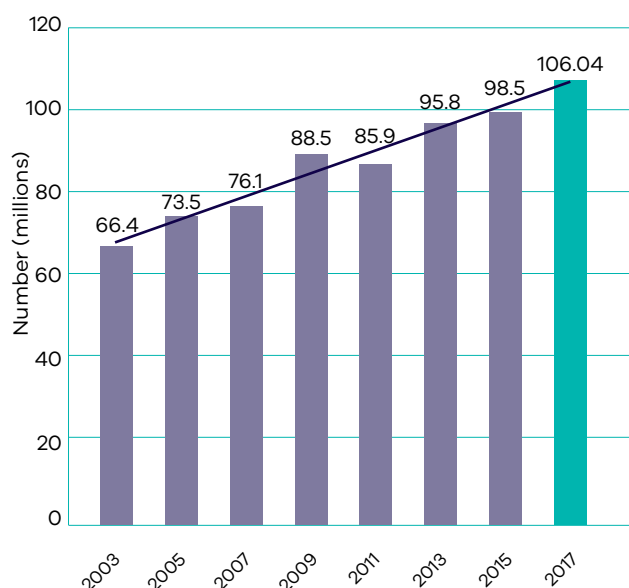
Victoria's public land, including its parks, forests, coasts and Crown land reserves, has significant economic, environmental, cultural and recreational value. DELWP and its portfolio partners manage just under 9 million hectares of public land – including nearly 3.2 million hectares of state forest, almost 4.2 million hectares of parks and reserves, and more than 864,000 hectares of coastal waters to the 3 nautical mile limit.

Victoria's parks and forests are highly valued by the community. They provide beautiful landscapes, habitats to protect flora and fauna, areas to conserve cultural heritage, and contribute significantly to the state's economy. A 2015 study, *Valuing Victoria's Parks*, showed tourists spend \$1.4 billion per year in Victoria related to their visits to parks, adding 14,000 jobs to the state's economy. The Victorian Government has invested significantly in Parks Victoria, which is responsible for managing an estate covering more than 4 million hectares, or about 17 per cent, of Victoria. The 2017-18 budget provides Parks Victoria with additional resources to ensure safe and equitable access to parks and the benefits they provide. The Parks Victoria website will be redeveloped to improve usability and provide additional information for park users around the state. A new asset management system will also be implemented to assist in the maintenance and replacement of the large asset base of Parks Victoria.

Visitor numbers to the public land estate continue to increase. The number of visits to the public land estate managed by the department's portfolio agencies for 2016-17 was 110.37 million, 7.62 million more than in 2015-16 when 102.75 million visitors were recorded. This figure has been calculated using the data provided from Parks Victoria, Royal Botanic Gardens and Zoos Victoria.

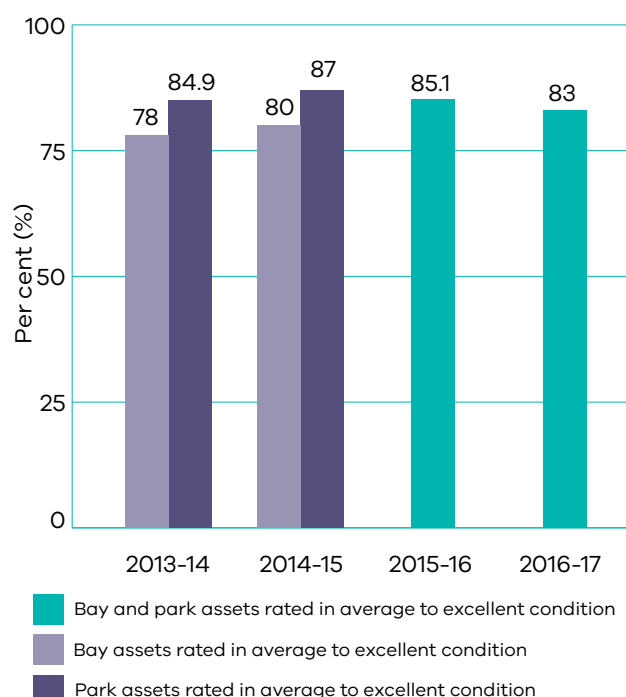
In 2016-17, 2.42 million people visited Melbourne Zoo, Healesville Sanctuary and Werribee Open Range Zoo. Of those visitors, 836,000 were children (excluding school groups). Approximately 554,000 children attended one of Zoos Victoria's sites under the Zoos Victoria's Kids Free policy, introduced in 2011. The Zoos Victoria's Kids Free policy provides free access to Melbourne Zoo, Healesville Sanctuary and Werribee Open Range Zoo for children under the age of 16 on weekends, Victorian public holidays and school holidays. The policy promotes engagement with the community, provides affordable recreational activities for families, and facilitates positive education outcomes for children. The 2017-18 Victorian Budget provides \$5.8 million to continue the Kids Free policy initiative for another two years.

Indicator: Number of visits to the public land estate managed by the Department's portfolio agencies: Parks Victoria



Parks Victoria recorded around 106.04 million visitors, against a target range of 93-97 million, in the most recent Visitor Number Monitor survey, which is conducted biennially. This is a significant increase on the 2015 result. This measure includes visits to both parks and marine-based facilities.

Indicator: Bay and park assets rated in average to excellent condition



Our bays and coasts are important to all Victorians and are special places for us to live, visit and work. Healthy coastal and marine environments support biodiversity, wellbeing, business and recreation. Each year, Parks Victoria measures the bay and park assets rated in average to excellent condition. This measure helps to inform asset investment and maintenance. In 2016-17, 78 per cent of bay assets and 88 per cent of park assets were rated in average to excellent condition – an average of 83 per cent. A high number of improvement and maintenance works for built bay assets were completed, including repair work to fix assets damaged by storm and flood activity.

A consultation paper for a new Marine and Coastal Act was released in August 2016 for public consultation and the department received 115 submissions. The new Marine and Coastal Act aims to improve management and oversight arrangements for marine and coastal areas. The new Act will provide a more streamlined approach and ensure that there is less complexity and fragmentation in the laws applicable to our coasts and sea. Legislation is expected to be introduced to Parliament in late 2017 and a transition plan for non-legislative reforms is also currently being developed.

The development of a safe harbour at Portarlington is nearing completion. This project supports the Bellarine Peninsula's growing aquaculture industry and helps boost economic development in the region. The completed harbour will also provide all-weather access for commercial fishing, recreational vessels and a passenger ferry service. Significant progress has been made with the commercial berthing jetty completed in December 2016 and the breakwater works completed in May 2017.

DELWP's 2017 *Summer by the Sea* program hosted more than 200 free guided activities across the state for all ages and interests. The program provides an opportunity to discover Victoria's coastal and marine environments through activities such as rockpool rambles, snorkelling, coastal discovery walks and Junior Ranger events. The 2017 program partnered with the Disabled Divers Association to organise an event at Beaumaris beach to help people of various abilities gain confidence in accessing the beach, and to provide a fun snorkelling experience to people who may not have had the opportunity or the support they required previously. The event was a resounding success.

Work on a number of iconic sites around the state has been completed or substantially progressed. The restoration of the Palais Theatre in St Kilda was completed in March 2017. The restoration addresses a range of statutory building code and disability access requirements and improves the theatre's exterior. The City of Port Phillip is responsible for the management of the site and chose Live Nation Australia Venues as the theatre's new long term tenant after a comprehensive evaluation of competing offers. The new lease commenced on 1 April 2017 and will run for 30 years.

A Hanging Rock Masterplan is under development for the Hanging Rock Precinct to ensure it is properly maintained and ready to support appropriate future investment. The Hanging Rock Precinct has state heritage and national environmental significance, and holds deep spiritual connection to the Taungurung, Dja Dja Wurrung and Wurundjeri Traditional Owners. The costs of human impact on flora and fauna, erosion to the Rock itself and culturally sensitive areas are rising, therefore preserving the precinct has become more critical. Development of the Masterplan commenced in June 2016. DELWP and the Macedon Ranges Shire Council released an options paper in April 2017 for public consultation.

The Victorian Government has committed \$2.0 million through the Regional Infrastructure Fund towards the construction of a world-class mountain bike park at Harcourt in central Victoria. The project is running to schedule for completion early in 2018 and will deliver significant tourism, economic and health benefits to the region. A community reference group is leading the development of a feasibility study and masterplan with strong support from local businesses, local government and the community. Extensive community consultation has also taken place involving adjoining landholders, Dja Dja Wurrung Clans Aboriginal Corporation and Parks Victoria.

Our partnerships with Traditional Owners are integral to the management of our parks and other Crown lands, such as state forests and coastal reserves. On 30 March 2017, the Special Minister of State, along with senior DELWP representatives, met with the Gunditjmara Traditional Owners to mark the official name change of Mt Eccles National Park to Budj Bim National Park. The renaming of places to their traditional names is a very important part of reconciliation with Aboriginal communities. The Federal Government has made a submission to the UNESCO World Heritage Centre to include the Budj Bim region on the World Heritage Tentative list.

On 24 January 2017, the Minister for Energy, Environment and Climate Change launched the Alpine Resorts Governance Reform project, part of the broader Alpine Resorts Futures Project. The reform will assist the alpine sector to grow tourism and recreational opportunities, which contributed \$950 million in gross state product and provided approximately 9,000 jobs in the 2016 winter season. The six Victorian resorts that are covered by the Alpine Resorts Governance Reform are Mount Buller, Falls Creek, Mount Hotham, Mount Baw Baw, Mount Stirling and Lake Mountain. There are two models proposed in the discussion paper, both with the aim of streamlining Alpine resort governance and ensuring the resorts remain viable into the future.

Indicator: Efficient provision of timely and authoritative land administration and property information services



DELWP supports economic development by providing land administration and information services to property buyers and sellers, developers, councils, conveyancers, surveyors and financial institutions. DELWP provides a wide range of property information to the public including title, survey and property sales data on a cost-recovery basis. We also protect property rights by maintaining the land and water registers to ensure that ownership changes and subdivisions are accurately recorded and registered. DELWP's land title systems, which minimise transaction costs, are a key aspect of Victoria's attractiveness for new private investment in commercial and residential developments.

Performance against a range of key land administration and property information service deliverables continued at a high standard resulting in DELWP maintaining the efficient provision of timely and authoritative land administration and property information services at 100 per cent in 2016-17. In fact, the number of title searches and dealings registered were the highest on record in 2016-17, with 2,463,303 title searches conducted, against a target of 2,200,000 (11 per cent more than anticipated) and more than 75,000 additional property transfers (8.5 per cent higher than planned) occurred in 2016-17 than anticipated, totalling 875,142. There was a shortfall in the new titles created within three weeks or 15 business days, but in most cases, the target was met.

Output performance measures

Output: Management of Forests, Parks and Public Land

This output provides for the improved stewardship of Victoria's public land estate including forests, parks, coasts and Crown land reserves. Through this output, DELWP manages the development and protection of natural, cultural and community assets for the enjoyment and sustainable use by all Victorians. DELWP works to ensure natural, built and historic assets are managed responsibly, and incorporates management of public land in partnership with statutory agencies, committees and local government.

This output makes a significant contribution to the achievement of the departmental objective of "Productive and effective land management".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					
Crown land leases directly managed by the Department	number	703	684	2.8	✓
Crown land licenses directly managed by the Department	number (000)	45	43	4.7	✓
Maps generated on Land Channel	number (million)	19.3	17.5	10.3	✓
<i>A greater than expected demand led to increased use of the Land Channel in 2016-17.</i>					
Activities undertaken by Coastcare Victoria participants	number	600	600	0	✓
Area treated to minimise the impact of pest plants, pest animals and over abundant native animals in parks managed by Parks Victoria	hectares (000)	1 100	1 100	0	✓
Visitors to the Royal Botanic Gardens in Melbourne and Cranbourne	number (million)	1.91	1.6–2.0	0	✓
Visits to Parks Victoria managed estate	number (million)	106.04	93–97	9.3	✓
<i>The 2016-17 result is higher than the 2016-17 target. Contributing to this was a 28 per cent increase in visitation to national and state parks and a 44 per cent increase in visits to metropolitan parks. A change in survey methodology has led to a more representative sample than in previous years. (The variance has been based on the upper figure of 97 million visitors.)</i>					
Reports generated on Land Channel	number (million)	3.8	3.9	-2.6	○
Specimens curated in the State Botanical Collection	number	28 209	12 100	133.1	✓
<i>The 2016-17 result is higher than the 2016-17 target due to Royal Botanic Gardens successfully obtaining additional once-off funding for this purpose.</i>					
Total area of estate managed by Parks Victoria	hectares (000)	4 111	4 104	0.2	✓
Visitors to Zoos Victoria at Melbourne, Werribee and Healesville	number (million)	2.42	2.49	-2.8	○

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quality					
Audited Vicmap digital map base not requiring correction	per cent	98	98	0	✓
Foreshore protection assets around Port Phillip and Western Port Bays rated as 'good' to 'very good' condition	per cent	Not available	55	n/a	■
<i>Data was not available at the time of reporting to provide a result for this measure. A new asset management system is being developed to report on coastal protection assets. A new measure 'Coastal protection infrastructure projects delivered' has been introduced in 2017-18 to more accurately reflect the ongoing workload of the program and provide assurance that DELWP is continuing to manage foreshore protection assets. DELWP managed six major projects in 2016-17 and is planning to conduct another six major projects in 2017-18.</i>					
Level of compliance with environmental regulatory framework for commercial timber operations as required by the Forest Audit Program	per cent	81	90	-10.0	■
<i>Findings by auditors is that non-compliance in 2016-17 relates to waterway and rainforest issues. DELWP is continuing to work with VicForests to increase compliance rates. New investment secured through the 2017-18 budget will be used to strengthen DELWP's compliance and regulation activities and deliver best practice in risk-based and intelligence-led regulation, compliance and enforcement. As part of this, DELWP will look to create clearer laws and use more contemporary compliance tools aimed at increasing voluntary compliance.</i>					
Publicly elected Committees of Management that have a current statutory appointment	per cent	92	90	2.2	✓
Recreational facilities in state forests with a life expectancy greater than five years	per cent	82	75	9.3	✓
<i>Performance is above target due to large scale replacement of recreational assets and facilities after the 2009 bushfires and 2010-11 floods.</i>					
Significant built bay assets managed by Parks Victoria rated in average to excellent condition	per cent	78	75	4.0	✓
Significant built park assets managed by Parks Victoria rated in average to excellent condition	per cent	88	88	0	✓
Timeliness					
Rent reviews of Department managed Crown land leases undertaken within specified timeframes	per cent	92	95	-3.2	○
Update transactions for the Vicmap digital map base processed within the required timeframes	per cent	98	98	0	✓

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Cost					

Total output cost	\$ million	355.1	321.8	10.3	■
--------------------------	------------	-------	-------	------	---

The higher 2016-17 output cost is attributable to additional Parks Victoria funding in relation to Strengthening Parks Victoria, additional funding for Palais Theatre restoration and supplementation from the Treasurer's Advance to meet costs associated with Small Alpine Resort - Mt Baw Baw and Lake Mountain, and Zoo Victoria's Fighting Extinction Fund.

Note:

- 1
- ✓ Performance target achieved or exceeded.
 - Performance target not achieved – within 5 per cent variance.
 - Performance target not achieved – exceeds 5 per cent variance.

Output: Land Victoria

This output delivers high-quality and authoritative land administration and property information services, including the registration of land titles under the Torrens system, survey, valuation and property sales and planning and property certificates.

This output makes a significant contribution to the achievement of the departmental objective of "Productive and effective land management".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					

Planning certificates issued	number (000)	63.2	55	14.9	✓
------------------------------	--------------	------	----	------	---

This performance measure is largely demand driven. The 2016-17 result reflects higher than expected property dealings. This trend is expected to continue, particularly in relation to subdivisions. The 2017-18 target has been adjusted accordingly to 60,000.

Property transfers, discharge of mortgages and registration of new mortgages	number (000)	875.1	800	9.4	✓
--	--------------	-------	-----	-----	---

This performance measure is largely demand driven. The 2016-17 result reflects higher than expected property dealings. This higher performance is not expected to continue and therefore, the 2017-18 target remains at 800,000.

Proportion of title searches supplied (remotely) online	per cent	98.6	98	0.6	✓
---	----------	------	----	-----	---

Title searches supplied	number (000)	2 463.3	2 220	11.0	✓
-------------------------	--------------	---------	-------	------	---

This performance measure is largely demand driven. The 2016-17 result reflects higher than expected property dealings. This higher demand is not expected to continue and therefore, the 2017-18 target remains at 2,220,000.

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quality					
Government owned properties sold, bought or leased within 10 per cent of valuation	per cent	80	80	0	✓
Timeliness					
Land dealings registered within five days	per cent	99.5	95	4.7	✓
New titles (subdivisions) created within three weeks	per cent	63.4	95	-33.3	■
<p><i>Over the past 12 months there has been a significant increase in lodgement, and complexity, of plans of subdivision, resulting in longer processing times. At the same time, there was a shortfall in expert staff. Land Use Victoria has recently recruited additional staff who will be trained in the competencies required to register plans. Land Use Victoria is also trialling a priority registration service for plans of subdivision with ten or more lots to increase the number of lots to market.</i></p>					
Cost					
Total output cost	\$ million	112.5	77.0	46.1	■
<p><i>The higher than budgeted 2016-17 output cost predominately relates to greater than expected land registration services and Landata services resulting from an improved property market and supplementation from the Treasurer's Advance to meet costs associated with the establishment of Land Use Victoria.</i></p>					

Note:

- 1 ✓ Performance target achieved or exceeded.
 ○ Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.



Safe and sustainable water resources

This objective increases the efficiency of supply and use of water in cities and towns and improves environmental conditions of waterways to ensure Victoria has safe and sustainable water resources to meet future urban, rural and environmental needs.

DELWP works in partnership with water corporations, catchment management authorities, government agencies, industry and the community to balance the economic, environmental and social values of water. This helps to deliver secure water supplies, greener and liveable cities and towns, and healthy waterways and aquifers.

Progress towards achieving this objective

Context and performance trends

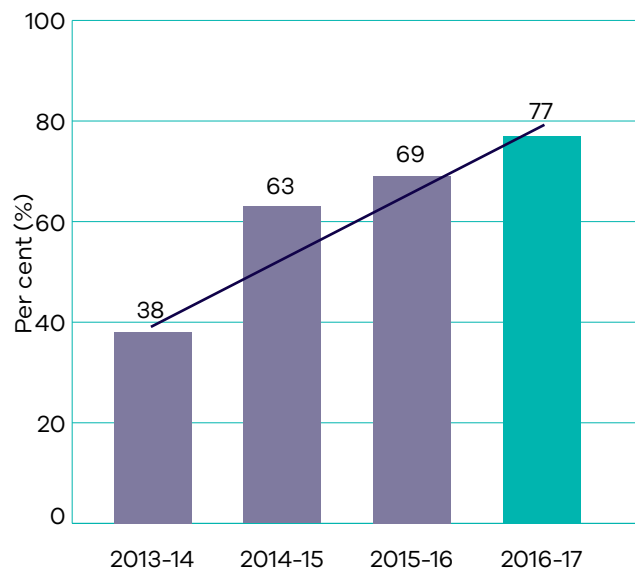
Water is a public resource that is essential for the environment, community health and wellbeing and economic sustainability. Over the long term, the impacts of climate change will result in more extreme climatic events, less rainfall, and reduction in streamflow. Victoria's population is expected to almost double by 2051 placing further demand on water resources. Our challenge is to do more with less water.

DELWP is implementing *Water for Victoria*, a new water plan released in October 2016 to improve urban and rural water security and provide for productive agriculture, industry, liveable, sustainable and growing communities and a healthy environment. Priorities for the water plan include: responding to climate change; managing waterway and catchment health; managing water for agriculture; developing resilient and liveable cities and towns; recognising and managing for Aboriginal and recreational values; strengthening our water management frameworks; realising the potential of water grid and markets; and supporting jobs, economic growth and innovation.

The Victorian Government has allocated the remaining funding from the third tranche of the Environmental Contribution and committed a further \$537 million of new Environmental Contribution funding over four years to deliver *Water for Victoria*. A significant portion of that investment - \$222 million - will help improve the health of our waterways and catchments. Other investments include irrigation modernisation and improving on-farm water use (\$59.6 million), upgrades of rural water systems (\$58 million), preparing for floods and emergencies (\$25 million), and support for Aboriginal participation in water decisions and access to water (\$9.7 million). In 2016-17, DELWP progressed the establishment of an Aboriginal Water Program through the establishment of a Water for Country Project Control Group with Aboriginal representatives from across Victoria, and progressed funding for regional projects supporting Aboriginal communities.

During 2016-17 approximately \$162 million of state and commonwealth funding was spent on delivering water infrastructure projects in rural Victoria. These projects will generate water savings, increase water security and services delivered to water users, and enable farmers to improve their farming practices and manage water security risks.

Indicator: Proportion of properties completely connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts)



The proportion of properties completely connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts) has increased from 38 to 77 per cent over 2013-14 to 2016-17. During 2016-17, practical completion of the Macalister Irrigation District 2030 Phase 1A Project was reached. In May 2017, construction of the Macalister Irrigation District Phase 1B commenced. A successful reset of the GMW Connections project was also achieved in 2016-17. A number of other key milestones were met in delivering water infrastructure projects in rural Victoria, including the completion of stage one of the Bacchus Marsh Irrigation District Modernisation project in December 2016; commencement of stage

one of the Werribee Irrigation District Modernisation project in mid May 2017; completion of stage one of the South West Loddon Rural Water Supply project in December 2016; and the completion of works for the Sunraysia Modernisation project.

Victoria continues to support the delivery of the Murray-Darling Basin Plan in a way that balances social, economic and environmental outcomes. Victoria's Basin Plan water recovery target is 1,075 GL. Victoria already achieved, or identified projects to achieve, more than 75 per cent of this. At the Murray-Darling Basin Ministerial Council meeting in June 2017, Ministers endorsed the final package of Sustainable Diversion Limit Adjustment Mechanism projects. The Murray-Darling Basin Ministerial Council has also commissioned independent advice on how an additional 450 GL can be delivered in a way that avoids negative socio-economic impacts. This work has now commenced and is due in late 2017. Victoria's recent socio-economic study on the impacts of the Basin Plan in Victoria will be a key to understanding the potential impacts of any additional water recovery. The government has prepared a draft Water Resource Plan for the Wimmera-Mallee as part of our implementation of the Murray-Darling Basin Plan. The draft plan outlines how Victoria is meeting our Basin Plan requirements for the region, including an explanation of the region's water resources, and our existing water management framework.

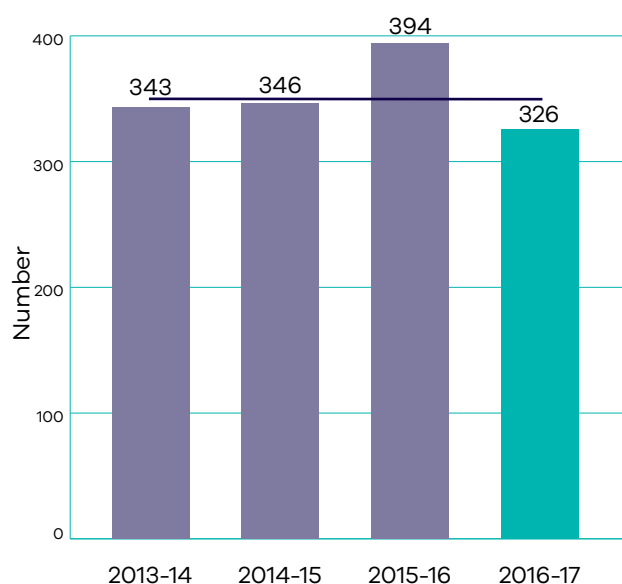
The Andrews Labor Government ordered 50 GL of water from the Victorian Desalination Project for 2016-17. The Government also announced that minimum water orders of at least 15 GL will be made for each of the next three years to guarantee continued water security, better plant and pipeline management and smoother pricing for water customers. In 2017-18, the Government will not be ordering an amount above the 15 GL minimum. Importantly, Melbourne households will not face additional charges on their water bills for the 15 GL minimum water orders or the 50 GL order made for 2016-17.

The Sustainable Water Fund – Community Sport and Recreation program provided support to 24 communities in North West Victoria to help implement sustainable water management practices at community sport and recreation facilities. A total of 27 projects shared in \$2.4 million of grants up to \$150,000 to maintain use of sports grounds and recreation facilities during drought conditions; improve water use efficiency and increase access to secure water supplies. Sporting clubs, schools, councils and recreation facility managers have reduced their reliance on potable water, harvested rain and stormwater, improved irrigation using recycled water for sports fields, planted drought resistant turf and invested in water-efficient assets including synthetic surfaces.

The Schools Water Efficiency Program continues to have a positive effect. Since 2012 the program has helped find leaks, save water and promote water education, collectively saving more than 3.8 billion litres of drinking water and \$10.5 million in water charges for our schools. There are 923 schools registered with the program in Victoria.

DELWP also works to improve the environmental condition of waterways through state and regional strategies for waterway management, efficient management of environmental water and statewide investment in on-ground works.

Indicator: Number of river reaches/wetlands with maintained or improved environmental condition



The number of river reaches and wetlands with maintained or improved environmental condition decreased in 2016-17 to 326, down from 394 in 2015-16. The number of sites where water has been delivered depends on favourable seasonal conditions, environmental need, water availability and whether the site is a part of the environmental water program. Higher than usual rainfall in many systems during the period August to October 2016 reduced the need for some environmental water delivery. These same high flows also caused significant flooding in several areas in the state, reducing the ability to deliver on-ground works during the period.

Output performance measures

Output: Effective Water Management and Supply

This output develops policies, provides strategic advice and oversees regulatory systems and institutional arrangements to effectively manage Victoria's water resources. DELWP delivers on-ground environmental programs to improve the health of waterways, water industry reform, governance and performance oversight, sustainable irrigation programs and makes water resource information accessible to enable informed decision-making.

This output makes a significant contribution to the achievement of the departmental objective of "Safe and sustainable water resources".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					
Area of waterway vegetation works undertaken to improve the health and resilience of waterways	hectares	7 713	8 500	-9.3	■
<i>The 2016-17 result is lower than the 2016-17 target due to the impacts of flooding during the July to October 2016 period, which delayed delivery of multiple projects in seven Catchment Management Authority regions.</i>					
Cumulative water savings (permanent reduction in irrigation distribution system delivery losses) realised through water recovery projects	megalitres	743 153 (estimate)	682 056	9.0	✓
<i>The 2016-17 estimate is higher than the 2016-17 target due to the reset of the GMW Connections project, the completion of the Macalister project (Phase 1A) and the reset of the Sunraysia Modernisation project.</i> <i>Note: This is an estimated result only. Data for this performance measure will not be available until after the completion of the water savings audit in late 2017.</i>					
Number of sites with environmental water managed to meet environmental objectives	number	178	160	11.3	✓
<i>The number of sites where water has been delivered depends on favourable seasonal conditions, environmental need, commission decisions, water availability and whether the site is considered to be part of the environmental water program.</i>					
Other Victorian retail water entitlements (including licences to take and use water and other miscellaneous entitlements) recorded in the water register as the authoritative record	per cent	96	91	5.5	✓
<i>The water corporations in partnership with DELWP put together a work program to review licences recorded in the Water Register so that they are correct and provide an authoritative record. This work has been ongoing. The project has exceeded expectations as a direct result of a dedicated effort.</i>					

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
People engaged to increase the knowledge/capacity of waterway management	number	4 067	4 500	-9.6	■
<i>The 2016–17 result is lower than the 2016–17 target due to the impacts of flooding during the July to October 2016 period, which delayed delivery of multiple projects in seven Catchment Management Authority regions.</i>					
Sites where works have been undertaken to improve in stream health	number	244	60	306.7	✓
<i>The increased number of sites where works have been undertaken is due to the impacts of flooding during the July to October 2016 period, which required more repair and restoration works in rivers and streams in five Catchment Management Authority regions, which have contributed to a higher figure.</i>					
Water information products (including annual water accounts, water resource condition reports and water monitoring materials) delivered for greater accountability in sustainable water resource management	number	5	5	0	✓
Quality					
Manage Victoria's salinity impacts in the Murray-Darling Basin so that Victoria is compliant with the Murray-Darling Basin Agreement	per cent	100	100	0	✓
Percentage of bulk and environmental entitlement records publicly available	per cent	100	100	0	✓
Timeliness					
Statutory obligations of Water Corporations complied with, including annual reports, audits and corporate plans	per cent	100	100	0	✓
Cost					
Total output cost	\$ million	358.6	486.2	-26.2	■
<i>The lower than originally budgeted output cost is predominantly the result of the rephasing of funding of the GMW Connections project and Victorian Farm Modernisation project.</i>					

Note:

- 1 ✓ Performance target achieved or exceeded.
 ○ Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.



Sustainable and effective local governments

This objective supports effective and efficient local governance and service provision and supports communities to manage change and growth at a local level.

DELWP works with local governments to support the delivery of services and infrastructure and build stronger communities across the state.

Progress towards achieving this objective

Context and performance trends

Councils play a significant role in the lives of Victorian communities. The 79 councils across Victoria provide a wide variety of services to their municipalities, including public health, traffic, parking and animal management along with recreation, arts and leisure facilities.

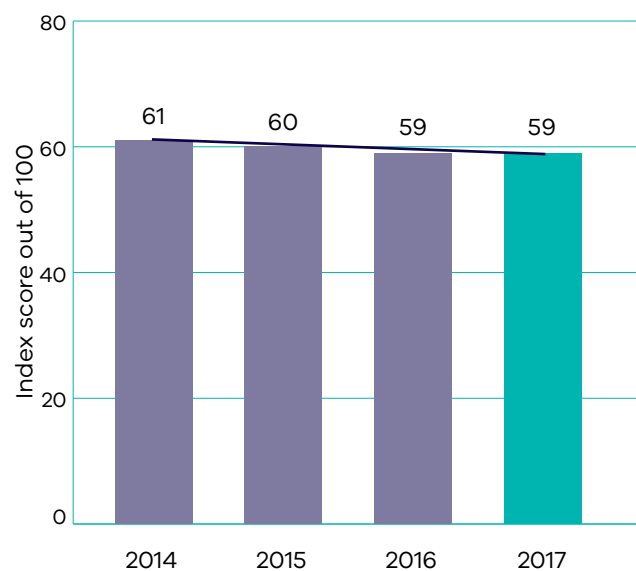
The sector manages \$89 billion worth of community infrastructure such as roads, bridges, drains, town halls, libraries, recreation facilities, parks and gardens, and employs more than 43,000 people.

The Victorian Government is actively partnering with councils to drive a significant reform agenda. The reforms are aimed at encouraging local governments to be more accountable, transparent and responsive to their communities. The reforms include reviewing the *Local Government Act 1989*, strengthening governance arrangements for the City of Greater Geelong, implementing the Fair Go Rates System and improving transparency and performance through *Know Your Council*.

The current review of the *Local Government Act 1989* responds to calls from the local government sector and the community for a new Act. It is the first review in 26 years. In that period, around 100 amending acts have resulted in hundreds of changes to the *Local Government Act 1989*. The review will deliver a clear, contemporary legislative framework that will support council efficiency and innovation. It will also strengthen governance and revitalise local democracy.

The *Know Your Council* website provides an opportunity to access consistent information about the performance of local governments across Victoria on services ranging from food safety, governance, maternal and child health, waste collection and statutory planning. Further, each year Local Government Victoria coordinates a statewide Local Government Community Satisfaction Survey throughout Victorian local government areas.

Indicator: Satisfaction with the performance of councils as measured through the Local Government Community Satisfaction Survey



The overall performance score in 2017 of 59 is the same as the 2016 result, however remains lower than the peak score of 61 in 2014. Councils performed most strongly for art centres and libraries (score of 73, an increase of one index point from 2016). Other highly rated service areas were the appearance of public areas and waste management (both scored 71 points). The most significant decline in 2017 relates to slashing and weed control (a three point decline on 2016, to 53 points). The maintenance of unsealed roads is the lowest rated service area with a score of 44.

Several measures showed improved or stable performance. For instance, average ratings for consultation and engagement (score of 55, one point higher than 2016), lobbying (score of 54, one point higher than 2016), and overall council direction (score of 53, two points higher than 2016) increased in the past year. Average ratings for making community decisions (score of 54) and customer service (score of 69) remain unchanged from 2016. Perceptions of performance are largely positive to neutral. Forty-five per cent of residents rated their council's overall performance as 'very good' or 'good', and 37 per cent as 'average', compared with only 15 per cent who rated their council's performance as 'poor' or 'very poor'.

Metropolitan and interface councils performed higher (64 points and 60 points respectively) than the average across the state, while ratings for small rural, large rural and regional centres are significantly lower (scores of 58, 54 and 57 respectively). On average, residents aged 18-34 years and residents aged 65+ years have more favourable impressions of council performance overall than the average (62 points and 60 points respectively). Residents aged 35-49 years and residents aged 50-64 years rated performance less favourably (57 points and 55 points respectively).

Following the dismissal of the Greater Geelong City Council in April 2016, a citizens' jury of 100 Greater Geelong residents was formed. The jury recommended a mayor and deputy mayor be elected from and by councillors, and a total of 11 councillors elected from four multi-member wards. Their proposed representative arrangements were accepted in May 2017 and the new *City of Greater Geelong Amendment Act 2017* was passed on 21 June 2017.

A number of initiatives are in place to promote diversity and gender equity in leadership roles across local councils. On 11 October 2016, the Minister for Local Government chaired the inaugural Ministerial Women's Roundtable which seeks to increase representation of women at senior levels in local government. A second meeting was held on 14 March 2017. A number of actions have been supported by the Ministerial Women's Roundtable, such as the Local Government Listen, Learn and Lead Gender Equity Program, the Best Practice Guide for gender equity in local government for councillors and council senior managers, legislative proposals to improve leave and expenses entitlements for councillors, and mandated reporting of gender equity recruitment targets and results for senior management and CEO positions.

Local government also plays a critical role in emergency management. The release of the Councils and Emergencies Directions Paper on 10 January 2017 was an important first step in clarifying and confirming the emergency management responsibilities of local government. The release was supported with an extensive consultation period whereby more than 70 submissions were received from the local government and emergency management sectors. This feedback will inform a Councils and Emergencies Position Paper which will provide clarity across the sector around councils' responsibilities in emergency management.

Melbourne's ten interface councils – councils on the urban fringe – are expected to accommodate one million additional residents by 2031. The Growing Suburbs Fund provides investment in the facilities that are needed to cope with that growth, such as new community health centres, maternal and child health centres and parks. Through the fund, 76 projects are either underway or completed, representing a total investment of \$235 million.

The Office for Suburban Development was established within DELWP in May 2017. The Office coordinates suburban development-related activities across Melbourne's local government areas. A *Suburban Development Statement* was released in May 2017.

The Office for Suburban Development's Metropolitan Partnerships program reached an important milestone in early June 2017, with the launch of six new Metropolitan Partnerships. Each Metropolitan Partnership consists of eight community and business members, the CEO of each council in the region, a Victorian Government Deputy Secretary, and a Commonwealth Government representative. The partnerships will engage with their communities to identify social, economic and environmental priorities for the region, and share these with the Victorian Government ahead of each budget cycle. The six regions are:

- Inner Metro: Melbourne, Yarra, Port Phillip
- Inner South-east: Boroondara, Stonnington, Glen Eira, Bayside
- Western: Wyndham, Melton, Brimbank, Moonee Valley, Maribyrnong, Hobsons Bay
- Northern: Hume, Whittlesea, Nillumbik, Moreland, Darebin, Banyule, Mitchell
- Eastern: Yarra Ranges, Manningham, Maroondah, Knox, Whitehorse, Monash
- Southern: Kingston, Greater Dandenong, Cardinia, Casey, Frankston, Mornington Peninsula.

Output performance measures

Output: Local Government

This output delivers activities in partnership with the local government sector to support effective and efficient governance and service provision. Through this output, DELWP administers programs to support local governments to increase accountability and provide support to the Victoria Grants Commission.

This output makes a significant contribution to the achievement of the departmental objective of "Sustainable and effective local governments".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					
Meetings held with Ministerial Mayors Advisory Panel	number	4	4	0	✓
Percentage of Roadside Weeds and Pest Management grant payments made against completion of milestone deliverables under funding agreement	per cent	100	100	0	✓
Percentage of identified councils funded as part of the Vulnerable People in Emergencies Program who have met milestone criteria	per cent	100	100	0	✓
Percentage of public library services grant payments made against completion of milestone deliverables	per cent	100	100	0	✓
Quality					
Local Government Victoria's legislative and regulatory initiatives incorporate stakeholder feedback	per cent	100	100	0	✓
Local Government Victoria's policy and program development processes incorporate stakeholder feedback	per cent	100	100	0	✓
Timeliness					
Victoria Grants Commission allocations finalised to support the completion of council budgets within statutory timeframes	per cent	100	100	0	✓
Cost					
Total output cost	\$ million	132.0	114.4	15.4	■

The higher output cost predominantly relates to the funding provided to local governments for Broadmeadows Activity Centre Revitalisation. Following the published 2016-17 Budget, the funding was transferred from capital to output as the grants paid to local government are output in nature.

Note:

- 1 ✓ Performance target achieved or exceeded.
 ○ Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.



Reduced impact of major bushfires and other emergencies on people, property and the environment

This objective delivers an integrated approach to reducing the risk of bushfires and other emergencies to protect people, property and the environment.

DELWP works together with land and fire managers and with the community to plan and deliver bushfire management across public and private land and uses world-leading science to manage fire and ecosystems.

Progress towards achieving this objective

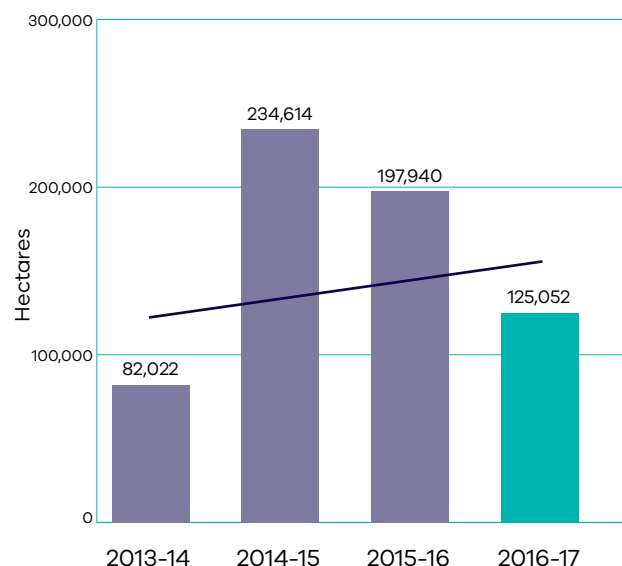
Context and performance trends

Bushfires are a part of life in Victoria. Our changing climate is bringing more hot days and less rainfall, which is increasing our bushfire threat. Almost a third of our population live in regional Victoria, thousands more make a tree-change every year, and the number of visitors to our coasts and rural areas continues to grow, exposing more people to the threat of bushfires. The past decade has highlighted the need to build community resilience and adopt a risk-based approach to managing emergencies, where government, community and business work together to protect people, property and the environment.

Since the 2009 Black Saturday bushfires, DELWP, with partner agencies such as Parks Victoria, has reduced bushfire fuel through planned burning more than ever before. We implemented all the recommendations from the Inspector-General for Emergency Management's (IGEM) *Review of Performance Targets for Fuel Management on Public Land*. The Andrews Labor Government's response to IGEM's findings, *Safer Together*, is a risk-based approach to bushfire management where land and fire agencies work together with communities to find the best mix of strategies to reduce bushfire risk locally.

The risk-based approach measures how effective fuel management activities are, not just how many hectares have been burned. *Safer Together* commits us to maintaining bushfire risk at or below 70 per cent of maximum levels, through fuel management. This means the risk of a major fire like Black Saturday is reduced by about a third. DELWP has already introduced a risk reduction target of 70 per cent for fuel management on public land, and is working in partnership with the Country Fire Authority and local councils to deliver fuel management across public land, private land and roadsides. Currently bushfire risk is modelled at 63 per cent of maximum levels. This is slightly lower than previously estimated, based on improvements in computer modelling with PHOENIX Rapidfire and more accurate maps of bushfire fuel. At the end of the autumn planned burning season, residual risk is re-calculated to measure the effect that fuel management has had on reducing bushfire risk.

Indicator: Area treated through planned burning and other treatments to maintain the statewide bushfire risk at or below 70 per cent



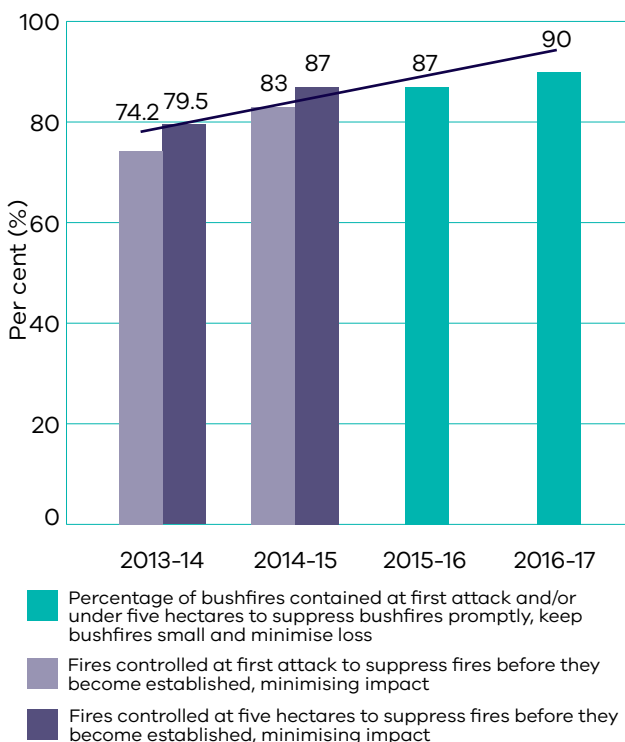
As at 30 June 2017, DELWP and its partners had treated 125,052 hectares with fuel reduction activities. The area treated included 113,501 hectares of planned burning and 11,551 hectares of mechanical treatment. The area treated is lower than was planned due to the difficult weather and climatic conditions that prevailed over 2016-17. These conditions resulted in limited opportunities for delivery as the required fuel moisture levels and suitable weather patterns did not align. Importantly, our bushfire risk has remained below the 70 per cent target.

Average daytime temperatures were warmer than usual in most parts of Victoria during the summer of 2016-17 and overnight temperatures were warmer than usual in the east. Summer rainfall was less than normal in parts of the state, particularly the south-east but generally close to average elsewhere. There were eight Total Fire Ban days, largely in the Mallee, Wimmera and Central Fire Districts. Only one applied to the entire state of Victoria. Since the start of July 2016, Victoria's fire and emergency management agencies responded to more than 3,900 bush and grass fires burning approximately 28,000 ha of public and private land.

Assets destroyed by grass fires included three houses, a number of sheds and eight cars. A large proportion of reported fires on public land can be attributed to unattended campfires.

During 2016-17, Forest Fire Management Victoria (FFMVic) attended 1,015 fires. Of these fires, 93 per cent of fires on public land were contained at less than five hectares in size (against a target of 80 per cent) and 87 per cent of fires were contained by 8:00am the day after detection (against a target of 80 per cent). This equates to 90 per cent of bushfires contained at first attack and/or under five hectares to suppress bushfires promptly, keeping bushfires small and minimising loss. Importantly there was no loss of human life over the 2016-17 fire season.

Indicator: Percentage of bushfires contained at first attack and/or under five hectares to suppress bushfires promptly, keep bushfires small and minimise loss



Performance against these measures is heavily influenced by external circumstances beyond DELWP's control including seasonal weather conditions and weather on the day. The 2016-17 result reflects relatively moderate fire weather conditions for 2016-17 following an above average wet spring (that included significant flooding across parts of the state). The result is as expected considering the physical conditions and indicates well-functioning readiness and response systems.

Indicator: Adoption of consistent systems across the department to support efficient and effective emergency management



Note: This was a new indicator in 2014-15, so there are no results for 2013-14.

DELWP released a number of systems during the year to ensure effective and efficient emergency management. The GO Firefighter App provides critical information regarding bushfire suppression and fuel management operations that can be accessed at any time or anywhere. A workflow system for fuel management (burning and non-burning) was also implemented. A new FFMVic website was launched on 1 March 2017. The website has been developed using customer analytics from community engagement to provide an effective and efficient information tool. We implemented a new hybrid cloud hosting platform for all our emergency management information systems. This will reduce risk by providing a standardised platform, remove disparate components and lead to predictable and reduced operational costs.

A new shared drive which provides a simple and secure way to share documents across all Victorian Emergency Management agencies was also introduced. This initiative has delivered a highly secure and auditable document-sharing tool that meets the requirements of Victorian Emergency Management agencies. DELWP also implemented the Department Resource and Capability System. This system supports consistent business processes, rules and supporting systems for the identification, management and deployment of resources for emergency management, surge operations and related business continuity issues in DELWP and regulation and compliance groups in other departments.

Indicator: Percentage of agreed departmental emergency management obligations met on time and to standard



Note: This was a new indicator in 2014-15, so there are no results for 2013-14.

The departmental emergency management obligations have been met on time and to standard. One of the main areas of focus for the year was to reduce the impact of falling trees and limbs, offering firefighters a greater level of protection. In February 2016, DELWP commenced the roll out of 112 modified Mercedes Benz G-Wagen ultralight tankers. This is the first tranche of up to 300 vehicles for the new DELWP ultralight fleet, expected to be fully deployed by 2019. The G-Wagen ultralight tankers are superior, fit-for-purpose bush firefighting appliances which have been prototyped and tested over several years in the field. They include additional safety features to protect operators on the front line, in both bushfire and planned burning situations. The G-Wagens used by FFMVic are fitted with a Falling Object Protective Structure (FOPS), built and tested to rigorous international standards. In an incident in Gippsland in March 2017, a large tree fell on a G-Wagen hitting the FOPS protection, which saved the occupants from serious injury.

FFMVic is committed to achieving gender equality within fire and emergency leadership roles. Following an extensive national and international search, the first female Chief Fire Officer in DELWP was appointed in September 2016. In November 2016 DELWP released the *Women in Fire and Emergency Leadership Roles Action Plan*. The Action Plan provides a critical three-year framework to assist FFMVic achieve its aim of filling 50 per cent of all fire and emergency leadership roles with women. The Action Plan provides a suite of actions across key areas of: systems and practices; strong leadership and advocacy; and capability and development, to address gender inequality and assist in removing barriers to women taking on leadership roles. The Action Plan also helps implement the Victorian Government's *Emergency Management Diversity and Inclusion Framework: Respect and Inclusion for All*.

Output performance measures

Output: Fire and Emergency Management

This output plans and delivers integrated bushfire management. Through this output, DELWP works with land and fire managers to plan and deliver bushfire management across public and private land; involves local communities in decision making, drawing on local values and insights to promote resilience; invests in science and partnerships to build knowledge of the relationship between fire and the environment to better manage risk; monitors and assesses the impact and effectiveness of fire management operations; ensures its workforce is effectively trained and prepared; and maintains a strategic road network to facilitate fire and emergency-related activities and provide access for the community, timber and tourism industries.

This output makes a significant contribution to the achievement of the departmental objective of "Reduced impact of major bushfires and other emergencies on people, property and the environment".

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Quantity					
Bushfire management engagement plans developed and implemented for high-risk communities	number	12	12	0	✓
Length of strategic fire access roads and fuel breaks treated to manage safety risks posed by dangerous trees	km	1 001	1 000	0.1	✓
Personnel with accreditation in a fire and emergency management role	number	2 156	1 950	10.6	✓
<i>The increase in personnel with accreditation in a fire and emergency role is attributed to higher than anticipated staff uptake of roles and the inclusion of DELWP's Project Firefighters (591).</i>					
State forests roads (Category 1) and bridges (on Category 1 roads) with documented inspections and/or maintenance programs to meet regulatory obligations	per cent	100	100	0	✓
Statewide bushfire risk is maintained at or below the target	per cent	63	70	10.0	✓
<i>A number of high priority burns were completed despite limited opportunities during autumn</i>					
Stakeholder and community forums on bushfire management and planned burning held	number	18	18	0	✓
Quality					
Fires contained at less than five hectares to suppress fires before they become established, minimising impact	per cent	93	80	16.3	✓
<i>The 2016-17 performance reflects relatively moderate fire conditions for 2016-17 following an above average wet spring (that included significant flooding across significant parts of the state).</i>					
Personnel accredited to serve in a senior capacity (level 2 or 3) in a fire and emergency management role	number	292	300	-2.7	○

Output performance measures	Unit of measure	2016–17 actual	2016–17 target	Performance variation (%)	Result ¹
Timeliness					
Assessment of model of cover completed to assess resource requirements and availability	date	Dec 2016	Dec 2016	0	✓
Fire operations plans completed	date	Oct 2016	Oct 2016	0	✓
Fires contained at first attack to suppress fires before they become established, minimising impact	per cent	87	80	8.8	✓
<i>The 2016-17 performance reflects relatively moderate fire weather conditions for 2016-17 following an above average wet spring (that included significant flood across significant parts of the state).</i>					
Readiness and response plans completed prior to the upcoming fire season	date	Oct 2016	Oct 2016	0	✓
Cost					
Total output cost	\$ million	400.2	371.8	7.7	■
<i>The higher 2016-17 output cost is primarily due to budget supplementation from the Treasurer's Advance to meet the cost of responding to bushfires.</i>					

Note:

- 1 ✓ Performance target achieved or exceeded.
 ○ Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.

Legislative and other information

Major entities

Energy, Environment and Climate Change

Alpine Advisory Committee
 Alpine Resorts Coordinating Council
 Barwon South West Waste and Resource Recovery Group
 Border Groundwater Agreement Review Committee
 Budj Bim Council
 Central Coast Regional Coastal Board
 Commissioner for Environmental Sustainability
 Committees of management (various) ¹
 Director of National Parks
 Dhelkunya Dja Land Management Board
 Energy Safe Victoria
 Environment Protection Authority
 Environment Protection Board
 Falls Creek Alpine Resort Management Board
 Gippsland Lakes and Coast Regional Coastal Board
 Gippsland Waste and Resource Recovery Group
 Goulburn Valley Waste and Resource Recovery Group
 Grampians Central West Waste and Resource Recovery Group
 Gunaikurnai Traditional Owner Land Management Board
 Loddon Mallee Waste and Resource Recovery Group
 Metropolitan Waste and Resource Recovery Group
 Ministerial advisory committees (various)
 Mount Buller and Mount Stirling Alpine Resort Management Board
 Mount Hotham Alpine Resort Management Board
 National Parks Advisory Council
 North East Waste and Resource Recovery Group
 Parks Victoria
 Reference Areas Advisory Committee
 Royal Botanic Gardens Board Victoria
 Scientific Advisory Committee
 Southern Alpine Resort Management Board
 Sustainability Victoria
 Trust for Nature (Victoria)
 Trustees for Crown land reserves ²

Victorian Coastal Council
 Victorian Environmental Assessment Council
 Victorian Mineral Water Committee
 Yorta Traditional Owner Land Management Board
 Zoological Parks and Gardens Board

Planning

Architects Registration Board of Victoria and Panel List
 Building Advisory Council
 Building Appeals Board
 Building Regulations Advisory Committee
 Environmental Effects Inquiries established under the *Environmental Effects Act 1978* (various)
 Geographic Place Names Advisory Panel
 Growth Areas Infrastructure Contribution Hardship Relief Board
 Heritage Council
 Planning panels and advisory committees established under the *Planning and Environment Act 1987* (various)
 Plumbing Advisory Council
 Surveyors Registration Board of Victoria
 Victorian Building Authority
 Victorian Planning Authority (formerly Metropolitan Planning Authority)

Local Government

Councillor Conduct Panel List ³
 Panels of Administrators (Brimbank, Geelong ⁴ and Wangaratta)
 Local Government Ministerial Mayors Advisory Panel
 Victoria Grants Commission

Water

Barwon Region Water Corporation
 Central Gippsland Region Water Corporation
 Central Highlands Region Water Corporation
 City West Water Corporation
 Coliban Region Water Corporation
 Corangamite Catchment Management Authority
 East Gippsland Catchment Management Authority
 East Gippsland Region Water Corporation
 Gippsland and Southern Rural Water Corporation
 Glenelg Hopkins Catchment Management Authority

Goulburn Broken Catchment Management Authority
 Goulburn Valley Region Water Corporation
 Goulburn-Murray Rural Water Corporation
 Grampians Wimmera Mallee Water Corporation
 Lower Murray Urban and Rural Water Corporation
 Mallee Catchment Management Authority
 Melbourne Water Corporation
 North Central Catchment Management Authority
 North East Catchment Management Authority
 North East Region Water Corporation
 Port Phillip and Westernport Catchment Management Authority
 South East Water Corporation
 South Gippsland Region Water Corporation
 Victorian Catchment Management Council
 Victorian Environmental Water Holder
 Wannon Region Water Corporation
 West Gippsland Catchment Management Authority
 Western Region Water Corporation
 Westernport Region Water Corporation
 Wimmera Catchment Management Authority
 Yarra Valley Water Corporation

Note:

1. There are approximately 1,200 Crown land committees of management in the DELWP portfolio. Major committees of management include: Phillip Island Nature Park Board of Management, Barwon Coast Committee of Management, Bellarine Bayside Foreshore Committee of Management, Great Ocean Road Coast Committee, Otway Coast Committee, Working Heritage, and Winton Wetlands Committee of Management
2. There are approximately 60 trustees for Crown land reserves, including Caulfield Racecourse Reserve Trustees
3. The Councillor Conduct Panel List was established under the *Local Government Act 1989* in March 2016.
4. The Panel of Administrators - Greater Geelong was established in April 2016 under the *Local Government (Greater Geelong City Council) Act 2016*

Acts administered

Energy, Environment and Climate Change

Aboriginal Lands Act 1991

This Act is jointly and severally administered with the Minister for Aboriginal Affairs.

Alpine Resorts Act 1983

Alpine Resorts (Management) Act 1997

Catchment and Land Protection Act 1994

This Act is jointly and severally administered with the Minister for Water.

Climate Change Act 2010

Coastal Management Act 1995

Commissioner for Environmental Sustainability Act 2003

Conservation, Forests and Lands Act 1987

Except certain provisions of the Act that are either solely, jointly, or jointly and severally administered with the Minister for Agriculture.

Crown Land (Reserves) Act 1978

Except for certain specified Crown allotments that are managed by other Ministers.

Cultural and Recreational Lands Act 1963

Dental Hospital Land Act 2011

Electricity Industry Act 2000

Electricity Safety Act 1998

Energy Safe Victoria Act 2005

Environment Protection Act 1970

Flora and Fauna Guarantee Act 1988

Except certain provisions that are jointly administered with the Minister for Agriculture.

Forests Act 1958

Except certain provisions that are either solely or jointly and severally administered with the Minister for Agriculture.

Fuel Emergency Act 1997

Gas Industry Act 2001

Gas Safety Act 1997

Geelong Lands (Steampacket Place) Act 1996

Geelong Market Site Act 1983

Heritage Rivers Act 1992

Land Act 1958

Except for certain specified areas of land that are managed by other Ministers.

Land Conservation (Vehicle Control) Act 1972

Except section 3 which is jointly administered with the Minister for Agriculture.

Land (Goonawarra Golf Course) Act 1988

Land (Reservations and other Matters) Act 1997

Land (Reservations and other Matters) Act (various years)

Land (Revocation of Reservations) Act (various years)

Land (Revocation of Reservations – Metropolitan Land) Act 2016

Land (Revocation of Reservations – Regional Victoria Land) Act 2016

Land (St. Kilda Sea Baths) Act 2000

Land (St Kilda Triangle) Act 2006

Melbourne and Olympic Parks Act 1985

Sections 24-28 of the Act. The Act is otherwise administered by the Minister for Tourism and Major Events and the Premier.

Melbourne (Yarra Park) Land Act 1980

National Electricity (Victoria) Act 2005

National Environment Protection Council (Victoria) Act 1995

National Gas (Victoria) Act 2008

National Parks Act 1975

Parks and Crown Land Legislation (Mount Buffalo) Act 2010

Parks Victoria Act 1998

Pipelines Act 2005

Pollution of Waters by Oil and Noxious Substances Act 1986

Sections 8-13, 18-23 and 23B, 23D, 23E, 23G, 23J, 23K, 23L and 24E of the Act.

Sections 30 and 47 are jointly administered with the Minister for Ports.

The remainder of the provisions are solely administered by the Minister for Ports.

Queen Victoria Market Lands Act 1996

Reference Areas Act 1978

Royal Agricultural Showgrounds Act 2003

Royal Botanic Gardens Act 1991

Royal Children's Hospital (Land) Act 2007

Royal Women's Hospital Land Act 2012

Safety on Public Land Act 2004

South Melbourne Land Act 1986

Southgate Project Act 1994

State Electricity Commission Act 1958

Section 107 of the Act. The Act is otherwise administered by the Treasurer.

State Owned Enterprises Act 1992

Division 2 of Part 2 insofar as it relates to the Victorian Plantations Corporation. The Act is otherwise administered by the Minister for Finance, the Minister for Multicultural Affairs, the Minister for Water and the Treasurer.

Sustainable Forest (Timber) Act 2004

Part 2, section 45, Division 1 of Part 6 and Part 8 of the Act. Sections 3, 22, 23(1) and 24 and Part 9 are jointly administered with the Minister for Agriculture. The Act is otherwise administered by the Minister for Agriculture.

Sustainability Victoria Act 2005

Swan Hill Pioneer Settlement Authority (Repeal) Act 1994

Temperance Halls Act 1958

University of Melbourne Land Act 2000

Victorian Conservation Trust Act 1972

Victorian Energy Efficiency Target Act 2007

Victorian Environment Assessment Council Act 2001

Victorian Plantations Corporation Act 1993

Victorian Renewable Energy Act 2006

Water Industry Act 1994

Parts 4, 4A, 7 and 8 of the Act. Section 184 is jointly and severally administered with the Minister for Water. The Act is otherwise administered by the Minister for Water.

Wildlife Act 1975

Except certain provisions of the Act that are either solely or jointly administered with the Minister for Agriculture.

Zoological Parks and Gardens Act 1995

Local Government

City of Greater Geelong Act 1993

Except Part 5 which is administered by the Minister for Planning.

City of Melbourne Act 2001

Libraries Act 1988

Part 4 and section 53 (insofar as it relates to Part 4) of the Act. The Act is otherwise administered by the Minister for Creative Industries.

Local Government Act 1989

Except certain provisions that are administered by other Ministers.

Local Government (Brimbank City Council) Act 2009

Local Government (Greater Geelong City Council) Act 2016

Local Government (Rural City of Wangaratta) Act 2013

Municipal Association Act 1907

Municipalities Assistance Act 1973

Prahran Mechanics' Institute Act 1899

Victoria Grants Commission Act 1976

Planning

Architects Act 1991

Building Act 1993

Building and Construction Industry Security of Payment Act 2002

Casino Control Act 1991

Sections 128H-128L, except for section 128K (2). The Act is otherwise administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation and the Minister for Finance.

City of Greater Geelong Act 1993

Part 5 of the Act. The Act is otherwise administered by the Minister for Local Government.

Electronic Conveyancing (Adoption of National Law) Act 2013

Electronic Conveyancing National Law (Victoria)

Environment Effects Act 1978

Geographic Place Names Act 1998

Heritage Act 1995

Instruments Act 1958

Only in so far as it relates to the functions of the Registrar-General and the management of the Office of the Registrar-General. The Act is otherwise administered by the Attorney General.

Nudity (Prescribed Areas) Act 1983

Planning and Environment Act 1987

Except Part 9B which is jointly and severally administered with the Treasurer.

Planning and Environment (Planning Schemes) Act 1996

Project Development and Construction Management Act 1994

Part 5A of the Act (insofar as it relates to the exercise of powers and functions under Part 9A of the *Planning and Environment Act 1987*), section 46, and Part 7. The Act is otherwise administered by the Minister for Major Projects, the Minister for Finance and the Premier.

Property Law Act 1958

Only insofar as it relates to the functions of the Registrar-General and the management of the Office of the Registrar-General. The Act is otherwise administered by the Attorney-General.

Residential Tenancies Act 1997

Part 14 of the Act. The Act is otherwise administered by the Attorney-General, the Minister for Consumer Affairs, Gaming and Liquor Regulation and the Minister for Housing, Disability and Ageing.

South Yarra Project (Subdivision and Management) Act 1985

Subdivision Act 1988

Except Part 5 and section 43 (in so far as it relates to Part 5) which are administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation.

Survey Co-ordination Act 1958

Surveying Act 2004

Transfer of Land Act 1958

Only insofar as it relates to the functions of the Registrar of Titles and the management of the Office of Titles. The Act is otherwise administered by the Attorney-General.

Valuation of Land Act 1960

Except certain provisions that are administered by the Attorney-General.

Suburban Development

Urban Renewal Authority Victoria Act 2003

Certain provisions of the Act are jointly and severally administered with the Minister for Major Projects insofar as that these provisions relate to the exercise of powers in respect of land included within the municipal council areas of Cardinia, Casey, Hume, Melton, Mitchell, Mornington Peninsula, Nillumbik, Whittlesea, Wyndham and Yarra Ranges. The Act is otherwise administered by the Minister for Major Projects.

Water

Catchment and Land Protection Act 1994

This Act is jointly and severally administered with the Minister for Energy, Environment and Climate Change.

Conservation, Forests and Lands Act 1987

Only insofar as it relates to the exercise of powers for the purposes of the *Catchment and Land Protection Act 1994*. These powers are jointly and severally administered with the Minister for Energy, Environment and Climate Change. The Act is otherwise administered by the Minister for Agriculture and the Minister for Energy, Environment and Climate Change.

Groundwater (Border Agreement) Act 1985

Murray-Darling Basin Act 1993

State Owned Enterprises Act 1992

Division 2 of Part 2 insofar as it relates to the Water Training Centre. The Act is otherwise administered by the Minister for Finance, the Minister for Multicultural Affairs and the Treasurer.

Water Act 1989

Water (Commonwealth Powers) Act 2008

Water Efficiency Labelling and Standards Act 2005

Water Industry Act 1994

Except certain provisions that are either solely or jointly and severally administered with the Minister for Energy, Environment and Climate Change.

Disclosure of Local Jobs First - Victorian Industry Participation Policy

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003* which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). VIPP requires opportunities for local supply and/or participation to be identified as part of the tendering process. Departments and public bodies are required to apply VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

Contracts commenced

During 2016-17, the department commenced four contracts totalling \$12.3 million in value to which the VIPP applied. The contracts commenced included one in metropolitan Melbourne with a total value of \$4.2 million and three in regional Victoria with a total value of \$8.1 million.

The number and percentage of local content committed under the contracts that commenced in 2016-17, where a VIPP Plan was not required (due to nil to limited contestability), was split by:

- (i) six contracts with a local content of 100 per cent that are local by nature
- (ii) there were no contracts commenced that are international by nature.

There are 11 small and medium sized businesses that prepared a VIPP Plan for contracts which commenced in 2016-17.

The number and percentage of local content committed under contracts that commenced in the period to where a VIPP Plan was required split by projects:

- (i) that are metropolitan based - one contract with a local content of 87 per cent
- (ii) those that are regionally based - three contracts with a local content of 100 per cent.

The commitments by contractors under VIPP as a result of these contracts included 67 Annualised Employee Equivalent positions and 26 apprentices and trainees. There are many benefits to the Victorian economy from these commitments in terms of skills and technology transfer increases, including:

- rigging and dogging
- scaffolding
- truck and machinery
- management
- OHS
- projects
- contracts.

Contracts completed

During 2016-17, DELWP completed 13 contracts totalling \$96.5 million in value to which VIPP applied. The contracts included six in metropolitan Melbourne with a total value of \$78.7 million and seven contracts in regional Victoria with a total value of \$17.8 million.

The number and percentage of local content under contracts that completed in the period to which:

VIPP Plan was not required:

- (i) that are metro based – three contracts that were local by nature with local content of 100 per cent
- (ii) that are regional based – three contracts that were local by nature with local content ranging between 85 per cent and 100 per cent.

VIPP Plan was required:

- (i) that are metropolitan based – six contracts with a local content ranging from 70 per cent and 100 per cent
- (ii) that are regionally based – seven contracts with a local content ranging between 71 per cent and 100 per cent.

The achieved outcomes reported by contractors under VIPP include 216 Annualised Employee Equivalent positions and 46 apprentices and trainees.

Benefits to the Victorian economy in terms of increased skills and technology transfer include:

- research and development programs
- aviation training and technology
- computer programs
- skill development on large scale projects
- site establishment
- implementation of traffic management control
- environmental controls, such as protection of waterways and rare or threatened flora and fauna
- planning and coordination of construction activities
- hydrogeology
- carpentry and electrical
- installation of drainage and culverts
- latest technology.

During 2016-17, one contract which commenced on or after 1 September 2016 had the minimum formal weighting of 10 per cent applied for local content in the tender evaluation of the VIPP Plan.

Reporting on grants provided or design contracts

DELWP did not award any grant or design contracts that meet the VIPP threshold in 2016-17.

Consultancies

In 2016-17, there were 64 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016-17 in relation to these consultancies is \$4.949 million (excluding GST). Details of individual consultancies are available upon request, subject to the provisions of the *Freedom of Information Act 1982*.

In 2016-17, there were 16 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2016-17 in relation to these consultancies is \$0.060 million (excluding GST).

Disclosure of major contracts

During 2016-17, the department entered into one contract greater than \$10 million in value. Details of the contract are published on the Victoria Government's contracts publishing system and can be viewed online at: <http://www.tenders.vic.gov.au>.

Disclosure of government advertising expenditure

DELWP conducted an external communications campaign focused on informing communities about the planned burning work program and how to find further information about the location and time of planned burns. The campaign included advertising, media placement, roadside signage, online notifications and social media. Advertisements and other communications also advised people to be aware of the potential to see or smell smoke as a result of planned burns.

DELWP also conducted an external communications campaign, *Your Guide to Power Outages*, designed by Powerline Bushfire Safety Program, delivering on powerline protection-related recommendations from the 2009 Victorian Bushfires Royal Commission. The campaign included advertising, media placement, posters, videos, guides and social media.

Campaign name	Start / end date	Advertising (media expenditure) (\$ ex GST)	Creative and campaign development expenditure (\$ ex GST)	Research and evaluation expenditure (\$ ex GST)	Print and collateral expenditure (\$ ex GST)	Other campaign expenditure (\$ ex GST)	Total (\$ ex GST)
Planned burning	1 March 2017 to 31 May 2017	181,279	18,953	56,485	0	105,548	362,265
<i>Your Guide to Power Outages</i>	15 January 2017 to 26 February 2017	94,993	798	0	3,555	0	99,345

Details of Information and Communications Technology (ICT) expenditure

ICT expenditure refers to the department's costs in providing business enabling ICT services. 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 2016-17 reporting period, the department had a total ICT expenditure of \$159 million with the details shown below:

Business as Usual \$'000	Non Business as Usual Operational expenditure + Capital Expenditure \$'000	Operational expenditure \$'000	Capital expenditure \$'000
126,246	32,486	24,270	8,216

Note:

Further detail on ICT Reporting standards and guidelines can be found at <http://www.enterprisesolutions.vic.gov.au>.

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

Freedom of Information

The *Freedom of Information Act 1982* gives everyone the right to seek access to documents held by government. The department's Freedom of Information (FOI) unit can be contacted on (03) 9637 8331 or by email: foi.unit@delwp.vic.gov.au.

FOI requests have to be made in writing. A request can be submitted using the website FOI Online (www.foi.vic.gov.au) or by sending an application to:

Freedom of Information
Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne Victoria 8002

From 1 July 2017, the application fee to make an FOI request is \$28.40. DELWP can waive this fee in certain circumstances. There may be further charges depending on the time it takes to find the documents and photocopy them and the number of pages to be photocopied.

For the period from 1 July 2016 to 30 June 2017, the department received 183 new FOI requests from:

	Number	Per cent
Individuals	93	51
Members of Parliament	40	22
Lawyers	29	16
Journalists	5	3
Community groups	8	4
Companies	8	4

For the same period, the department made decisions on 128 requests. Nineteen of these requests were received during the previous financial year. The outcomes were:

	Number	Per cent
Full access granted	22	17
Partial access granted	81	63
Access denied	9	7
No relevant documents found	16	13

The processing time for the FOI requests is shown below, with an average of 55 days.

	Number	Per cent
0 – 45 days	74	58
46 – 90 days	37	29
91+ days	17	13

The department closed 21 requests, including five received during the previous financial year, with the outcomes shown below:

	Number
Request not processed ⁽ⁱ⁾	13
Unreasonable diversion	8

(i) Request not processed includes: all requested documents released outside the Act; request withdrawn by applicant; deposit not paid.

The department also responded to an additional 37 requests, including four received during the previous financial year, with the outcomes shown below:

	Number
Invalid request ⁽ⁱ⁾	13
Transferred	24

(i) Application fee not paid or request terms unclear and applicant did not provide clarification.

Freedom of Information Commissioner

Reviews

Notification of eight requests for a review of an FOI decision were received from the Freedom of Information Commissioner (FOI Commissioner) between 1 July 2016 and 30 June 2017. Five reviews are complete. Three are ongoing.

Complaints

The department was advised by the FOI Commissioner's office of four complaints made about the processing of applicants' FOI requests, or decisions that no relevant documents were identified. Three complaints have been closed. One is ongoing.

Victorian Civil and Administrative Tribunal

One application for a review of an FOI decision made by the department was made to the Victorian Civil and Administrative Tribunal. The matter is ongoing.

Heritage Victoria permit applications and Victorian Heritage Database

Publicly advertised permit applications and decisions can be viewed online at:

<https://www.heritage.vic.gov.au/permits/currently-advertised-permits>

The Victorian Heritage Database is a fully searchable online database containing information about registered heritage places and objects, including statements of significance, physical descriptions, historical information and photographs.

The Vic-Heritage app (for iOS devices) draws on the Victorian Heritage Register and invites user contributions to add to the knowledge, images and appreciation of registered places.

Heritage Victoria also has the following information available online:

<http://twitter.com/heritagevic>

www.flickr.com/photos/heritage_victoria/sets

www.youtube.com/vicheritage

Planning

DELWP is responsible for managing the state's planning, heritage and building systems, including developing and driving implementation of long-term planning policies such as *Plan Melbourne* and Regional Growth Plans, developing policies to support resilient communities, administering statutory planning responsibilities and facilitating urban development.

There is an extensive amount of information available on DELWP's planning and heritage websites. Two new websites have been created this year at www.planning.vic.gov.au and www.heritage.vic.gov.au to provide single points of access for planning and heritage information. This includes policies, information, services and forms.

All Victorian planning schemes including exhibited and approved amendments are published at Planning Schemes Online. The Minister's Planning Permit Application Register Online provides access to up-to-date information on the status of permit

applications where the Minister for Planning is the Responsible Authority. The Planning Property Report provides easy access to planning scheme information for any property in Victoria, including property details like zoning and overlay controls and state heritage information where it applies to land. The report can be accessed from the website or from PlanningVIC: Planning Property Report, the app for iOS and Android mobile devices.

For assistance with finding information, using any of our web services or general planning enquiries, please contact the Victorian Government Contact Centre on 1300 366 356 (local call cost).

For more detailed information about planning scheme amendments, please contact the relevant DELWP regional office or email: planning.schemes@delwp.vic.gov.au

Compliance with the Protected Disclosure Act 2012

Protected disclosures about this department, or any of its employees and/or officers, may be made to the following officers:

Kim Reeves
Protected Disclosure Coordinator
Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne Victoria 8002

Telephone: (03) 9637 9730 or 1800 903 877
email: protected.disclosures@delwp.vic.gov.au

Stuart Atkins
Manager, FOI and Privacy – Protected Disclosure Officer
Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne Victoria 8002

Telephone (03) 9637 8331
email: protected.disclosures@delwp.vic.gov.au

The Independent Broad-based Anti-corruption Commission (IBAC)
Level 1, North Tower
459 Collins Street
Melbourne Victoria 3000
GPO Box 24234, Melbourne Victoria 3001

Telephone: 1300 735 135
Website: www.ibac.vic.gov.au

Any written communication should be clearly marked "PRIVATE and CONFIDENTIAL for addressee only".

Disclosures under the Protected Disclosure Act 2012	2016-17	2015-16
The number of disclosures made by an individual to the department and notified to the Independent Broad-based Anti-corruption Commission	0	0

Further information about protected disclosures can be found on the department's website at www.delwp.vic.gov.au.

Compliance with the Carers Recognition Act 2012

The carer relationship principles set out in the Act have been considered when setting policies and providing services. For example: reviewing our employment policies, such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act; and developing a satisfaction survey for distribution at assessment and review meetings between workers, carers and those receiving care. One of the objectives of the DELWP Diversity and Inclusion Strategy is that everyone who wants and needs to work flexibly at DELWP can work towards a flexible arrangement. A report is prepared on a quarterly basis on progress for the Diversity and Inclusion Council to allow them to evaluate progress and recommend changes as needed.

DELWP has taken all practical measures to comply with its obligations under the Act. These include:

- Events held in recognition of National Carers Week in October 2016. All workplaces across DELWP were encouraged to celebrate Carers week locally, with activities to recognise local carers, supported by an electronic resource pack. Information about support available to DELWP employees is regularly communicated via an internal online Parents and Carers network.
- A key event for Carers Week was held in Melbourne, when staff joined a conversation with Sally Collins, a successful businesswoman, mother, published author and vocal advocate for flexible work. Participants heard how Sally managed her senior banking role while juggling young kids, writing her first book and shared stories of negotiating for her own flexible work arrangements.

Compliance with the Building Act 1993

DELWP complies with the *Building Act 1993*, the *Building Regulations 2006* and associated statutory requirements and amendments. Either an Occupancy Permit or a Certificate of Final Inspection, endorsed by a Registered Building Surveyor Practitioner, is obtained for new facilities or upgrades to existing facilities.

Major works projects commenced or completed in 2016-17 include:

- Nicholson Street communications room
- Gellibrand office and depot upgrade
- Orbost North depot upgrade
- Heidelberg lift upgrade
- Sebastopol dangerous goods sheds and facilities
- Dargo single person quarters
- Ballarat relocation of customer service centre and office fitout
- Mildura crew facility upgrade
- Swifts Creek accommodation.

Maintenance of buildings in a safe and serviceable condition

DELWP's leased portfolio is managed by the DTF's Shared Service Provider. DELWP also has a facilities management contract with JLL, formerly Five D Holdings Pty Ltd, for 154 of its owned portfolio assets. The owned portfolio includes offices, combined office/depot sites, depots, residences, airbases and fire lookout towers. DTF and JLL are responsible for maintaining the buildings in a safe and serviceable condition and for providing the annual essential safety measures report for the assets. Quality assurance, performance measures and governance are incorporated into the contract to ensure that contract requirements are met and standards maintained.

Compliance with the *Local Government Act 1989*

Annual Reports 2015-16

Councils and regional library corporations are required to submit annual reports within three months of the end of the financial year or such longer period, as the Minister for Local Government may permit in a particular case, pursuant to the *Local Government Act 1989*.

Sections 133(4) and 196(7) of the Act require the Secretary of the department to report any council or regional library's failure to submit its annual report within the time allowed.

No Council was late in submitting their annual report for 2015-16.

Budgets 2016-17

Sections 130(6) and 196(7) of the Act require the Secretary of the department to report any council or regional library's failure to submit its adopted budget within the time allowed.

Goulburn Valley Regional Library Corporation was late in submitting its adopted budget for 2016-17.

Compliance with the *Heritage Act 1995*

Protocol for disclosure of interests

Part 4 of Schedule 1 of the *Heritage Act 1995* deals with disclosure of interests in respect to matters considered by Heritage Council and committees established by the Heritage Council.

A member of the Heritage Council, the Executive Director of Heritage Victoria, a member of a Heritage Council committee, or member of an advisory committee established under s10 of the Act, must disclose direct or indirect pecuniary interest in respect to contracts or matters being considered by the Heritage Council.

A Protocol for Disclosure of Interests (approved by the Heritage Council in December 2006) has been developed to support application of this part of the Act.

Disclosures are recorded in the minutes of the meetings of the Heritage Council.

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. At the end of 2016-17, DELWP had released 3,099 datasets and web mapping services under the Policy.

Consistent with the DataVic Access policy, all data tables included in this Annual Report will be available at <http://www.data.vic.gov.au> in an electronic readable format.

National Competition Policy

In 1995, the federal, state and territory governments agreed to review and, where appropriate, reform all existing legislative restrictions on competition. Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs
- the objectives of the legislation can only be achieved by restricting competition.

The department has reviewed all legislation under its control, and continues to apply the competition assessment guidelines in the *Victorian Guide to Regulation* to all new legislative proposals.

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 they are 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 department will ensure that requirements on competitive neutrality are fulfilled.

Implementation of Victorian Bushfires Royal Commission recommendations and actions

In September 2014, the Victorian Government requested the Inspector-General for Emergency Management (IGEM) monitor and report annually on the progress made against ongoing Victorian Bushfires Royal Commission recommendations and actions. As part of this reporting, IGEM requested all departments to include their progress towards implementing their actions in their annual report. Below is a summary of DELWP's progress on the action it has accountability for:

49(h) Amend *Building Regulations 2006* to adopt performance requirements

The Minister for Planning approved drafting of the new regulations in March 2016. In June 2016, DELWP delivered the proposed regulations to the building industry (including building practitioners and industry bodies), to the public sector (including councils, government and statutory authorities) and to the general public. The Building Interim Regulation came into operation in June 2017.

IGEM considers this action to be closed.

Compliance with the Planning and Environment Act 2010 - Growth Areas Infrastructure Contributions

2016-17 highlights

The revenue stream from Growth Areas Infrastructure Contribution (GAIC) payments increased in 2016-17 with \$105,466,786 in cash receipts received. Against this, significant commitments were made totalling \$110,070,000 for 35 new infrastructure projects in Melbourne's growing outer suburbs, ensuring health, education, public transport and other services grow as communities do.

The total accumulated cash receipts of GAIC collected by the State Revenue Office (SRO) rose to \$281,537,999. A further \$7,023,842 in interest earned on monies in the two GAIC Funds is also available for allocation. The accumulated funds total at 30 June 2017 is \$288,561,841, of which \$28,280,366 in payments has been made.

The balance available for allocation in the two GAIC Funds at 30 June 2017, is \$260,220,465 of which \$101,372,729 is committed, leaving \$158,847,736 available for allocation. A further \$61,009 remains in the Consolidated Fund which will be drawn down into the two GAIC funds in 2017-18 for allocation.

In addition, significant GAIC liability accrued in the form of Staged Payment Agreements and Deferral of GAIC. These funds remain with the liable land owner and will be received by the SRO in future years in accordance with the Staged Payment Agreements or the next GAIC event in the case of Deferral of GAIC.

Administrative responsibilities previously held by DELWP transferred to the newly established Office for Suburban Development (OSD) with other functions remaining with the Victorian Planning Authority (VPA), formally the Metropolitan Planning Authority.

Significant improvements were made in the process of delivering GAIC with detailed guidelines issued for the first time for GAIC applications and the establishment of an annual process for setting priorities and making recommendations to the Minister for Planning, the Minister for Suburban Development and the Treasurer, who has the final power of approval.

What is GAIC?

GAIC was introduced as Part 9B of the Planning and Environment Act 1987 (the Act) in 2010, to respond to the challenges facing new and growing communities in the growth area municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham.

GAIC is payable by landowners developing urban communities on growth area land that has been rezoned since 2005, after certain events associated with urban development including the sale of land, sub-dividing land and applying for a building permit have been undertaken.

It levies part of the value uplift of that land as a contribution to the delivery of state funded infrastructure necessary for the successful development of that land into a new community.

Contributions are collected by the SRO and distributed equally between two special purpose accounts the Growth Areas Public Transport Fund (GAPTF) and the Building New Communities Fund (BNCF).

More information is available on the DELWP, the VPA and the SRO websites.

Who administers GAIC?

The Minister for Planning and the Treasurer are responsible for the administration of GAIC under the Act. Since July 2016, with the establishment of the Suburban Development portfolio, the role of authorising projects for approval by the Treasurer has been jointly shared by the Minister for Planning and the Minister for Suburban Development.

The Office for Suburban Development (OSD) is responsible for managing revenue and expenditure of GAIC funds. OSD undertakes this role in consultation with an inter-departmental panel, including the Planning Group in DELWP, DTF and the VPA.

The SRO maintains a record of those properties which fall within GAIC area, and is responsible for determining and collecting all GAIC funds as they become due. It is reimbursed its expenses from the GAPTF.

The VPA is responsible for the management of GAIC 'works in kind' (WIK) agreements, investigating any planning and zoning anomalies that may be raised as they relate to GAIC, and progresses staged payment agreement inquiries and applications from landowners subdividing land in Melbourne's growth areas. The VPA also provides secretarial support to the GAIC Hardship Relief Board (HRB).

Under section 45 of the *Financial Management Act 1994* and section 201VC of the *Planning and Environment Act 1987*, the VPA and DELWP are required to report annually on the operation of the GAIC.

GAIC funds

The funds received by the SRO are paid into the Consolidated Fund by section 201SZJ of the Act. These funds are adjusted for any GAIC interest earned and any refunds made. Under section 201V(2) of the Act, these funds are periodically drawn down equally into the two special purpose funds; the BNCF and the GAPTF.

For the financial year ended 30 June 2017, \$67,459,204 was transferred to each of the funds, making a combined total of \$134,918,407 (compared with \$58,746,000 transferred to each fund in 2015-16). This includes \$29,451,693 received in 2015-16 that was transferred in 2016-17.

There is \$61,009 of GAIC receipts remaining in the Consolidated Fund at 30 June 2017 that will be transferred in the next financial year (compared with \$29,451,693 in 2015-16).

For the financial year ended 30 June 2017, \$110,070,000 of GAIC funds was committed to 35 new projects. Commitments of \$21,700,000 made prior to 30 June 2016 and commitments made in and paid in 2016-17 were reduced by \$5,976,077 due to projects being delivered under budget or cancelled.

A total amount of \$20,694,159 was paid out of the GAIC Funds for the year ending 30 June 2017, made up of:

- \$7,680,000 from the BNCF
- \$13,014,160 from the GAPTF, including an amount of \$467,077 for SRO expenses.

As at 30 June 2017, a cumulative total of \$28,280,365 had been paid out of the GAIC Funds since its establishment. Full details of project payments and commitments are provided below.

SRO expenses payable from GAPTF with approval of the Treasurer are usually not fully paid in the financial year incurred. Accordingly, SRO expenses for the period 1 January 2017 to 30 June 2017, totalling \$244,529 remain outstanding and will be paid in the 2017-18 financial year. GAIC SRO expenses are approximately \$470,000 per annum.

Total payments to the SRO for the five years to date amount to \$3,064,643, while interest earned on funds in the BNCF and GAPTF to date is \$7,023,842.

The amount of GAIC triggered and received in the financial year ended 30 June 2017 is shown below.

Summary of GAIC transactions for the year ended 30 June 2017

	Number of transactions for the year ended 30 June 2017	Transaction value for the year ended 30 June 2017 (\$)	Number of transactions for the year ended 30 June 2016	Transaction value for the year ended 30 June 2016
GAIC Revenue Received	200	107,210,729	140	64,971,503
Interest Received (contained in GAIC Payments)	138	2,725,126	97	2,474,569
GAIC Refunds	10	4,408,511	4	128,020
Net GAIC Receipts ⁽ⁱ⁾	200	105,527,344	140	67,338,052
GAIC Deferred ⁽ⁱⁱ⁾	35	62,385,636	39	40,218,655
Staged Payment Arrangements processed by SRO ⁽ⁱⁱⁱ⁾	31	114,289,857	28	106,347,703
Net Staged Payments Outstanding ^(iv)	72	135,277,737	76	114,238,462

Note:

- (i) The net GAIC receipts paid into the Consolidated Fund by the SRO, after interest received with the GAIC Payments and refunds made. It does not include interest received once the monies are in the GAIC Funds, this is reported separately in the tables for the individual Funds below.
- (ii) Deferrals arise from purchase transactions whereby the liable party elects to defer all, or part of their GAIC liability until the next GAIC event. Should the liable party elect to defer part of the liability then a payment of the non-deferred portion of the total liability is due. The reported total GAIC deferred for the year is the total amount elected to have been deferred during the financial year. Some of those amounts may have subsequently been paid, or have been converted into staged payment arrangements.
- (iii) When GAIC is due, the landowner can elect to pay 30 per cent upfront and enter a Staged Payment Agreement for the balance of the 70 per cent of their liability. The Minister for Planning, (or the Chief Executive Officer of the VPA under delegated authority up to \$10 million), approves Staged Payment Arrangements. The SRO is responsible for processing approved staged payment arrangements.
- (iv) The outstanding amounts in relation to previously approved staged payments arrangements are progressively reduced in accordance with the agreed payment arrangements and increased by the amount in a new Staged Payment Agreement.

GAIC receipts made and expenditure paid out in each Growth Area

Growth area	Net GAIC paid into the Consolidate Fund to 1 July 2016 ⁽ⁱ⁾ (\$)	Net GAIC paid into the Consolidated Fund for year ended 30 June 2017 (\$)	Total GAIC receipts as at 30 June 2017 (\$)	Total commitments as at 30 June 2017 ⁽ⁱⁱ⁾ (\$)	Proportion of commitments to contributions received (%)	Total paid commitments as at 30 June 2017 ⁽ⁱⁱⁱ⁾ (\$)	Proportion paid out of contributions received ^(iv) (%)
Casey ^(v)	59,361,163	26,212,519	85,573,682	25,930,825	30.3	3,468,931	4.1
Cardinia ^(v)	0	0	0	6,337,500	n/a	2,000,000 ^(vi)	n/a
Hume	47,508,021	24,805,120	72,313,141	26,497,756	36.6	5,522,095	7.6
Melton	43,762,669	18,725,686	62,488,355	27,773,255	44.4	7,837,448	12.5
Mitchell	626,704	0	626,704	4,057,222	647.4	111,729 ^(vi)	17.8
Whittlesea	0	0	0	19,220,000	n/a	8,080,000 ^(vi)	n/a
Wyndham	24,752,098	35,784,019	60,536,117	19,836,536	32.8	1,260,163	2.1
Total	176,010,656	105,527,344	281,537,999	129,653,095	46.1	28,280,366	10

Note:

- (i) An adjustment has been made to the reported 2015-16 figures due to error in the reported figures for Casey and Melton.
- (ii) Includes SRO expenses paid and invoiced but not yet paid in proportion to GAIC funds received per growth area.
- (iii) Includes SRO expenses paid in proportion to GAIC funds received per growth area
- (iv) Reported under section 201VC(b) of the Act
- (v) The Casey-Cardinia Growth Area proportion of funds paid or accrued is 6.4 per cent (30 June 2016 – 3.4 per cent)
- (vi) Funds have been committed in Cardinia, Mitchell and Whittlesea which will be offset by GAIC revenue which will be collected from those areas in the future.

Building New Communities Fund by Growth Area for the year ended 30 June 2017

Growth area	Opening fund balance as at 1 July 2016 (\$)	Interest earned for the year (\$)	Amount paid into the fund for the year (\$)	Amount paid from the fund for the year (\$)	Balance of the fund as at 30 June 2017 ⁽ⁱ⁾ (\$)	Commitments yet to be paid	Available balance yet to be committed
Casey ⁽ⁱⁱ⁾	24,117,425	460,014	18,155,063	0	42,767,243	12,825,000	29,942,243
Cardinia ⁽ⁱⁱ⁾	0	0	0	2,000,000	(2,000,000)	4,337,500	(6,337,500)
Hume	18,394,497	374,435	16,009,333	0	34,806,490	19,050,000	15,756,490
Melton	18,480,164	339,167	12,677,749	5,000,000	26,522,584	13,200,000	13,322,584
Mitchell	304,719	3,579	24,092	0	332,659	3,962,500	(3,629,841)
Whittlesea	0	0	0	680,000	(680,000)	7,140,000	(7,820,000)
Wyndham	8,877,496	320,743	20,592,967	0	29,815,384	18,225,000	11,590,384
Total	70,174,301	1,497,938	67,459,204	7,680,000	131,564,361	78,740,000	52,824,361

Note:

- (i) Reported under section 201VC(c) of the Act
- (ii) Combined Casey-Cardinia Growth Area

Allocations and payments made from Building New Communities Fund for the year ended 30 June 2017

Funds allocated to projects completed in previous financial years can be found in the relevant annual report. Claimed project costs may be less than the original amount allocated. If no further amount is to be paid the project is considered complete.

Allocated to	Growth area	Purpose	Original amount allocated ⁽ⁱ⁾	Amount paid to 30 June 2016	Amount paid to 30 June 2017	Amount not yet paid to 30 June 2017
Department of Health and Human Services	Cardinia	Ambulatory Care Centre	2,000,000	0	2,000,000	0
Department of Health and Human Services	Cardinia	Pakenham Ambulance Station	1,100,000	0	0	1,100,000
Department of Education and Training	Cardinia	Timbertop (Officer NW) P6 School	3,237,500	0	0	3,237,500
Department of Education and Training	Casey	Clyde North-East Proposed P6 School	3,062,500	0	0	3,062,500
Department of Education and Training	Casey	Botanic Ridge Proposed P6	3,062,500	0	0	3,062,500
Department of Health and Human Services	Casey	Clyde North Ambulance Station	1,200,000	0	0	1,200,000
Country Fire Authority	Casey	Clyde North Fire Station	3,000,000	0	0	3,000,000
Roads Corporation of Victoria	Casey	Casey Active Transport Improvements	2,500,000	0	0	2,500,000
Department of Education and Training	Hume	Aitken Hill Primary School	4,400,000	0	0	4,400,000
Department of Health and Human Services	Hume	Craigieburn Ambulance Station	1,200,000	0	0	1,200,000
Department of Education and Training	Hume	Greenvale North West P6	3,500,000	0	0	3,500,000
Department of Education and Training	Hume	Craigieburn South Proposed 7-12	7,350,000	0	0	7,350,000
Roads Corporation of Victoria	Hume	Vineyard Road Shared Use Path	1,100,000	0	0	1,100,000
Department of Health and Human Services	Hume	Mickleham Ambulance Station	1,500,000	0	0	1,500,000
Department of Health and Human Services	Melton	Melton Ambulatory Care Centre	5,000,000	0	5,000,000	0
Department of Education and Training	Melton	Taylors Hill West Secondary College	6,400,000	0	0	6,400,000
Department of Health and Human Services	Melton	Melton Ambulance Station	1,200,000	0	0	1,200,000

Allocated to	Growth area	Purpose	Original amount allocated ⁽ⁱ⁾	Amount paid to 30 June 2016	Amount paid to 30 June 2017	Amount not yet paid to 30 June 2017
Department of Health and Human Services	Melton	Hillside Ambulance Station	2,000,000	0	0	2,000,000
Department of Health and Human Services	Melton	Melton South Ambulance Station	3,600,000	0	0	3,600,000
Department of Education and Training	Mitchell	Mandalay Community Centre	1,600,000	0	0	1,600,000
Department of Education and Training	Mitchell	Beveridge West Proposed P6	2,362,500	0	0	2,362,500
Department of Health and Human Services	Whittlesea	Mernda Ambulance Station	1,500,000	0	0	1,500,000
Parks Victoria	Whittlesea	Merri Creek Marran Baba Parklands	1,700,000	0	680,000	1,020,000
Department of Education and Training	Whittlesea	Edgars Creek Proposed P-12 (Pri)	4,620,000	0	0	4,620,000
Department of Education and Training	Wyndham	Truganina East P9 Primary and Middle School	4,200,000	0	0	4,200,000
Department of Health and Human Services	Wyndham	Werribee Ambulance Station	1,500,000	0	0	1,500,000
Department of Education and Training	Wyndham	Wyndham South (Riverwalk) P6	2,625,000	0	0	2,625,000
Department of Health and Human Services	Wyndham	Tarneit Ambulance Station	1,500,000	0	0	1,500,000
Country Fire Authority	Wyndham	Wyndham Vale Fire Station	3,750,000	0	0	3,750,000
Country Fire Authority	Wyndham	Truganina Fire Station	3,750,000	0	0	3,750,000
Roads Corporation of Victoria	Wyndham	Wyndham Active Transport Improvements	900,000	0	0	900,000
Total			86,420,000	0	7,680,000	78,740,000

Note:

(i) These allocations and payments are made net of GST.

Funding for South Gippsland Highway / Craig Road intersection in Casey was cancelled in 2016-17 and the Western Freeway / Ferris Road interchange project in Melton was delivered under budget. No further payments will be made.

Growth Areas Public Transport Fund by Growth Area for the year ended 30 June 2017

Growth Area	Opening fund balance as at 1 July 2016 \$	Interest earned for the year \$	Amount paid into the fund for the year \$	Amount paid from the fund for the year \$	Balance of the fund as at 30 June 2017 \$	Commitments yet to be paid \$	Available balance yet to be committed \$
Casey ⁽ⁱ⁾	24,280,807	472,264	18,155,063	1,453,360	41,489,044	9,762,525	31,726,519
Cardinia ⁽ⁱ⁾	0	0	0	0	0	0	0
Hume	20,103,815	401,951	16,009,333	2,418,278	34,125,948	1,962,807	32,163,140
Melton	18,359,671	345,517	12,677,749	1,553,701	29,854,228	6,854,274	22,999,954
Mitchell	280,622	3,392	24,092	88,372	219,979	544	219,435
Whittlesea	0	0	0	7,400,000	(7,400,000)	4,000,000	(11,400,000)
Wyndham	9,514,993	335,112	20,592,967	100,449	30,366,906	52,578	30,314,328
Total	72,539,908	1,558,234	67,459,204	13,014,160	128,656,104	22,632,729	106,023,375

Note:

(i) Combined Casey-Cardinia Growth Area

Allocations and payments made out of the Growth Area Public Transport Fund for the year ended 30 June 2017

Funds allocated to projects completed in previous financial years can be found in the relevant annual report. Claimed project costs may be less than the original amount allocated. If no further amount is to be paid the project is considered complete.

Allocated to	Growth area	Purpose	Original amount allocated ⁽ⁱ⁾ \$	Amount paid to 30 June 2016 \$	Amount paid to 30 June 2017 \$	Amount not yet paid to 30 June 2017 \$
Public Transport Victoria	Casey	Cranbourne Railway Station	2,000,000	0	1,311,800	688,200
Public Transport Victoria	Casey	Merinda Park Railway Station	9,000,000	0	0	9,000,000
Public Transport Victoria	Hume	Craigieburn Railway Station	4,000,000	0	2,100,000	1,900,000
Public Transport Victoria	Hume	Craigieburn Railway Station	200,000	0	197,794	0
Public Transport Victoria	Mitchell	Wallan Railway Station	100,000	0	87,355	0
Public Transport Victoria	Melton	Caroline Springs Station Bus Access	2,000,000	0	1,450,133	0

Allocated to	Growth area	Purpose	Original amount allocated ⁽ⁱ⁾ \$	Amount paid to 30 June 2016 \$	Amount paid to 30 June 2017 \$	Amount not yet paid to 30 June 2017 \$
Public Transport Victoria	Melton	Toolern Railway Station – early works	6,800,000	0	0	6,800,000
Public Transport Victoria	Whittlesea	Contribution to Mernda Rail Extension Project	7,400,000	0	7,400,000	0
Public Transport Victoria	Whittlesea	Donnybrook Railway Station	4,000,000	0	0	4,000,000
Total allocations			35,500,000	0	12,547,082	22,388,200
Payment to State Revenue Office ⁽ⁱⁱ⁾				2,597,566	467,077	244,529
Total allocations and expenditure				2,597,566	13,014,160	22,632,729

Note:

(i) These allocations and payments are made net of GST.

(ii) A further amount of \$244,529 for the period of January to June 2017 has been invoiced by the SRO and not yet paid.

Funding for South Morang Railway Station in Whittlesea was cancelled in 2016-17 and as such no further payments will be made.

GAIC works-in-kind

A WIK agreement with the Minister for Planning may be entered into by a person liable to pay GAIC, under which they agree to provide land and/or works (construction of State infrastructure) instead of a cash payment, to meet the GAIC liability in whole or in part. There are no GAIC WIK arrangements negotiated as at 30 June 2017. The current focus of the VPA is to seek such agreements for the early transfer of land.

The GAIC Works-In-Kind Guidelines and Model Agreements are comprehensive and links to them can be found on the Authority's website:

www.VPA.vic.gov.au.

GAIC Hardship Relief Board

The HRB meets when required to consider applications for hardship relief. During the year ended 30 June 2017 the Board made no decisions on hardship applications and at 30 June 2017 there were no active applications before the Board.

GAIC rates

GAIC rates per hectare of contribution area as adjusted in accordance with section 201SG of the Act

Land Type	Year ended 30 June 2017 (\$)	Year ended 30 June 2016 (\$)
Type A	91,850	90,470
Type B1, B2 & C	109,080	107,440

Infrastructure Contribution Reporting

The provisions of the *Planning and Environment Amendment (Infrastructure Contributions) Act 2016* came into effect as of 1 June 2016. Collecting agencies are required to report in relation to infrastructure contributions received and expended.

In addition, the VPA acts as the collecting agency for the East Werribee Employment Precinct Development Contribution Plan (EWEP DCP), and in accordance with sections 46GM and 46QD of the *Planning and Environment Act 1987* the VPA is required to report annually on aspects of that DCP. The following tables reflect the different elements to be reported annually.

Total DCP contributions received for the year ended 30 June 2017

Name of DCP	Contributions received for the year (\$)
EWEP	Nil
Total	Nil

DCP land, works, services or facilities accepted as works-in-kind for the year ended 30 June 2017

Name of DCP	Project description	Item purpose	Project value \$
EWEP	n/a	n/a	Nil
Total			Nil

Total DCP contributions received and expended for the year ended 30 June 2017

Name of DCP	Total levies received (\$)	Total levies expended (\$)	Total works-in-kind accepted (\$)	Total DCP contributions received (levies and works-in-kind) (\$)
EWEP	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

Land, works, services or facilities delivered during the year ended 30 June 2017 from DCP levies collected

Project description	Name of DCP	DCP fund expended during the year (\$)	VPA's contribution for the year (\$)	Other contributions in the financial year (\$)	Total project expenditure for the year (\$)	Percentage of item delivered
n/a	EWEP	Nil	Nil	Nil	Nil	Nil
Total						

Water Resource Assessment Program

Under Section 22 (1) of the *Water Act 1989*, the Minister for Water is required to ensure that a continuous program of assessment of the water resources of the state is undertaken. Under Section 22 (2), the water resources assessment program must provide for the collection, collation, analysis and publication of information about:

- (a) the availability of water, including surface water and groundwater
- (ab) use of one water source as a substitute for another water source
- (ac) the environmental water reserve
- (b) the disposal of wastewater (including trade waste, sewage and saline water)
- (c) the use and re-use of water resources
- (d) floodwaters
- (e) drainage and waterway management
- (f) water quality (including salinity)
- (g) in-stream uses of water
- (ga) current and historic levels of allocation and use of surface water and groundwater
- (gb) current and historic condition of waterways and aquifers
- (h) anything else that the Minister decides is appropriate.

Section 26 of the Act requires DELWP to report annually on these areas.

DELWP provides information on Victoria's water resources through a range of comprehensive reporting mechanisms, including the *Monthly Water Report* on the DELWP website, the Water Measurement Information System and Victorian Water Register websites, and the *Victorian Water Accounts* (VWA).

The *Victorian Water Accounts* is an annual statewide summary of Victoria's water resources, documenting water availability and providing assessments of rainfall, streamflow and groundwater levels, as well as information on water storages and reuse of treated wastewater. Information on water taken for consumptive use, as well as water set aside for environmental purposes, is provided in the context of the Victorian water allocation framework, which sets out entitlements to water.

The VWA sources key data from the state's surface water and groundwater monitoring networks, and draws on information from water businesses, DELWP, the Essential Services Commission, the Murray-Darling Basin Authority and catchment management authorities (CMAs). The VWA are published annually in hard copy and available online on the Victorian Water Register website: <http://www.waterregister.vic.gov.au>

The Victorian Water Register (VWR) is a public register of all water-related entitlements in Victoria, and is used to report on the allocation and use of the state's water resources. The register holds water shares recorded by the Victorian Water Registrar and records of licences and delivery shares. It records water allocations and tracks and reconciles volumes of water entitlements by water system and trading zone. The VWR website can also be used to generate statistics and reports on levels of use, directions of trade, and prices paid for water.

All water monitoring data collected by DELWP and its partners is made accessible on the *Water Measurement Information System* (WMIS), available at: <http://data.water.vic.gov.au>.

As well as these reporting tools, there are several processes in place to collect and provide specific information as required under the Act. These are briefly summarised below, with references to sites and resources containing further and more detailed information.

a) Availability of water

Surface water

The state's surface water resources assessment network includes 848 sites that were monitored in 2016-17 through three regional water monitoring partnerships. These partnerships comprise 45 public and private organisations that procure their monitoring requirements under this program. The partnerships include state government departments, water corporations, CMAs, local shires and councils, the Bureau of Meteorology and the Murray-Darling Basin Authority.

Surface water monitoring services are procured by DELWP on behalf of the regional water monitoring partnerships to ensure efficiency and statewide consistency in data quality.

The program delivers legislative obligations under Section 22 of the Act and Section 126 of the *Commonwealth Water Act 2007* and contributes to a range of business needs across the partnership including:

- operational decision making
- compliance reporting
- flood warning
- statewide policy development for water resources
- river health management
- reporting for the monthly water report, the annual water quality reports and the longer-term water quality trend reports.

All surface water data collected through the partnerships, summary reports on historical longer term trends of surface water quality and the current status of water quantity is available on the *Water Measurement Information System* and the *Monthly Water Report* on the DELWP website: <http://www.delwp.vic.gov.au>.

Groundwater

Victoria's State Observation Bore Network is underpinned by a program that involves quarterly monitoring of around 1,230 bores, and continuous telemetered monitoring of an additional 230 bores. This monitoring program is jointly managed by DELWP and Rural Water Corporations.

All groundwater data is available through the *Water Measurement Information System*. Summary reports on historical longer term trends in groundwater levels across the state are available on the DELWP website. Information on groundwater use and trends is also provided in the annual *Victorian Water Accounts*.

Accurate monitoring data is crucial for sustainable management of groundwater resources and can help resolve management issues, questions or disputes raised by groundwater users. Groundwater management strategies, statutory management plans and local management plans have been prepared covering almost all groundwater catchments within Victoria.

The strategies and plans explain the current understanding of the resource, management objectives and the management arrangements, caps on licensed use of groundwater. They also include requirements for metering, monitoring and review, and if required, restrictions to ensure the availability of groundwater. In most areas, where caps have been set, the water is fully allocated. This means new groundwater users must trade with an existing licence holder to obtain access.

Strategies and plans are developed in consultation with local stakeholders including local members of the community, groundwater users, environmental representatives and relevant government departments and statutory authorities.

ab) Use of one water source as a substitute for another water source

Under *Ministerial Reporting Direction 3*, water corporations are required to provide information in their annual reports on how they are promoting the integrated and sustainable use of water resources in their region. This includes projects undertaken in-line with targets set in the entity's corporate plan to deliver water recycling, water conservation, sustainable and resilient water services systems and Sustainable Water Strategies. Water corporations' annual reports are tabled in Parliament and available on water corporation websites.

ac) Environmental water reserve

The Environmental Water Reserve (EWR) is the legal term for water set aside for the environment under the *Water Act 1989*. The EWR comprises water defined by:

- entitlements for the environment that are called either bulk entitlements or environmental entitlements
- the operation of caps on licensed consumptive water use (such as sustainable diversion limits or permissible consumptive volumes) and conditions on consumptive bulk entitlements, licences and permits, and as set out in management plans.

Most of the EWR is set aside through the latter.

In regulated systems, the EWR is established through environmental entitlements, environmental bulk entitlements and various operational conditions on consumptive water use. The environmental entitlements and environmental bulk entitlements refer to water usually held in and released from storages. They are held by the Victorian Environmental Water Holder (VEWH), the independent statutory body responsible for making decisions on the most efficient and effective use of Victoria's environmental water entitlements.

The VEWH includes the scope of potential watering actions for the coming year in its annual seasonal watering plan, informed by seasonal watering proposals prepared by each of the CMAs and Melbourne Water. The VEWH then commits water throughout the year via seasonal watering statements which authorise waterway managers to use environmental water.

The VEWH is established under Part 3AA of the *Water Act 1989*. Further details about the VEWH can be found on its website: <http://www.vewh.vic.gov.au>

Amendments were made to one environmental entitlement held by VEWH in 2016-17, the Bulk Entitlement (Thomson River – Environment) Order 2005. The amendment was required to incorporate an additional 8 GL average entitlement per year for the Thomson River. As at 30 June 2017 the VEWH Water Holdings comprised 22 entitlements and several water shares. Further information on the entitlements held by the VEWH can be found on the VEWH website:

<http://www.vewh.vic.gov.au>

During 2016-17, environmental water was managed to meet environmental objectives at 126 Index of Stream Condition river reaches and 52 wetlands, including:

- Thomson, Macalister, Latrobe and Snowy rivers and the lower Latrobe Wetlands in Gippsland
- Yarra, Tarago, Werribee and Moorabool rivers, Jacksons Creek and the lower Barwon wetlands (Hospital Swamps and Reedy Lake) in central Victoria
- Wimmera, MacKenzie and Glenelg rivers and Burnt and Mount William creeks in western Victoria
- Thirty one wetlands in the Wimmera-Mallee wetland complex
- Goulburn, Ovens, Campaspe and Loddon rivers, Broken and Gunbower creeks
- Living Murray Icon sites – including Barmah Forest, Boals Deadwood, Gunbower Forest, Pig Swamp, Hattah Lakes, Lindsay River and Murrumbidgee, Poterwalkagee and Sandy creeks
- Eight northern wetlands and floodplains.

Full details of 2016-17 environmental watering activities will be provided in the *Reflections* annual watering booklet and annual report developed by VEWH. These will be available on the VEWH website: <http://www.vewh.vic.gov.au>

In unregulated rivers, the EWR is set aside either through conditions on licences and bulk entitlements, caps or through statutory water management plans and non-statutory local management plans. Water corporations are responsible for ensuring that these conditions for the EWR are met.

During 2016-17, the Victorian Government implemented improved environmental flows and management conditions in priority, flow-stressed unregulated and regulated rivers and wetlands by:

- delivering environmental water to Hattah Lakes, Gunbower Forest and Lindsay, Mulcra and Wallpolla Islands using infrastructure funded under the Living Murray program

- progressing proposals for new environmental water management infrastructure at nine sites in northern Victoria under the Basin Plan's Sustainable Diversion Limit Adjustment Mechanism, including Gunbower National Park, Guttrum and Benwell State Forests, Burra Creek, Nyah Park, Vinifera Park, Belsar-Yungera Island, Hattah Lakes North, Wallpolla Island and Lindsay Island
- investigating options to ease environmental water delivery constraints in the Goulburn River and along the Murray River
- implementing Chapter 8 of the *Murray-Darling Basin Plan (Basin Plan Environmental Watering Plan)*, including completing a monitoring and evaluation plan which will monitor assets identified in the long-term environmental watering plans.

b) Disposal of wastewater (including trade waste, sewage and saline water)

All water corporations (urban) are required to report on wastewater disposals, as part of the report of operations in their annual reports. Specific wastewater indicators are prepared for reliability of collection services, quality of disposal and management. The annual reports are tabled in Parliament.

c) Use and re-use of water resources

See section ab) above, *'The use of one water source as a substitute for another water source'*. All urban water corporations are required to report on total use of alternative water sources such as recycled wastewater and stormwater reuse as part of the report of operations in their annual reports. The performance report includes indicators related to environmental performance for effluent re-use and greenhouse gas emissions. The annual reports are tabled in Parliament and available on water corporation websites.

d) Floodwaters

DELWP is the lead agency for coordination of floodplain management in Victoria.

The Victorian government developed the *Victorian Floodplain Management Strategy* to help communities be better prepared for future floods. The strategy builds on the Government's *all communities all emergencies* approach to building a safer and more resilient Victoria.

The strategy clarifies the roles and responsibilities of all government agencies and authorities involved in flood management. Investment in flood mitigation actions at local and regional levels can now be guided by Regional Floodplain Management Strategies. These strategies are being developed by

catchment management authorities in partnership with local councils, Victoria State Emergency Services, and other floodplain management agencies. DELWP is assisting by providing guidance notes and other tools for assessing flood risks, and community tolerance for those risks.

DELWP assists CMAs and municipalities to improve their knowledge of areas of flood risk and ensure that new development is compatible with the flood risk. Significant floods during the spring of 2016 saw many catchments reach major flood levels, with communities in the south west, central and northern districts affected. Local governments are leading flood studies for Coleraine, Lara, Inverleigh, Echuca and Foster in West Gippsland, drawing on the technical experience of CMAs, and local experiences during the floods to better prepare for future land-use planning, community awareness and flood emergency planning. DELWP is supporting local governments to develop and implement new and upgraded total flood warning services for ten Victorian communities, including funding for new automated flood warning gauges at Numurkah, Rochester, Charlton and Donald.

The response to recent floods has been well informed using the Victorian Government's FloodZoom tool, providing flood response agencies with timely access to credible data about flood behaviour, heights, extents and impacts.

e) Drainage and waterway management

DELWP oversees the Victorian Waterway Management Program that aims to maintain or improve the condition of Victoria's rivers, estuaries and wetlands. The program is a partnership between state government, regional agencies and authorities, other management partners (such as Traditional Owners) and local communities.

As part of the program, DELWP is responsible for establishing the state policy framework for waterway management. Regional implementation is led by waterway managers from the CMAs, and Melbourne Water in Port Phillip and Westernport via their Regional Waterway Strategies.

Through *Water for Victoria*, the Victorian Government is investing \$222 million over four years to improve the health of waterways and catchments. This includes on-ground works to implement the Regional Waterway Strategies, funding to speed up riparian works as part of the *Regional Riparian Action Plan* and significant investment to support the Gippsland Lakes Coordinating Committee with on-ground works and community engagement.

Funding provided by the Victorian Government in 2016-17 into improving the health of Victoria's waterways has been invested by CMAs according to agreed works programs. The delivery of projects and services through these works programs is tracked and reported annually.

Major drainage systems in the Melbourne region are the responsibility of Melbourne Water, managed under their Waterways and Drainage Strategy, and reported against in the *Melbourne Water Annual Report*.

A comprehensive report card assessing progress against statewide waterway health targets was last published by the department in 2009, with the next progress report in preparation for release in early 2018. Through *Water for Victoria*, a new approach is also being trialled on 10 waterways to improve information and knowledge, and provide better reporting back to communities on the outcomes of our programs.

f) Water quality (including salinity)

Water quality monitoring was conducted at 405 partnership sites across the state in 2016-17. A range of water quality parameters are either continuously monitored or sampled at regular intervals from these sites, and cover a range of physical, chemical, nutrient, metal, anion, cation, organic load and algal analyses. Data from the monitoring network is made publicly available through the *Water Measurement Information System*.

g) In-stream uses of water

Refer to section ac) above, '*Environmental Water Reserve*'.

ga) Current and historic levels of allocation and use of surface water and groundwater

The *Victorian Water Accounts* provide an annual overview of water availability and use across Victoria at bulk supply level, including a detailed water account for each of Victoria's 29 river basins, along with distribution system water accounts for each of the 19 water corporations in Victoria. The basin accounts include quantitative data and commentary on available water and water use, while the distribution system water accounts comprise water balances for urban, rural and wholesale water distribution systems. Because distribution system boundaries are not necessarily aligned with river basin boundaries, the distribution system water balances are reported by the Northern, Gippsland, Central and Western regions.

The 2016-17 accounts are expected to be completed in the second half of 2018, and will be published on the Victorian Water Register website. Comprehensive historic information on allocations and water use is also available in Water Accounts and State Water Reports dating back to 2003-04.

Surface water

The availability of surface water was above average in 2016-17 with above average rainfall across most of the state. Seasonal allocations for high reliability water shares reached 100 per cent in all the systems in 2016-17. Seasonal allocations for low reliability water shares also reached 100 per cent in the Broken, Campaspe and Bullarook systems. Low reliability allocation was also made in Werribee (75 per cent), Macalister Irrigation district (20 per cent), and the Murray system (5 per cent).

Surface water use in Victoria's declared systems (systems that have water shares) totalled 2,226 gigalitres (GL) in 2016-17. Of this the majority, approximately 72 per cent was used for irrigation, while about three per cent was used by urban customers and about 25 per cent was used by the environment.

Groundwater

Seasonal allocations are announced in accordance with the groundwater management plans developed for Water Supply Protection Areas (WSPAs) and Groundwater Management Areas (GMAs). An allocation of less than 100 per cent of the licensed entitlement may be put in place to reduce the risks from falling groundwater levels; allow the resource to be shared between all users; or recognise and reduce the social and environmental costs of lowering groundwater levels.

In 2016-17, restrictions on groundwater use were in place in the Katunga WSPA (70 per cent in all zones), West Wimmera Neuarpur sub-zone 1 (80 per cent), Loddon Highlands WSPA Newlyn Zone (75 per cent) and Werribee WSPA (50 per cent).

gb) Current and historic condition of waterways and aquifers

DELWP is reviewing and improving Victoria's existing waterway health monitoring programs to have a greater focus on monitoring the changes that result from management actions - an action in *Water for Victoria*. Management interventions should eventually result in improvements to overall waterway resource condition. Statewide surveillance monitoring programs such as the Index of Stream Condition (ISC) provide information about the overall condition of Victoria's waterways and to guide state policy and regional investment programs. Three

previous ISC assessments have been undertaken. A key lesson from these assessments is that changes in resource condition in response to management interventions may take many decades to emerge as the benefits of management interventions accumulate and ecological systems have time to recover. *Water for Victoria* acknowledges that the full benefits of investments to improve waterway health may not be realised for 30 years or more. Responses to management interventions need to be measured at relevant scales and assessed against specific management targets. As such, the schedule of surveillance monitoring is currently under revision.

The first statewide Index of Estuary Condition assessment commenced in 2017 and is due for reporting in 2020. The results of the third and most recent ISC assessment were released during 2013 and are available at the *Index of Condition System*: <http://ics.water.vic.gov.au>. The results from the most recent statewide wetland assessment that looked at 827 wetlands are also available at: <http://ics.water.vic.gov.au>

Aquifer condition is monitored through Victoria's State Observation Bore Network. See section a) above, 'Availability of Water – Groundwater' for more information.

Sustainable Water Strategies

Regional Sustainable Water Strategies (SWS) are a legislative requirement under Division 1B of the *Water Act 1989* and fulfil Victoria's commitment under the National Water Initiative to carry out open, statutory-based water planning. Four SWSs covering the state were produced between 2006 and 2011. These strategies set out long-term plans to secure each region's water future, identifying threats to water supply and quality in the region and identifying policies and actions to help water users, water corporations and catchment management authorities manage and respond to those threats over the next 50 years.

The first strategies completed were the Central Region SWS in 2006 and the Northern Region SWS in 2009. The Gippsland Region SWS and the Western Region SWS were completed in November 2011.

A total of 300 actions were identified in the four SWSs to enable the objectives of each strategy to be achieved. Implementation of actions was largely the responsibility of DELWP, water corporations, catchment management authorities, DEDJTR and partners and stakeholders.

A stocktake of SWS actions identified that of these 300 actions, nearly 80 per cent are now complete. Of the remaining actions, many have been partly

implemented, while others are to be implemented through other policies, particularly through the State's new Water Plan, *Water for Victoria*, or through implementation of the Murray-Darling Basin Plan.

Water for Victoria commits to maintaining Victoria's planning framework, including the role of SWSs. It states that the department will undertake an assessment of SWSs at the five-year mark, with these assessments informed by annual monitoring and reporting. It further states that the government will:

- Begin the review of the Central Region Sustainable Water Strategy in late 2016
- Undertake the five-yearly assessments of the SWSs, beginning in 2017, with the Gippsland and Western SWSs.

DELWP will:

- Ensure an appropriate range of climate change scenarios are used to inform future strategies
- Consider opportunities for achieving shared benefits, including those related to recreational values, in reviews of SWSs
- Include representation of Traditional Owners in consultative committees for SWSs (Action 8.7).

The government will ensure that processes to review sustainable water strategies and to undertake long-term water resource assessments and any resulting reviews are streamlined (Action 8.8).

More information on the SWSs and further details on the status of each individual SWS action are available on the DELWP website.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the department and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- a) A statement that declarations of pecuniary interests have been duly completed by all relevant officers of the department
- b) Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary
- c) Details of publications produced by the department about the activities of the department and where they can be obtained

- d) Details of changes in prices, fees, charges, rates and levies charged by the department for its services, including services that are administered
- e) Details of any major external reviews carried out in respect of the operation of the department
- f) Details of any other research and development activities undertaken by the department that are not otherwise covered either in the report of operations or in a document which contains the financial statement and report of operations
- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h) Details of major promotional, public relations and marketing activities undertaken by the department to develop community awareness of the services provided by the department
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the report of operations
- j) A general statement on industrial relations within the department and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the report of operations
- k) A list of major committees sponsored by the department, the purposes of each committee and the extent to which the purposes have been achieved
- l) Details of all consultancies and contractors including:
 - (i) consultants/contractors engaged
 - (ii) services provided
 - (iii) expenditure committed to for each engagement.

To ensure the department is meeting its accountability and compliance requirements, some of this additional information has been included in the Annual Report, where relevant.

The information is available on request from:

Xavier Hinckson
Executive Director, Finance and Planning
Department of Environment, Land, Water and Planning
8 Nicholson Street, East Melbourne, Victoria 3002

Telephone: (03) 9637 8696
Email: xavier.hinckson@delwp.vic.gov.au

Financial Statements as at 30 June 2017

How this report is structured

The Department of Environment, Land, Water and Planning (DELWP) has presented its audited general purpose financial statements for the financial year ended 30 June 2017 in the following structure to provide users with the information about the department's stewardship of resources entrusted to it.

Contents

	Page
Accountable Officer's and Chief Finance Officer's declaration.....	112
Auditor-General's report.....	113
Comprehensive operating statement for the financial year ended 30 June 2017.....	115
Balance sheet as at 30 June 2017.....	116
Statement of changes in equity for the financial year ended 30 June 2017.....	117
Cash flow statement for the financial year ended 30 June 2017.....	118

Notes to the Financial Statements

	Page
Note 1. About this report.....	119
The basis on which the financial statements have been prepared and compliance with reporting regulations.	
Note 2. Funding delivery of our services.....	121
Revenue recognised from appropriations, grants, sales of goods and services, levies, rates and other sources.	
Note 3. The cost of delivering services and commitments.....	129
Operating expenses of the department as well as operating commitments.	
Note 4. Disaggregated financial information by output.....	142
Department outputs and Administered (non-controlled) items.	
Note 5. Key assets available to support output delivery and commitments.....	176
Property, plant and equipment, intangible assets, investments accounted for using the equity method, investments and other financial assets, capital commitments as well as fair value determination.	
Note 6. Other assets and liabilities.....	197
Working capital balances, and other key assets and liabilities.	
Note 7. How we financed our operations.....	205
Cash flow information, interest bearing liabilities, finance lease liabilities and trust account balances.	
Note 8. Risks, contingencies and valuation uncertainties.....	220
Financial risk management, contingent assets and liabilities as well as fair value determination.	
Note 9. Other disclosures.....	233

Accountable Officer's and Chief Finance Officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the department at 30 June 2017.

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 6 September 2017.


Christine Wyatt
Acting Secretary
Department of Environment, Land Water and Planning
6 September 2017


Xavier Hinson
Executive Director Finance and Planning
Department of Environment, Land Water and Planning
6 September 2017



Independent Auditor's Report

To the Acting Secretary of the Department of Environment, Land, Water and Planning

Opinion	<p>I have audited the financial report of the Department of Environment, Land, Water and Planning (the department) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2017• 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• accountable officer's and chief finance and accounting 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 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described 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 Australia. 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>
Acting Secretary's responsibilities for the financial report	<p>The Acting Secretary of the department is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Acting 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 Acting Secretary is responsible for assessing the department's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report


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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Acting Secretary
- conclude on the appropriateness of the Acting 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 Acting 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.

MELBOURNE
7 September 2017



Andrew Greaves
Auditor-General

Comprehensive operating statement for the financial year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Income from transactions			
Output appropriations	2.2, 2.3.1	1,376,047	1,164,409
Special appropriations	2.2, 2.3.2	137,168	58,746
Interest	7.1.3	18,883	19,067
Sale of goods and services	2.4.1	65,569	70,071
Municipal and Industrial Landfill Levy	2.4.2	215,330	201,170
Metropolitan Parks Improvement Rate	2.4.3	166,933	159,537
Grants	2.4.4	193,549	13,562
Fair value of assets and services received free of charge or for nominal consideration		0	5
Other income		10,180	2,252
Total income from transactions		2,183,659	1,688,819
Expenses from transactions			
Employee expenses	3.1.1	(397,488)	(363,675)
Depreciation	5.1.1	(58,090)	(41,433)
Interest expense	7.2.2	(822)	(982)
Grants and other transfers	3.1.2	(713,020)	(633,604)
Capital asset charge	5.1.2	(91,811)	(91,342)
Supplies and services	3.1.3	(720,074)	(524,085)
Other operating expenses	3.1.4	(5,828)	(12,647)
Total expenses from transactions		(1,987,133)	(1,667,768)
Net result from transactions (net operating balance)		196,526	21,051
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ⁽ⁱ⁾	5.6	(11,992)	(50,973)
Net gain/(loss) on financial instruments ⁽ⁱⁱ⁾	9.1	2,547	2,711
Share of net losses of associates, excluding dividends	9.1	0	(4,377)
Other gains/(losses) from other economic flows	9.1	1,309	(2,144)
Total other economic flows included in net result		(8,136)	(54,783)
Net result		188,390	(33,732)
Other economic flows – other comprehensive income			
Items that will not be classified to net result			
Net change in physical asset revaluation surplus	5.8	28,889	969,019
Share of associate's movement in contributed capital ⁽ⁱⁱⁱ⁾	5.4	0	8,548
Total other economic flows – other comprehensive income		28,889	977,567
Comprehensive result		217,279	943,835

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

Note:

- (i) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.
- (ii) 'Net gain/(loss) on financial instruments' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments.
- (iii) On 1 July 2016, the department transferred the investment interest in Property Exchange Australia Limited (PEXA) to the Department of Treasury and Finance consistent with the approval by the Treasurer of Victoria.

Balance sheet as at 30 June 2017

	Notes	2017 ⁽ⁱ⁾ \$'000	2016 \$'000
Assets			
Financial assets			
Cash and deposits	7.1	435,334	553,410
Receivables	6.1	279,190	303,235
Investments and other financial assets	5.5	780,603	510,300
Investments accounted for using the equity method	5.4	0	11,349
Total financial assets		1,495,127	1,378,294
Non-financial assets			
Inventories	6.4	19,231	21,033
Non-financial physical assets classified as held for sale	5.2	11,571	8,320
Property, plant and equipment	5.1	8,401,755	8,371,139
Intangible assets	5.3	39,598	29,373
Prepayments	6.3	148,635	9,367
Total non-financial assets		8,620,790	8,439,232
Total assets		10,115,917	9,817,526
Liabilities			
Payables	6.2	171,447	112,003
Interest bearing liabilities	7.2	35,496	32,719
Provisions	3.1.1(d), 6.5	137,605	136,685
Other liabilities		2,051	2,209
Total liabilities		346,599	283,616
Net assets		9,769,318	9,533,910
Equity			
Accumulated surplus		463,859	275,469
Share of associate's contributed capital ⁽ⁱ⁾		0	8,703
Physical asset revaluation surplus	5.8	6,760,373	6,731,484
Contributed capital ⁽ⁱⁱⁱ⁾		2,545,086	2,518,254
Net worth		9,769,318	9,533,910

Commitments for expenditure 3.2, 5.7

Contingent assets and contingent liabilities 8.2

Note:

- (i) On 1 July 2016, the department transferred the investment interest in Property Exchange Australia Limited (PEXA) to the Department of Treasury and Finance consistent the approval by the Treasurer of Victoria.
- (ii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from the Department of Economic Development, Jobs, Transport and Resources consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers

The balance sheet should be read in conjunction with the notes to the financial statements.

Statement of changes in equity for the financial year ended 30 June 2017

	Notes	Accumulated surplus/ (deficit) \$'000	Share of associate's contributed capital ⁽ⁱ⁾ \$'000	Physical asset revaluation surplus \$'000	Contributions by owner \$'000	Total \$'000
Balance at 1 July 2015		309,201	155	5,762,465	2,213,918	8,285,739
Net result for the year		(33,732)	0	0	0	(33,732)
Other comprehensive income for the year	5.4, 5.8	0	8,548	969,019	0	977,567
Additions to Net Asset Base	2.3.1	0	0	0	68,197	68,197
Capital contributions of assets		0	0	0	294,001	294,001
Net capital contributions transferred to portfolio entities	3.4	0	0	0	(57,862)	(57,862)
Balance at 30 June 2016		275,469	8,703	6,731,484	2,518,254	9,533,910
Net result for the year		188,390	0	0	0	188,390
Other comprehensive income for the year	5.8	0	0	28,889	0	28,889
Additions to Net Asset Base	2.3.1	0	0	0	69,920	69,920
Capital contributions of assets ⁽ⁱ⁾		0	0	0	26,970	26,970
Transfer of share of associate's contributed capital as a result of administrative restructure	5.4	0	(8,703)	0	0	(8,703)
Administrative restructure – net assets received	4.3	0	0	0	1,890	1,890
Administrative restructure – net assets transferred	5.4	0	0	0	(11,349)	(11,349)
Net capital contributions transferred to portfolio entities	3.4	0	0	0	(60,599)	(60,599)
Balance at 30 June 2017		463,859	0	6,760,373	2,545,086	9,769,318

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Note:

- (i) From the total movement \$26.1 million relates to the transfer of Crown land from VicRoads to the department under Financial Reporting Direction 119a *Transfers through contributed capital*.
- (ii) On 1 July 2016, the department transferred the investment interest in Property Exchange Australia Limited (PEXA) to the Department of Treasury and Finance consistent the approval by the Treasurer of Victoria.

Cash flow statement for the financial year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts			
Receipts from government		1,732,082	1,293,662
Receipts from other entities		469,291	389,236
Goods and Services Tax recovered from the ATO ⁽ⁱ⁾		41,707	49,123
Interest received		20,744	11,530
Total receipts		2,263,824	1,743,551
Payments			
Payments of grants and other transfers		(699,813)	(623,018)
Payments to suppliers and employees		(1,300,053)	(888,118)
Capital asset charge payments	5.1.2	(91,811)	(91,342)
Interest and other costs of finance paid		(803)	(1,016)
Total payments		(2,092,480)	(1,603,494)
Net cash flows from operating activities	7.1.1	171,344	140,057
Cash flows from/(used in) investing activities			
Payments for investments		(268,431)	(106,436)
Purchases of non-financial assets		(79,071)	(58,171)
Sales of non-financial assets		7,004	211
Net cash flows used in investing activities		(340,498)	(164,396)
Cash flows from/(used in) financing activities			
Cash received from activity transferred in – MoG changes	4.3	1,890	0
Owner contributions by State Government	2.3.1	69,920	68,197
Payments of capital contributions	3.4	(60,599)	(57,862)
Repayments of finance leases		(5,711)	(2,989)
Proceeds from/(repayments of) advances		45,578	(17,134)
Net cash flows from/(used in) financing activities		51,078	(9,788)
Net increase/(decrease) in cash and cash equivalents		(118,076)	(34,127)
Cash and cash equivalents at the beginning of the financial year		553,410	587,537
Cash and cash equivalents at the end of the financial year	7.1	435,334	553,410

Non-cash financing and investing activities are disclosed in Note 7.1.2.

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

Note:

(i) Goods and Services Tax recovered from the ATO is presented on a net basis.

Note 1. About this report

The Department of Environment, Land, Water and Planning (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:

Department of Environment, Land, Water and Planning
8 Nicholson Street
East Melbourne Victoria 3002

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

Basis of preparation

These financial statements are in Australian dollars and prepared using the historical cost convention, except for:

- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and
- the fair value of any other asset is generally based on its depreciated replacement value.

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

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the department.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The judgement and assumptions used to determine the type of joint arrangement in which the department had an interest during the reporting period are disclosed in Note 4.2 *Administered (non-controlled) items*, Note 5.4 *Investments accounted for using the equity method* and Note 4.2.3 *Investments in joint operation*.

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 AASs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.1.5 *Fair value determination*)
- the impairment of non-financial assets (refer to Note 5.1.1 *Depreciation and impairment*)
- the estimated useful lives over which non-financial assets are depreciated
- the estimation of amounts required to be provisioned or disclosed as contingent liabilities (refer to Note 4.2 *Administered (non-controlled) items* and 8.2 *Contingent assets and contingent liabilities*)
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.1.1 (d) *Employee benefits in the balance sheet*).

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

Consolidated financial statements have not been prepared as the department does not control any other entities under AASB 10 *Consolidated Financial Statements*.

There are no administrative offices of the department that require inclusion in this report.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Note 1. About this report (continued)

Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include 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 appropriate, those AAS 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 is reported.

To gain a better understanding of the terminology used in these financial statements, please refer to Note 9.6 *Glossary of technical terms*.

Comparative amounts

Where the presentation or classification of items in the financial statements changes, the comparative amounts are also reclassified unless it is impractical to do so. The nature, amount and reason for the reclassification are also disclosed. If the reclassification affects an item on the balance sheet, a third statement of financial position is also presented.

Presentation of the financial statements

The department has adopted the streamlined approach for 2016-17 financial year to improve the effectiveness of communicating the financial performance and position of the department in the delivery of their services. The department focused on rewriting, reordering and relabelling the notes to the financial statements to provide greater insight into operations, outcomes and removing immaterial or irrelevant disclosures.

Note 2. Funding delivery of our services

Introduction

The department's mission is to shape and support liveable, inclusive and sustainable communities, and thriving natural environments across Victoria by: listening, working alongside and partnering with the community in everything we do; leveraging the connectivity between our portfolios to respond to the impacts of climate change in a productive, collaborative and coordinated way; maximising opportunities for attracting investment and jobs through supporting the development of new, low-carbon industries; and protecting, enhancing and strengthening our State's liveability and protecting our natural environment, infrastructure and heritage for future generations.

The department contributes to the Victorian Government's commitment to a stronger, fairer, better Victoria by supporting our natural and built environment, to ensure economic growth and liveable, sustainable and inclusive communities that are resilient to the impacts of climate change.

To enable the department to fulfil its objectives and provide outputs as described in Note 4, it receives income (predominantly accrual based parliamentary appropriations). The department also receives fees for various goods and services.

Structure

- 2.1 Funding delivery of our services
- 2.2 Appropriations
- 2.3 Summary of compliance with annual parliamentary and special appropriations
 - 2.3.1 Summary of compliance with annual parliamentary appropriations
 - 2.3.2 Summary of compliance with special appropriations
- 2.4 Income from transactions
 - 2.4.1 Sale of goods and services
 - 2.4.2 Municipal and Industrial Landfill Levy
 - 2.4.3 Metropolitan Parks Improvement Rate
 - 2.4.4 Grants
- 2.5 Annotated Income agreements

Note 2. Funding delivery of our services (continued)

2.1 Funding delivery of our services

	Notes	2017 \$'000	2016 \$'000
Income from transactions			
Output appropriations	2.2, 2.3.1	1,376,047	1,164,409
Special appropriations	2.2, 2.3.2	137,168	58,746
Sale of goods and services	2.4.1	65,569	70,071
Municipal and Industrial Landfill Levy	2.4.2	215,330	201,170
Metropolitan Parks Improvement Rate	2.4.3	166,933	159,537
Grants	2.4.4	193,549	13,562
Fair value of assets and services received free of charge or for nominal consideration		0	5
Other income		10,180	2,252
Total income from transactions		2,164,776	1,669,752

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 at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which the department does not have control are disclosed as administered income (see Note 4.2.1).

2.2 Appropriations

Appropriated income becomes controlled and is recognised by the department when it is appropriated from the Consolidated Fund by the Victorian Parliament and applied to the purposes defined under the *Appropriation (2016-2017) Act 2016*.

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.

The department has access to various parliamentary appropriations income under the *Appropriation (2016-2017) Act 2016*, the *Administrative Arrangements Act 1983* and under sections of the FMA (sections 29, 30 and 32). Details of the various parliamentary appropriations received by the department for the year are outlined in Note 2.3 *Summary of compliance with annual parliamentary and special appropriations*.

Special appropriations

Under section 28 of the FMA, income is recognised when the amount appropriated for that purpose is due and payable by the department.

Note 2. Funding delivery of our services (continued)

2.3 Summary of compliance with annual parliamentary and special appropriations

2.3.1 Summary of compliance with annual parliamentary appropriations

The following table discloses the details of the various parliamentary appropriations received by the department for the year. In accordance with accrual output-based management procedures 'Provision for 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 over which the department has no control or discretion.

	Appropriation (2016-2017) Act			Financial Management Act 1994					Total parliamentary authority	Appropriation applied	Variance
	Annual appropriation	Advance from Treasurer	Administrative Arrangements Act 1983	Section 28	Section 29	Section 30	Section 32				
As at 30 June 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Controlled											
Provision of outputs ⁽ⁱ⁾	1,101,417	50,898	54,433	2,250	204,863	12,017	99,327	1,525,205	1,376,047	149,158	
Additions to Net Assets Base (ATNAB) ⁽ⁱⁱ⁾	87,751	5,683	0	3,344	5,631	(27,797)	21,498	96,110	69,920	26,190	
Administered											
Payments made on Behalf of the State (POBOS) ⁽ⁱⁱⁱ⁾	607,500	20,657	0	0	0	15,779	6,655	650,591	627,732	22,859	
POBOS – State contribution under the Murray Darling Basin Act 1993	21,800	0	0	0	0	0	6,944	28,744	27,068	1,676	
Total	1,818,468	77,238	54,433	5,594	210,494	(1)	134,424	2,300,650	2,100,767	199,883	
As at 30 June 2016											
Controlled											
Provision of outputs ⁽ⁱ⁾	996,730	93,274	(1,262)	0	110,861	(15,222)	78,990	1,263,371	1,164,409	98,962	
ATNAB ⁽ⁱⁱ⁾	32,484	163	0	0	17,041	15,222	27,189	92,099	68,197	23,902	
Administered											
POBOS ⁽ⁱⁱⁱ⁾	620,000	0	0	0	0	0	0	620,000	613,345	6,655	
POBOS – State contribution under the Murray Darling Basin Act 1993	21,800	0	0	0	0	0	8,712	30,512	23,568	6,944	
Total	1,671,014	93,437	(1,262)	0	127,902	0	114,891	2,005,982	1,869,519	136,463	

Note 2. Funding delivery of our services (continued)

2.3 Summary of compliance with annual parliamentary and special appropriations (continued)

2.3.1 Summary of compliance with annual parliamentary appropriations (continued)

(i) Provision of outputs

The majority of the \$149.2 million variance relates to the carry over of output appropriations into 2017-18 to complete the following projects:

The Goulburn Murray Water (GMW) Connections project carry over is primarily due to a mid-term review of Stage 1 and 2 of the project. The full payment to GMW was made in 2016-17, however the department is required to the record part of this transaction as a prepayment as works are continuing and are due to be completed in late 2017. These are disclosed in Note 6.3 *Prepayments*.

Land Use Victoria related services experienced underspends as they are funded from cost recovery mechanisms, of which various programs cannot commence until sufficient funds are secured. These are disclosed in Note 4.1.2 *Controlled income and expenses*.

Goulburn Broken Catchment Management Authority (GBCMA) is managing the completion of on farm irrigation works by local irrigators in accordance with an agreement between the State and the Commonwealth under the Victorian Farm Modernisation Project. The full grant payment to GBCMA was made in 2016-17, however the department is required to the record part of this transaction as a prepayment as works are continuing and are due to be completed in late 2017. These are disclosed in Note 6.3 *Prepayments*.

The Commonwealth provides funding for the implementation of the Murray Darling Basin Plan. The funding is allocated as part of a National Partnership Agreement (NPA) on Implementing Water Reform in the Murray-Darling Basin and is restricted to funding activities associated with the plan. In order for Victoria to meet its obligations under the NPA, funding must be allocated to projects that meet certain criteria. Funds carried over to 2017-18 will be similarly drawn down in accordance with these arrangements. These are disclosed in Note 4.2.1 *Administered income and expenses*.

Environment Contribution - tranche 3 - Managing Rising Groundwater Risk in Bendigo project carry over relates to timelines being altered substantially due to the need to undertake a second tender process and to work through required approvals and revised project plans. The funds sought for carry over are fully committed through a funding agreement between the department and Coliban Water. These are disclosed in Note 4.1.2 *Controlled income and expenses*.

(ii) Addition to Net Assets Base (ATNAB)

The 2017 variance of \$26.2 million relates to the carry over of ATNAB available in 2017 for use in 2018 predominantly for:

The underspend in the minor capital works program due to the department consolidating its accommodation footprint within the CBD in order to eliminate surplus and inefficient floor space, in turn contributing to achieving the department's savings target. Works include redesigning and refitting its two principal offices and relocating staff from other offices. In 2016-17, delays were caused due to changes in the projects scope for various sites.

The New Bushfire Initiative capital works program has an underspend due to delays to the finalisation of specifications and engagement of appropriate vendors with the capability to meet the project's specifications. Due to the uniqueness of the products, the development specifications took a significant amount of time to complete, ranging from the designing of trailer and burn mix modules, multi-function truck water tanks to thermal imaging cameras. Contracts are now in place and production of these items is currently underway and will be delivered to the department in 2017-18.

A recashflow of the Smart Planning Program was required from 2016-17 to 2017-18 due to the slower than expected mobilisation and delays in resourcing the program, a recashflow was required from 2016-17 to 2017-18. The program makes planning processes and services more efficient, accessible, open and collaborative, through simpler rules and modern digital tools.

(iii) Payments made on Behalf of the State (POBOS)

The 2017 variance predominantly relates to the lapsing of a Treasurer's advance provided for the 2016-17 purchase of water from the Victorian Desalination plant. The utilisation of a Treasurers' advance was not necessary as an alternative funding source was identified within the department's existing annual appropriation base.

Note 2. Funding delivery of our services (continued)

2.3 Summary of compliance with annual parliamentary and special appropriations (continued)

2.3.2 Summary of compliance with special appropriations

		Appropriation Applied	
Authority	Purpose	2017 \$'000	2016 \$'000
Output special appropriations			
Section 201V of the <i>Planning and Environmental Act 1987</i>	Growth Area infrastructure contributions	134,918	58,746
Section 28 of the <i>Financial Management Act 1994</i>	Appropriation for borrowing against future appropriation	2,250	0
Total special appropriations		137,168	58,746

2.4 Income from transactions

2.4.1 Sale of goods and services

	2017 \$'000	2016 \$'000
Sale of goods and services		
Rendering of services	62,098	67,009
Sales of goods and livestock	339	1,028
Regulatory fees and charges	736	69
Refunds and reimbursements	2,396	1,965
Total sale of goods and services	65,569	70,071

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

- the amount of the income, stage of completion and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the department.

Under the stage of completion method, income is recognised by reference to the successful completion of milestones in individual contracts in each annual reporting period.

In the event that funds are received in advance and the provision of services is incomplete at the reporting date, the value of the incomplete portion is recognised as unearned income for the period and classified as a liability.

Income from the sale of goods is recognised when:

- the department no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer
- the department no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold
- the amount of income, and the costs incurred or to be incurred in respect of the transactions, can be reliably measured
- it is probable that the economic benefits associated with the transactions will flow to the department.

Regulatory fees, charges, refunds and reimbursements are recognised at the time of billing.

Note 2. Funding delivery of our services (continued)

2.4 Income from transactions (continued)

2.4.2 Municipal and Industrial Landfill Levy

Municipal and Industrial Landfill Levies of \$215.3 million (2016: \$201.1 million) are recognised on an accrual basis in accordance with AASB 118. Levies received during the year are recorded against the year the revenue was earned. Levies for which landfill operators have not submitted returns at the end of the financial year are recorded as a receivable from the Environmental Protection Authority.

2.4.3 Metropolitan Parks Improvement Rate

In accordance with AASB 1004 the Metropolitan Parks Improvement Rate of \$166.9 million (2016: \$159 million) is recognised as income when it is received. This rate commonly known as the 'parks charge' is an annual levy on all commercial and residential properties in the Melbourne and metropolitan areas collected by the metropolitan water corporations. The *Water Industry Act 1994* determines how the parks charge is to be levied and requires that money collected be spent on controlling, developing and managing open space, parks, waterways and bays within the metropolitan area. Payments were made to entities engaged in associated activities within the metropolitan area for the purposes of conservation, recreation, leisure, tourism and navigation.

The parks charge is paid into the Parks and Reserves Trust Account controlled by the department on behalf of the Minister for Energy, Environment and Climate Change. By agreement with the department, the parks charge is billed and collected by the three metropolitan retail water corporations and is paid directly into the trust account. For 2016-17 the minimum charge was levied at the rate of \$74.37 (2016: \$72.56) and the rate in the dollar of Net Annual Value was 0.445 cents (2016: 0.435 cents).

During the 2016-17 financial year, a total of \$149.928 million was disbursed from the trust (in 2015-2016, \$152.455 million was disbursed for the full financial year) for the following activities:

- Park management services in the metropolitan area including the management of bays, maintenance and construction of park assets. These include National and State parks, Zoological parks, State gardens and the Shrine of Remembrance.
- Purchase of public open space for conservation, recreation, leisure or tourism.
- Management and maintenance of public beaches and renourishment works.

2.4.4 Grants

	2017 \$'000	2016 \$'000
Grants		
Specific purpose grants	41,573	11,320
General purpose grants	151,976	2,242
Total grants	193,549	13,562

Grant income arises from transactions in which a party provides goods, services, assets or labour or a party extinguishes a liability to the department without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipts and sacrifice of approximately equal value may occur, but only by coincidence. For non-reciprocal grants, the department recognises revenue when the grant is receivable or received.

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

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). The department recognises income when it has satisfied its performance obligations under the terms of the grant.

Grants payable by the Commonwealth Government are recognised as income when the department gains control over the contribution. Where such grants are payable into the Consolidated Fund, they are reported as administered income. For reciprocal grants, the department is deemed to have assumed control when it has satisfied its performance obligations under the grants. For non-reciprocal grants, the department is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Note 2. Funding delivery of our services (continued)

2.5 Annotated Income agreements

The department is permitted under section 29 of the *Financial Management Act 1994* (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:

Note	2017 \$'000	2016 \$'000
Commonwealth specific purpose payments – output		
Biodiversity Fund	0	85
Cleaning up the Yarra - Installation of Litter Traps	106	299
Coal Seam Gas Bioregional Assessments	0	595
Murray Darling Basin Plan Implementation	6,800	9,661
National Framework for Compliance and Enforcement	0	1,384
National Landcare Programme Regional Allocations	21,309	20,729
National Whale Strandings Action Plan	32	12
Sunraysia Modernisation	736	1,500
Victorian Farm Modernisation	32,910	10,603
Total Commonwealth specific purpose payments – output	61,893	44,868
Capital items		
Goulburn-Murray Water Connections Project Stage 1	0	0
Property Administration and Systems	5,631	0
Total capital items	5,631	0
Commonwealth specific purpose payments – capital		
Sunraysia Modernisation	0	17,041
Total Commonwealth specific purpose payments – capital	0	17,041

Note 2. Funding delivery of our services (continued)

2.5 Annotated Income agreements

	Note	2017 \$'000	2016 \$'000
User charges, or sales of goods and services			
BushBroker		140	237
Commercial Forests		0	10
Constraint Measure Project Business Case Development		0	1,569
Electronic Conveyancing		0	13,997
Landata		29,068	25,380
Land Registration Services		87,487	0
Land Titles Office		0	180
Mapping		1,099	1,292
Miscellaneous Industry Contributions		286	45
Goulburn-Murray Water Connections Project Stage 1		3,355	3,659
Parks user fees and Werribee Mansion		10,461	9,823
National Water Infrastructure Development Fund - Feasibility Studies		2,022	0
Queenscliff Harbour Redevelopment		156	124
Revenue retained on behalf of the Environmental Protection Authority		2,178	2,966
SPEARS Project		0	3,634
VICMap		4,022	0
Water Register – Planning		269	244
Water Register – State		2,427	2,833
Total user charges, or sales of goods and services		142,970	79,967
Total annotated income agreements	2.3.1	210,494	127,902

Note 3. The cost of delivering services and commitments

Introduction

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

Structure

- 3.1 Expenses incurred in delivery of services
 - 3.1.1 Employee expenses in the comprehensive operating statement
 - 3.1.1(a) Responsible persons
 - 3.1.1(b) Remuneration of executive officers
 - 3.1.1(c) Related parties
 - 3.1.1(d) Employee benefits in the balance sheet
 - 3.1.2 Grants and other transfers
 - 3.1.3 Supplies and services
 - 3.1.4 Other operating expenses
 - 3.1.5 Remuneration of Auditors
 - 3.1.6 Superannuation
- 3.2 Other operating commitments (other than public private partnerships)
- 3.3 Operating leases
- 3.4 Net capital contributions transferred to portfolio entities

3.1 Expenses incurred in delivery of services

3.1.1 Employee expenses in the comprehensive operating statement

	2017 \$'000	2016 \$'000
Employee expenses		
Post-employment benefits		
Defined contribution superannuation expense	(24,031)	(19,987)
Defined benefit superannuation expense	(5,219)	(5,671)
Termination benefits	(2,345)	(1,264)
Salaries and wages	(298,839)	(278,139)
Leave expenses (annual leave and long service leave)	(43,450)	(42,160)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	(23,604)	(16,454)
Total employee expenses	(397,488)	(363,675)

Employee expenses include all costs relating to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments, defined benefit superannuation plans, defined contribution superannuation plans and WorkCover premiums.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. The department recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or 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.

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses in the comprehensive operating statement (continued)

(a) Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in the department are as follows:

Minister for Water	The Hon. Lisa Neville MP	1 July 2016 to 30 June 2017
Minister for Energy, Environment and Climate Change	The Hon. Lily D'Ambrosio MP	1 July 2016 to 30 June 2017
Minister for Suburban Development	The Hon. Lily D'Ambrosio MP	1 July 2016 to 30 June 2017
Minister for Planning	The Hon. Richard Wynne MP	1 July 2016 to 30 June 2017
Minister for Local Government	The Hon. Natalie Hutchins MP	1 July 2016 to 30 June 2017
Secretary	Mr Adam Fennessy	1 July 2016 to 23 June 2017

Remuneration received or receivable by the Accountable Officer in connection with the management of the Department during the reporting period was in the range: \$520,000 - \$530,000 (\$470,000 - \$479,000 in 2015-16).

Acting arrangements

The Hon. Natalie Hutchins MP acted as Minister for Energy, Environment and Climate Change and Minister for Suburban Development during the period 3 to 10 July 2016, and Minister for Suburban Development during the period 17 to 28 April 2017.

The Hon. Martin Foley MP acted as Minister for Energy, Environment and Climate Change and Minister for Suburban Development during the period 11 to 24 July 2016.

The Hon. Wade Noonan MP acted as Minister for Planning during the period 4 to 5 July 2016.

The Hon. Jill Hennessy MP acted as Minister for Planning during the period 6 to 14 July 2016.

The Hon. Fiona Richardson MP acted as Minister for Water during the period 10 to 17 July 2016.

The Hon. Tim Pallas MP acted as Minister for Water during the period 18 to 24 July 2016.

The Hon. Luke Donnellan MP acted as Minister for Local Government during the period 2 to 7 August 2016.

The Hon. Richard Wynne MP acted as Minister for Local Government during the period 8 August to 4 September 2016.

The Hon. Lily D'Ambrosio MP acted as Minister for Local Government during the period 20 December 2016 to 8 January 2017 and Minister for Planning during the period 1 to 8 January 2017.

The Hon. Lisa Neville MP acted as Minister for Local Government during the period 9 to 27 January 2017, Minister for Planning during the periods 1 to 5 August 2016 and 9 to 25 January 2017 and Minister for Energy, Environment and Climate Change during the period 17 to 28 April 2017.

The Hon. Gavin Jennings MLC acted as Minister for Water during the period 2 to 8 January 2017.

The Hon. Martin Pakula MP acted as Minister for Water during the period 10 to 19 February 2017.

Ms Kathryn Anderson acted in the position of Secretary during the period 1 July to 10 July 2016. Ms Christine Wyatt acted in the position of Secretary during the period 3 to 9 April 2017 and 24 to 30 June 2017. Ms Kate Houghton acted in the position of Secretary during the period 21 to 25 April 2017. Their salary for these periods is included in Note 31 (b) *Remuneration of executive officers*.

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses in the comprehensive operating statement (continued)

(b) Remuneration of executive officers

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 include superannuation contributions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave and deferred compensation.

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

	2017 \$'000
Remuneration of executive officers	
Short-term employee benefits	15,627
Post-employment benefits	1,306
Other long-term benefits	329
Termination benefits	572
Total remuneration of executive officers ^{(i)(ii)(iv)}	17,834
Total number of executives	96
Total annualised employee equivalent (AEE) ⁽ⁱⁱⁱ⁾	75.5

Note:

- (i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.
- (ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the department under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 3.1.1 (c)).
- (iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.
- (iv) Remuneration for staff who have acted in executive positions over two months have been included in the table above.

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses in the comprehensive operating statement (continued)

(c) Related parties

The department is a wholly owned and controlled entity of the State of Victoria. Related parties of the department include:

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

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

Significant transactions with government related entities

The following entities are considered to be related parties with significant transactions with the department

Department of Treasury and Finance

The Department of Treasury and Finance (DTF) monitors the department's compliance with the *Financial Management Act 1994*. DTF coordinates and monitors the funding requirements for the department's operations and capital investment for the delivery of outputs. The funding is drawn from the State's Consolidated Fund. The department has received operating and capital funding. The department is required to pay the Capital Asset Charge to DTF. This is a levy charged on the written down value non-current physical assets.

Melbourne Water Corporation

Melbourne Water Corporation is a government owned water corporation with agreements with the department to deliver major water infrastructure such as the Victorian Desalination Project (VDP). The department monitors Melbourne Water Corporation's compliance with the *Water Act 1989*, Water Interface Agreement and the Supplementary Agreement to the Water Interface Agreement. Details of the income and expenses are disclosed in Note 4.2.1 *Administered income and expenses* and associated lease liability and commitments payable in Note 4.2.4 *Victorian Desalination Project*.

City West Water, South East Water and Yarra Valley Water

City West Water, South East Water and Yarra Valley Water are government owned water corporations with agreements with the department to collect the annual levy known as 'park charges' on all commercial and residential properties in the Melbourne and metropolitan areas. Revenue raised from the park charges are held in the Parks and Reserves Trust account managed by the department. Details of the park charges are disclosed in Note 2.4.3 *Metropolitan Parks Improvement Rate*.

Goulburn-Murray Water Corporation

Goulburn-Murray Water Corporation is a government owned water corporation with an agreement with the department to deliver the Commonwealth funded connections and irrigations modernisation program. Under this program, the department has prepaid operating funding and provided capital funding. Details are disclosed in Note 6.3 *Prepayments*, Note 3.1.2 *Grants and other transfers* and associated commitments are disclosed in Note 3.2 *Other operating commitments* and Note 5.7 *Capital expenditure commitments*.

Goulburn Broken Catchment Management Authority

Goulburn Broken Catchment Management Authority is a government owned authority with an agreement with the department to deliver the Commonwealth funded Victorian Farm Modernisation Project. The department has prepaid operating funding and provided capital funding. Details are disclosed in Note 6.3 *Prepayments*, Note 3.1.2 *Grants and other transfers* and associated commitments are disclosed in Note 3.2 *Other operating commitments* and Note 5.7 *Capital expenditure commitments*.

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses in the comprehensive operating statement (continued)

Environment Protection Authority

The Environment Protection Authority is a government agency with an agreement with the department to collect the Municipal and Industrial Landfill Levies. The levies apply to municipal and commercial waste deposited at licensed facilities in Victoria. Revenue raised from the landfill levies are held in the Municipal and Industrial Landfill Levy Trust Account. This fund is established under the *Environment Protection Act 1970* and is managed by the department. Levies received by the department are disclosed in Note 2.4.2 *Municipal and Industrial Landfill Levy*. Amounts receivable for the levy are disclosed in Note 6.1 *Receivables*.

Parks Victoria, Sustainability Victoria, Zoological Parks and Gardens Board and Metropolitan Planning Authority

Parks Victoria, Sustainability Victoria, Zoological Parks and Gardens Board and Metropolitan Planning Authority are government statutory authorities who have agreements with the department to deliver different aspects of the department's objectives including the sustainability of the environment, park preservation and management and environmental planning. Grants paid to the authorities include operating and capital funding. They are disclosed in Note 3.1.2 *Grants and other transfers* and Note 3.4 *Net capital contributions transferred to portfolio entities*.

Treasury Corporation of Victoria

The Treasury Corporation of Victoria is a government owned authority and provides cash management and financial management services to the department. The department's short term cash holdings are required to be invested with the authority. Interest received from the authority can be seen in Note 7.1.3 *Interest*. Cash, deposits and investments can be seen in Note 7.1 *Cash flow information*, Note 5.5 *Investments and other financial assets* and Note 8.1 *Financial instruments specific disclosures*.

Victorian Financial Management Corporation

The Victorian Financial Management Corporation is a government owned authority and provides investment management services. The department currently holds investments in the Capital Stable Fund. Interest received from the authority can be seen in Note 7.1.3 *Interest*. The investment is disclosed in Note 5.5 *Investments and other financial assets* and Note 8.1 *Financial instruments specific disclosures*.

CenITex

CenITex is a government owned authority and the department has an agreement in place for CenITex to provide information and communication technology services. Payments made to CenITex have been disclosed in Note 3.1.2 *Grants and other transfers* and Note 3.1.3 *Supplies and services*.

Other related parties

The following entities are also considered to be related parties to the department:

- Fifty-two departmental portfolio entities including water and catchment management authorities received grant and capital funding. The amounts are disclosed in Note 3.1.2 *Grants and other transfers* and Note 3.4 *Net capital contributions transferred to portfolio entities*.
- Seventy-nine Victorian local councils received grant funding disclosed in Note 4.2 *Administered (non-controlled) items*.
- VicRoads transferred a parcel of Crown land to the department via contributed capital in line with the Financial Reporting Direction 119A – *Transfers through contributed capital*. This has been disclosed Note 5.1.4 *Reconciliation of movements in carrying values*.
- The Department of Economic Development, Jobs, Transport and Resources (DEDJTR) provided operating funding to the department relating to projects and grant programs and this is disclosed in Note 2.1 *Funding delivery of our services*. DEDJTR received funding from the department associated with shared service costs and other projects and this is disclosed in Note 3.1.2 *Grants and other transfers* and Note 3.1.3 *Supplies and services*.

Key management personnel of the department include the Portfolio Ministers – The Hon. Lisa Neville MP, The Hon. Lily D'Ambrosio MP, The Hon. Richard Wynne MP, The Hon. Natalie Hutchins MP; the former Secretary, Adam Fennessy; the Deputy Secretaries; and some members of the Executive Team, which includes:

- Deputy Secretary Corporate Services, Ms Kathryn Anderson
- Deputy Secretary Water and Catchment, Ms Kate Houghton
- Deputy Secretary Local Infrastructure, Mr Terry Garwood
- Deputy Secretary Planning, Ms Christine Wyatt

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses in the comprehensive operating statement (continued)

- Deputy Secretary Energy, Environment and Climate Change, Mr Paul Smith
- Deputy Secretary Forest, Fire and Regions, Mr Lee Miezi
- Executive Director Capital Projects, Dr Paul Pretto
- Acting Executive Director Capital Projects, Ms Jenny Carbery
- Chief Executive Land Use Victoria, Mr Chris McRae
- Chief Fire Officer, Ms Stephanie Rotarangi.

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

	2017 \$'000
Compensation of key management personnel	
Short-term employee benefits	2,943
Post-employment benefits	197
Other long-term benefits	62
Termination benefits	0
Total compensation of key management personnel	3,202

Remuneration for staff who have acted in the executive position for over two months have been included in the table above.

Transactions 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 Procurement Board requirements.

Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Kathryn Anderson, Deputy Secretary Corporate Services is a board member of CenITex. All dealings between the department and CenITex were on normal terms and conditions during the reporting period.

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses (continued)

(d) Employee benefits in the balance sheet

	2017 \$'000	2016 \$'000
Current provision for employee benefits		
Employee benefits – annual leave ⁽ⁱ⁾		
Unconditional and expected to settle within 12 months	30,789	27,428
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	498	712
Employee benefits – long service leave ⁽ⁱ⁾		
Unconditional and expected to settle within 12 months	57,343	52,711
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	14,491	15,303
Employee benefits – emergency relief leave		
Unconditional and expected to settle within 12 months	1,839	0
	104,960	96,154
Provisions for on-costs:		
Unconditional and expected to settle within 12 months	14,107	12,670
Unconditional and expected to settle after 12 months ⁽ⁱⁱ⁾	2,350	2,532
	16,457	15,202
Total current provisions for employee benefits	121,417	111,356
Non-current provisions for employee benefits		
Employee benefits ⁽ⁱ⁾⁽ⁱⁱ⁾	6,090	6,585
On-costs ⁽ⁱⁱ⁾	955	1,041
Total non-current provisions for employee benefits	7,045	7,626
Total provisions for employee benefits	128,462	118,982

Note:

- (i) Provisions for employee benefits consist of amounts for annual leave, long service leave and earned emergency relief accrued by employees, not including on-costs.
- (ii) The amounts disclosed are discounted to present values.

Reconciliation of movement in on-cost provision

	2017 \$'000
Balance at 1 July	16,243
Additional provisions recognised	2,867
Reductions arising from payments/other sacrifices of future economic benefits	(1,809)
Increase/(reductions) resulting from re-measurement or settlement without cost	(154)
Unwind of discount and effect of changes in the discount rate	265
Balance at 30 June	17,412
Current	16,457
Non-current	955
Total provision for on-costs	17,412

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.1 Employee expenses (continued)

Wages, salaries and annual leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provisions as current liabilities, because the department does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- nominal value – if the department expects to wholly settle within 12 months
- present value – if the department does not expect to wholly settle within 12 months.

Earned Emergency Recreation Leave

Earned Emergency Recreation Leave (EERL) is provided to staff for the management of long term fatigue that can result from extended involvement in emergency management over a 12 month period.

EERL is accrued based on overtime and standby performed outside of normal hours when the Emergency Provision in Appendix 6 of the VPS Agreement 2016 have been enacted. EERL is calculated each calendar year, from 1 January to 31 December.

EERL is classified as a current liability and measured at the nominal value as the department expects the liability to be wholly settled within 12 months of reporting date.

Long service leave

Unconditional long service leave (LSL) is disclosed as a current liability, even where the department does not expect to settle the liability within 12 months, because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if the department expects to wholly settle within 12 months
- present value – if the department does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 9.1 *Other economic flows included in net result*).

Employee on-costs

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.

3.1.2 Grants and other transfers

	2017 \$'000	2016 \$'000
Grants and other transfers		
Grants to portfolio agencies	(392,063)	(354,001)
Grants to catchment management authorities	(100,184)	(107,036)
Grants to non-portfolio agencies	(38,298)	(28,088)
Grants to the Commonwealth, other state, territory and local governments	(138,486)	(115,689)
Grants to private individuals, businesses and non-profit organisations	(44,112)	(28,766)
Other grants and transfers	123	(24)
Total grants and other transfers	(713,020)	(633,604)

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

Grants and other transfers are contributions of the Department's resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grants can either be operating or capital in nature.

Grant expenses are recognised 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.

3.1.3 Supplies and services

	2017 \$'000	2016 \$'000
Supplies and services		
Community awareness and publicity	(2,474)	(2,447)
Contract and professional services	(338,230)	(252,335)
Equipment maintenance and hire	(35,446)	(42,759)
General expenses	(191,129)	(97,238)
Insurance expenses	(17,780)	(6,848)
IT costs	(32,754)	(28,730)
Laboratory, farm and livestock expenses	(439)	(3,086)
Motor vehicle costs	(9,697)	(8,784)
Office and accommodation	(43,480)	(40,181)
Office expenses	(6,100)	(5,090)
Payments for shared services	(22,390)	(15,867)
Postage and telephone	(15,507)	(14,179)
Travel and subsistence	(4,648)	(6,541)
Total supplies and services	(720,074)	(524,085)

Supplies and services generally represent the day-to-day running costs, including maintenance costs, contract and professional services, office and accommodation that are incurred in the normal operations of the department.

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

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.4 Other operating expenses

	2017 \$'000	2016 \$'000
Other operating expenses		
Operating lease rental expenses:		
Minimum lease payments - operating	(498)	(962)
Total operating lease rental expenses	(498)	(962)
Sub-total	(498)	(962)
Cost of goods sold/distributed	(5,176)	(6,714)
Ex-gratia payments ⁽ⁱⁱ⁾	(4)	(15)
Research and development costs immediately expensed	0	(42)
Settlement of litigation ⁽ⁱ⁾	(150)	(4,842)
Fair value of assets and services provided free of charge or for nominal consideration	0	(72)
Total other operating expenses	(5,828)	(12,647)

Note:

- (i) 2016-17 amounts predominantly related to the settlement of various land registry claims.
- (ii) Ex-gratia expenses are 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 department or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Operating lease payments (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systemic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3.1.5 Remuneration of auditors

	2017 \$'000	2016 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	382	373
Total remuneration of auditors	382	373

Note 3. The cost of delivering services and commitments (continued)

3.1 Expenses incurred in delivery of services (continued)

3.1.6 Superannuation

The amount recognised in the comprehensive operating statement in relation to superannuation is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The defined benefit plan provides benefits based on years of service and final average salary.

The department does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in their annual financial statements the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the department are listed in the above table as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Defined benefit plans:				
Emergency Services Superannuation Scheme	5,107	5,558	111	113
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	16,541	14,860	360	283
Various other	6,979	4,747	152	97
Total superannuation contributions	28,627	25,165	623	493

Note:

The bases for contributions are determined by the various schemes.

All employees of the department are entitled to varying levels of benefits on retirement, disability or death. Some superannuation plans provide defined benefits based on years of service and final average salary. The others are classified as contribution schemes. Contributions by the department of a minimum of 9.50 percent (2016: 9.50 percent) of employee's wages and salaries are legally enforceable on the department.

The above amounts were measured as at 30 June of each year or in the case of employer contributions they relate to the years ended 30 June.

Note 3. The cost of delivering services and commitments (continued)

3.2 Other operating commitments (other than public private partnerships)

Other operating commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2017 \$'000	2016 \$'000
Other operating commitments		
Outsourcing	1,680	16,158
Other operating	373,223	577,124
Total other operating commitments	374,903	593,282
Other operating commitments payable		
Not later than one year	243,696	213,654
Later than one year but no later than five years	131,207	370,863
Later than five years	0	8,765
Total other operating commitments	374,903	593,282
Total other operating commitments (inclusive of GST)	374,903	593,282
Less GST recoverable from the Australian Taxation Office ⁽ⁱ⁾	(8,478)	(53,935)
Total other operating commitments (exclusive of GST)	366,425	539,347

Note:

(i) Total other operating commitments includes transactions that do not attract GST.

3.3 Operating leases

Operating leases predominantly relate to office and other facilities with lease terms of between two to 15 years, some with options to extend the lease. Some operating lease contracts contain annual market review clauses.

Other leases consist mainly of aircraft leases relating to fire bombing services. Such leases have terms between one to five years.

The department does not have an option to purchase the leased assets at the expiry of the lease period.

Operating lease commitments payable are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2017 \$'000	2016 \$'000
Non-cancellable operating leases payable		
Not later than one year	32,008	23,976
Later than one year but no later than five years	35,425	19,214
Later than five years	77,491	275
Total commitments for operating leases (inclusive of GST)	144,924	43,465
Less GST recoverable from the Australian Taxation Office	(13,175)	(3,951)
Total commitments for operating leases (exclusive of GST)	131,749	39,514

Note 3. The cost of delivering services and commitments (continued)

3.4 Net capital contributions transferred to portfolio entities

	2017 \$'000	2016 \$'000
Net Capital contributions transferred to portfolio entities		
Contributions to Parks Victoria	22,782	17,371
Contributions to water authorities	27,618	32,496
Contributions to Alpine Resorts Management Boards	315	304
Contributions to Environmental Protection Authority	2,418	943
Contributions to Zoological Parks & Gardens Board of Victoria	3,125	5,875
Contribution to Phillip Island Nature Park Board of Management	4,341	0
Contribution to Royal Botanic Gardens Victoria	0	873
Total net capital contributions transferred to portfolio entities	60,599	57,862

Note 4. Disaggregated financial information by output

Introduction

The department is predominately funded by accrual based parliamentary appropriations for the provision of outputs. This section provides a description of the departmental outputs performed during the year ended 30 June 2017 along with the objectives of those outputs.

This section disaggregates revenue and income that enables the delivery of service (described in Note 2) by output and records the allocation of expenses incurred (described in Note 3) also by output.

The aggregation in this section also provides information on controlled and administered items in connection with these outputs.

The distinction between controlled and administered items is drawn 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 primary financial statements.

The department is administering the desalination project arrangements on behalf of the state and therefore recognises the associated income, expenses, assets, liabilities and off balance sheet disclosures as administered items.

Other administered items include fees from land title transactions, environmental contributions from Victorian water businesses, the state's share of the Murray-Darling Basin Authority's jointly controlled assets, proceeds from the sale of administered surplus land and buildings, and grants provided by the Commonwealth to assist the State Government in meeting general or specific delivery obligations.

Judgement is required in allocating income and expenses to specific outputs, including judgements made in making allocations for shared services expenses and corporate costs such as insurance expenses. Allocation of expenses are made on a percentage basis in line with the delivery of the output.

Structure

- 4.1 Departmental outputs
 - 4.1.1 Description and objectives
 - 4.1.2 Controlled income and expenses
 - 4.1.3 Controlled assets and liabilities
- 4.2 Administered (non controlled) items
 - 4.2.1 Administered income and expenses
 - 4.2.2 Administered assets and liabilities
 - 4.2.3 Investment in joint operation
 - 4.2.4 Victorian Desalination Project
- 4.3 Restructure of administrative arrangements

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs

4.1.1 Description and objectives

A description of departmental outputs delivered during the year ended 30 June 2017, and the objectives of these outputs, are summarised below.

Objective: A quality built environment

This objective plans for the future growth and transformation of cities and regions and provides leadership and advice on heritage protection and the built environment. It delivers streamlined, fair and transparent planning, building and heritage systems.

Output: Planning, Building and Heritage

This output delivers programs to address the future growth and transformation of cities and regions through strategic and integrated land use planning; urban development, design and renewal; land supply; heritage conservation and management and regulatory reform. Through this output, the Department administers the statutory responsibilities of the Minister for Planning and provides for fair and transparent planning, building and heritage systems.

Objective: Healthy, resilient and biodiverse environment

This objective delivers effective environment and climate change policy, programs, investment and regulation. It provides support for local communities and landholders engaged in environmental works, improves the transparency and delivery of environmental regulation, provides effective governance and investment in environmental programs and provides effective policy for environmental outcomes and resource efficiency.

Output: Environment, Biodiversity and Climate Change

This output leads the development and implementation of strategic, whole of government environmental and climate change policy and delivers investment, regulatory and research functions that support diverse and resilient natural ecosystems for a liveable Victoria. It provides responsive policy advice and direction to give effect to government priorities on climate change, waste, resource recovery and efficiency and biodiversity.

Output: Statutory Activities and Environmental Protection

This output effectively regulates pollution through statutory and non-statutory tools and settings, conducts enforcement activities and undertakes environmental condition monitoring and research. These activities protect and improve the environment to support a liveable and prosperous

state by delivering clean air, healthy waterways, safe land, less waste and minimal disturbances from noise and odour for Victorians.

Objective: Productive and effective land management

This objective delivers effective management and governance of Victoria's public land to protect its social, economic and environmental values and maximise its use by all Victorians.

Output: Land Victoria

This output delivers high quality and authoritative land administration and property information services, including the registration of land titles under the Torrens system, survey, valuation and property sales and planning and property certificates.

Output: Management of Forests, Parks and Public Land

This output provides for the improved stewardship of Victoria's public land estate including forests, parks, coasts and Crown land reserves. Through this output, the Department manages the development and protection of natural, cultural and community assets for the enjoyment and sustainable use by all Victorians. The Department works to ensure natural, built and historic assets are managed responsibly, and incorporates management of public land in partnership with statutory agencies, committees and local government.

Objective: Safe and sustainable water resources

This objective increases the efficiency of supply and use of water in cities and towns and improves environmental conditions and waterways to ensure Victoria has safe and sustainable water resources to meet future urban, rural and environmental needs.

Output: Effective Water Management and Supply

This output develops policies, provides strategic advice and oversees regulatory systems and institutional arrangements to effectively manage Victoria's water resources. Through this output, the Department delivers on-ground environmental programs to improve the health of waterways; water industry reform, governance and performance oversight, sustainable irrigation programs and makes water resources information accessible to enable informed decision-making.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.1 Description and objectives (continued)

Objective: Sustainable and effective local governments

This objective supports effective and efficient local governance and service provision and supports communities to manage change and growth at a local level.

Output: Local Government

This output delivers activities in partnership with the local government sector to support effective and efficient governance and service provision. Through this output, the Department administers programs to support local governments, increase accountability and provide support to the Victoria Grants Commission.

Objective: Reduced impact of major bushfires and other emergencies on people, property and the environment

This objective delivers an integrated approach to reducing risk of bushfires to protect people, property and the environment

Output: Fire and Emergency Management

This output plans and delivers integrated bushfire management. Through this output, the Department works with land and fire managers to plan and deliver bushfire management across public and private land; involves local communities in decision making, drawing on local values and insights to promote resilience; invests in science and partnerships to build knowledge of the relationship between fire and the environment to better manage risk; monitors and assesses the impact and effectiveness of fire management operations; ensures its workforce is effectively trained and prepared; and maintains a strategic road network to facilitate fire and emergency-related activities and provide access for the community, timber and tourism industries.

Objective: Reliable, efficient, accessible, safe and sustainable energy services

This objective delivers leading programs on renewable energy, improving energy efficiency and productivity. It also provides policy advice to government on the delivery of reliable, efficient, accessible, safe and sustainable energy services to households and business consumers.

Output: Energy

This output advocates for the provision of reliable, efficient, accessible, safe and sustainable energy services through state-based energy programs, including renewable energy development, energy efficiency improvement and facilitation of new investment.

New output

The Energy output is reported by the department following transfer from the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) on 1 July 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.2 Controlled income and expenses

	Planning, Building and Heritage ⁽ⁱ⁾		Environment, Biodiversity and Climate Change ⁽ⁱ⁾		Statutory Activities and Environmental Protection ⁽ⁱ⁾	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from transactions						
Output appropriations	111,346	67,811	83,895	96,352	2,851	0
Special appropriations	134,918	58,746	0	0	0	0
Interest	3,913	1,449	0	0	12,033	11,845
Sale of goods and services	177	4,081	26,402	30,248	29	0
Municipal and Industrial Landfill Levy	0	0	0	0	215,330	201,170
Metropolitan Parks Improvement Rate	0	0	0	0	0	0
Grants	8,510	(601)	1,955	2,880	1	0
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	1	0	0
Other income	691	2,133	88	20	636	0
Total income from transactions	259,555	133,619	112,340	129,501	230,880	213,015
Expenses from transactions						
Employee expenses	(37,891)	(31,643)	(50,595)	(51,405)	(1,680)	(209)
Depreciation	(545)	(295)	(2,622)	(3,046)	(79)	0
Interest expense	(10)	1	(82)	(140)	(1)	0
Grants and other transfers	(55,988)	(16,754)	(38,781)	(41,605)	(99,789)	(76,419)
Capital asset charge	(15,199)	(14,987)	(2,070)	(2,119)	(69)	0
Supplies and services	(28,764)	(8,756)	(8,357)	(13,471)	(40,637)	(16,807)
Other operating expenses	(69)	(11)	(838)	(651)	(5)	0
Total expenses from transactions	(138,466)	(72,445)	(103,345)	(112,437)	(142,260)	(93,435)
Net result from transactions (net operating balance)	121,089	61,174	8,995	17,064	88,620	119,580

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.2 Controlled income and expenses (continued)

	Planning, Building and Heritage ⁽ⁱ⁾		Environment, Biodiversity and Climate Change ⁽ⁱ⁾		Statutory Activities and Environmental Protection ⁽ⁱ⁾	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other economic flows included in net result						
Net gain/(loss) on non-financial assets	(31,617)	(473)	1,259	9	162	0
Net gain/(loss) on financial instruments	(45)	(256)	(55)	(34)	2,617	3,947
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	0	0
Other gains/(losses) from other economic flows	65	0	115	(12)	21	0
Total other economic flows included in net result	(31,597)	(729)	1,319	(37)	2,800	3,947
Net result	89,492	60,445	10,314	17,027	91,420	123,527
Other economic flows – other comprehensive income						
Items that will not be classified to net result						
Changes in physical asset revaluation surplus	28,889	0	0	0	0	0
Share of change in associate's contributed capital	0	0	0	0	0	0
Total other economic flows – other comprehensive income	28,889	0	0	0	0	0
Comprehensive result	118,381	60,445	10,314	17,027	91,420	123,527

Note:

- (i) Information about the objectives of these departmental outputs is located in the Report of Operations under the 'Operational and budgetary objectives and performance against objectives' section.
- (ii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.2 Controlled income and expenses (continued)

	Land Victoria ⁽ⁱ⁾		Management of Forests, Parks and Public Land ⁽ⁱ⁾		Effective Water Management and Supply ⁽ⁱ⁾		Local Government ⁽ⁱ⁾	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from transactions								
Output appropriations	114,123	71,632	197,156	178,346	294,787	246,062	129,826	114,972
Special appropriations	0	0	0	0	0	0	0	0
Interest	0	0	1,319	1,600	1,546	4,173	0	0
Sale of goods and services	13,717	13,767	4,406	4,005	10,400	10,492	0	0
Municipal and Industrial Landfill Levy	0	0	0	0	0	0	0	0
Metropolitan Parks Improvement Rate	0	0	166,933	159,537	0	0	0	0
Grants	1	0	2,646	20	175,948	5,196	2,701	3,579
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	0	0	1	0	2
Other income	6	0	6,453	7	1,876	92	0	0
Total income from transactions	127,847	85,399	378,913	343,515	484,557	266,016	132,527	118,553
Expenses from transactions								
Employee expenses	(42,786)	(36,184)	(43,278)	(40,447)	(55,767)	(57,642)	(11,767)	(8,489)
Depreciation	(1,079)	(363)	(15,007)	(12,785)	(3,894)	(4,369)	(55)	(39)
Interest expense	7	(20)	(107)	(169)	(20)	0	(5)	1
Grants and other transfers	(3)	(1)	(218,214)	(209,929)	(136,116)	(157,315)	(120,368)	(105,058)
Capital asset charge	(789)	(734)	(18,213)	(17,697)	(2,418)	(2,845)	0	0
Supplies and services	(75,094)	(47,576)	(54,998)	(47,156)	(306,765)	(232,514)	910	(6,459)
Other operating expenses	(140)	(4,929)	(1,042)	(48)	(68)	(166)	(15)	(19)
Total expenses from transactions	(119,884)	(89,807)	(350,859)	(328,231)	(505,048)	(454,851)	(131,300)	(120,063)
Net result from transactions (net operating balance)	7,963	(4,408)	28,054	15,284	(20,491)	(188,835)	1,227	(1,510)

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.2 Controlled income and expenses (continued)

	Land Victoria ⁽ⁱ⁾		Management of Forests, Parks and Public Land ⁽ⁱ⁾		Effective Water Management and Supply ⁽ⁱ⁾		Local Government ⁽ⁱ⁾	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other economic flows included in net result								
Net gain/(loss) on non-financial assets	350	26	8,216	(50,484)	3,474	(550)	(7)	29
Net gain/(loss) on financial instruments	(2)	(579)	2	(40)	9	(128)	1	(93)
Share of net profits/(losses) of associates, excluding dividends	0	(4,377)	0	0	0	0	0	0
Other gains/(losses) from other economic flows	32	(2,021)	168	(15)	451	(55)	0	0
Total other economic flows included in net result	380	(6,951)	8,386	(50,539)	3,934	(733)	(6)	(64)
Net result	8,343	(11,359)	36,440	(35,255)	(16,557)	(189,568)	1,221	(1,574)
Other economic flows – other comprehensive income								
Items that will not be classified to net result								
Changes in physical asset revaluation surplus	0	0	0	969,019	0	0	0	0
Share of change in associate's contributed capital	0	8,548	0	0	0	0	0	0
Total other economic flows – other comprehensive income	0	8,548	0	969,019	0	0	0	0
Comprehensive result	8,343	(2,811)	36,440	933,764	(16,557)	(189,568)	1,221	(1,574)

Note:

- (i) Information about the objectives of these departmental outputs is located in the Report of Operations under the 'Operational and budgetary objectives and performance against objectives' section.
- (ii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.2 Controlled income and expenses (continued)

	Fire and Emergency Management ⁽ⁱ⁾		Energy ^{(i) (iii)}		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from transactions						
Output appropriations	387,230	389,234	54,833	0	1,376,047	1,164,409
Special appropriations	2,250	0	0	0	137,168	58,746
Interest	72	0	0	0	18,883	19,067
Sale of goods and services	6,120	7,478	4,318	0	65,569	70,071
Municipal and Industrial Landfill Levy	0	0	0	0	215,330	201,170
Metropolitan Parks Improvement Rate	0	0	0	0	166,933	159,537
Grants	1,037	2,488	750	0	193,549	13,562
Fair value of assets and services received free of charge or for nominal consideration	0	1	0	0	0	5
Other income	331	0	99	0	10,180	2,252
Total income from transactions	397,040	399,201	60,000	0	2,183,659	1,688,819
Expenses from transactions						
Employee expenses	(142,241)	(137,656)	(11,483)	0	(397,488)	(363,675)
Depreciation	(34,759)	(20,536)	(50)	0	(58,090)	(41,433)
Interest expense	(602)	(655)	(2)	0	(822)	(982)
Grants and other transfers	(27,318)	(26,523)	(16,443)	0	(713,020)	(633,604)
Capital asset charge	(53,010)	(52,960)	(43)	0	(91,811)	(91,342)
Supplies and services	(140,247)	(151,346)	(66,122)	0	(720,074)	(524,085)
Other operating expenses	(3,646)	(6,823)	(5)	0	(5,828)	(12,647)
Total expenses from transactions	(401,823)	(396,499)	(94,148)	0	(1,987,133)	(1,667,768)
Net result from transactions (net operating balance)	(4,783)	2,702	(34,148)	0	196,526	21,051

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.2 Controlled income and expenses (continued)

	Fire and Emergency Management ⁽ⁱ⁾		Energy ^{(i) (iii)}		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Other economic flows included in net result						
Net gain/(loss) on non-financial assets	6,071	470	100	0	(11,992)	(50,973)
Net gain/(loss) on financial instruments	20	(106)	0	0	2,547	2,711
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	0	(4,377)
Other gains/(losses) from other economic flows	444	(41)	13	0	1,309	(2,144)
Total other economic flows included in net result	6,535	323	113	0	(8,136)	(54,783)
Net result	1,752	3,025	(34,035)	0	188,390	(33,732)
Other economic flows – other comprehensive income						
Items that will not be classified to net result						
Changes in physical asset revaluation surplus	0	0	0	0	28,889	969,019
Share of change in associate's contributed capital	0	0	0	0	0	8,548
Total other economic flows – other comprehensive income	0	0	0	0	28,889	977,567
Comprehensive result	1,752	3,025	(34,035)	0	217,279	943,835

Note:

- (i) Information about the objectives of these departmental outputs is located in the Report of Operations under the 'Operational and budgetary objectives and performance against objectives' section.
- (ii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.3 Controlled assets and liabilities

	Planning, Building and Heritage		Environment, Biodiversity and Climate Change		Statutory Activities and Environmental Protection	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets						
Financial assets						
Cash and deposits	57,772	39,542	83,278	73,215	55,139	92,661
Receivables	19,808	12,362	13,949	22,542	110,794	101,934
Investments and other financial assets	218,371	105,930	0	0	496,597	373,591
Investments accounted for using the equity method	0	0	0	0	0	0
Total financial assets	295,951	157,834	97,227	95,757	662,530	568,186
Non-financial assets						
Inventories	5	0	42	46	1	0
Non-financial physical assets classified as held for sale	12,235	2,520	96	45	18	0
Property, plant and equipment	196,455	203,164	36,741	73,762	1,945	0
Intangible assets	2,641	288	6,303	7,018	0	0
Prepayments	1,273	(4)	2,277	1,855	417	0
Total non-financial assets	212,609	205,968	45,459	82,726	2,381	0
Total assets	508,560	363,802	142,686	178,483	664,911	568,186
Liabilities						
Payables	13,268	2,139	6,816	12,797	20,725	19,797
Interest bearing liabilities	493	514	4,238	3,997	56	0
Provisions	15,992	9,751	17,835	20,537	497	48
Other liabilities	2,010	2,011	6	7	0	0
Total liabilities	31,763	14,415	28,895	37,338	21,278	19,845
Net assets	476,797	349,387	113,791	141,145	643,633	548,341

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.3 Controlled assets and liabilities (continued)

	Land Victoria		Management of Forests, Parks and Public Land		Effective Water Management and Supply	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets						
Financial assets						
Cash and deposits	7,478	(3,568)	64,888	44,613	90,699	206,277
Receivables	19,014	18,106	17,469	18,789	42,125	66,792
Investments and other financial assets	0	0	30,635	30,779	0	0
Investments accounted for using the equity method	0	11,349	0	0	0	0
Total financial assets	26,492	25,887	112,992	94,181	132,824	273,069
Non-financial assets						
Inventories	369	366	1,901	2,651	29	29
Non-financial physical assets classified as held for sale	27	0	(1,561)	5,397	375	203
Property, plant and equipment	16,425	10,761	7,201,563	5,951,775	131,354	179,487
Intangible assets	6,489	0	0	0	0	0
Prepayments	633	35	3,343	995	131,664	3,681
Total non-financial assets	23,943	11,162	7,205,246	5,960,818	263,422	183,400
Total assets	50,435	37,049	7,318,238	6,054,999	396,246	456,469
Liabilities						
Payables	6,122	1,862	15,195	31,516	22,420	22,401
Interest bearing liabilities	1,377	1,318	777	839	1,288	179
Provisions	16,532	15,969	17,002	15,229	17,268	20,937
Other liabilities	(25)	(25)	56	205	2	6
Total liabilities	24,006	19,124	33,030	47,789	40,978	43,523
Net assets	26,429	17,925	7,285,208	6,007,210	355,268	412,946

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.3 Controlled assets and liabilities (continued)

	Local Government		Fire and Emergency Management		Energy	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 ⁽ⁱ⁾ \$'000	2016 \$'000
Assets						
Financial assets						
Cash and deposits	1,368	(1,475)	68,215	102,145	6,497	0
Receivables	2,497	3,900	44,737	58,810	8,797	0
Investments and other financial assets	0	0	35,000	0	0	0
Investments accounted for using the equity method	0	0	0	0	0	0
Total financial assets	3,865	2,425	147,952	160,955	15,294	0
Non-financial assets						
Inventories	0	0	16,883	17,941	1	0
Non-financial physical assets classified as held for sale	0	0	370	155	11	0
Property, plant and equipment	179	226	815,879	1,951,964	1,214	0
Intangible assets	0	0	24,165	22,067	0	0
Prepayments	(2)	(1)	8,772	2,806	258	0
Total non-financial assets	177	225	866,069	1,994,933	1,484	0
Total assets	4,042	2,650	1,014,021	2,155,888	16,778	0
Liabilities						
Payables	13,238	3,883	22,846	17,608	50,817	0
Interest bearing liabilities	157	187	27,057	25,685	53	0
Provisions	3,004	2,760	43,782	51,454	5,693	0
Other liabilities	0	0	2	5	0	0
Total liabilities	16,399	6,830	93,687	94,752	56,563	0
Net assets	(12,357)	(4,180)	920,334	2,061,136	(39,785)	0

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.1 Departmental outputs (continued)

4.1.3 Controlled assets and liabilities (continued)

		Total
	2017 ⁽ⁱ⁾	2016
	\$'000	\$'000
Assets		
Financial assets		
Cash and deposits	435,334	553,410
Receivables	279,190	303,235
Investments and other financial assets	780,603	510,300
Investments accounted for using the equity method	0	11,349
Total financial assets	1,495,127	1,378,294
Non-financial assets		
Inventories	19,231	21,033
Non-financial physical assets classified as held for sale	11,571	8,320
Property, plant and equipment	8,401,755	8,371,139
Intangible assets	39,598	29,373
Prepayments	148,635	9,367
Total non-financial assets	8,620,790	8,439,232
Total assets	10,115,917	9,817,526
Liabilities		
Payables	171,447	112,003
Interest bearing liabilities	35,496	32,719
Provisions	137,605	136,685
Other liabilities	2,051	2,209
Total liabilities	346,599	283,616
Net assets	9,769,318	9,533,910

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items

In addition to the specific departmental operations which are included in the financial statements (balance sheet, comprehensive operating statement, cash flow statement and statement of changes in equity), the department administers or manages other activities and resources on behalf of the state. The transactions and balances relating to these activities are reported as administered items in this note.

4.2.1 Administered income and expenses

	Planning, Building and Heritage		Environment, Biodiversity and Climate Change		Statutory Activities and Environmental Protection		Land Victoria	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered income from transactions								
Appropriations – payments on behalf of the State (POBOS)	0	0	0	0	0	0	0	0
Finance lease interest	0	0	1	1	0	0	0	0
Sales of goods and services	1,398	1,217	428	300	0	0	29,751	26,551
Royalties, land leases and licences	0	11	1,167	1,044	0	0	0	0
Land Titles income	0	0	0	0	0	0	382,703	322,032
Environmental contribution	0	0	0	0	0	0	0	0
Grants	0	0	106	613	0	0	0	0
Jointly controlled assets received free of charge	0	0	0	0	0	0	0	0
Intangible assets received free of charge	0	0	0	0	0	0	0	0
Fair value of land received from third party	0	0	0	0	0	0	0	0
Other income	8	(42)	15	33	0	0	4	0
Total administered income from transactions	1,406	1,186	1,717	1,991	0	0	412,458	348,583
Administered expenses from transactions								
Grants and other transfers	0	0	0	0	0	0	0	0
Finance lease interest expense	0	0	0	0	0	0	0	0
Other expenses	6	(1)	10	49	0	0	3	(3)
Depreciation of jointly controlled assets	0	0	0	0	0	0	0	0
Other expenses associated with jointly controlled assets	0	0	0	0	0	0	0	0
Payments into the consolidated fund	(5,362)	(5,765)	(1,633)	(2,440)	0	0	(414,301)	(345,115)
Total administered expenses from transactions	(5,356)	(5,766)	(1,623)	(2,391)	0	0	(414,298)	(345,118)
Total administered net result from transactions (net operating balance)	(3,950)	(4,580)	94	(400)	0	0	(1,840)	3,465

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.1 Administered income and expenses (continued)

	Planning, Building and Heritage		Environment, Biodiversity and Climate Change		Statutory Activities and Environmental Protection		Land Victoria	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered other economic flows included in net result								
Net gain/(loss) on non-financial assets	1,856	(5,973)	(3,024)	(514)	0	0	62	(1)
Net gain/(loss) on financial instruments	0	(4)	0	0	0	0	2	151
Total administered other economic flows included in net result	1,856	(5,977)	(3,024)	(514)	0	0	64	150
Administered net result	(2,094)	(10,557)	(2,930)	(914)	0	0	(1,776)	3,615
Administered comprehensive result	(2,094)	(10,557)	(2,930)	(914)	0	0	(1,776)	3,615

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.1 Administered income and expenses (continued)

	Management of Forests, Parks and Public Land		Effective Water Management and Supply		Local Government	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 ⁽ⁱⁱⁱ⁾ \$'000	2017 \$'000	2016 \$'000
Administered income from transactions						
Appropriations – payments on behalf of the State (POBOS)	0	0	654,800	636,913	0	0
Finance lease interest	0	1	443,798	452,383	0	0
Sales of goods and services	12,741	12,349	127,450	123,324	0	0
Royalties, land leases and licences	9,985	9,170	0	0	0	0
Land Titles income	0	0	0	0	0	0
Environmental contribution	0	0	111,963	111,963	0	0
Grants	0	0	21,309	22,434	822,883	269,555
Jointly controlled assets received free of charge	0	0	2,803	3,708	0	0
Intangible assets received free of charge	0	0	12,733	103,230	0	0
Fair value of land received from third party	0	0	0	0	0	0
Other income	21	40	2,966	146	0	0
Total administered income from transactions	22,747	21,560	1,377,822	1,454,101	822,883	269,555
Administered expenses from transactions						
Grants and other transfers	0	0	(27,068)	(23,568)	(822,883)	(269,555)
Finance lease interest expense	0	0	(414,872)	(452,544)	0	0
Other expenses	(690)	(89,854)	22,040	(37,888)	0	(30)
Depreciation of jointly controlled assets	0	0	(10,303)	(10,109)	0	0
Other expenses associated with jointly controlled assets	0	0	0	0	0	0
Payments into the consolidated fund	(32,315)	(27,907)	(752,641)	(746,977)	0	0
Total administered expenses from transactions	(33,005)	(117,761)	(1,182,844)	(1,271,086)	(822,883)	(269,585)
Total administered net result from transactions (net operating balance)	(10,258)	(96,201)	194,978	183,015	0	(30)

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.1 Administered income and expenses (continued)

	Management of Forests, Parks and Public Land		Effective Water Management and Supply		Local Government	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 ⁽ⁱⁱⁱ⁾ \$'000	2017 \$'000	2016 \$'000
Administered other economic flows included in net result						
Net gain/(loss) on non-financial assets	3,124	729	4,723	15,737	0	0
Net gain/(loss) on financial instruments	(271)	(322)	0	0	0	0
Total administered other economic flows included in net result	2,853	407	4,723	15,737	0	0
Administered net result	(7,405)	(95,794)	199,701	198,752	0	(30)
Administered comprehensive result	(7,405)	(95,794)	199,701	198,752	0	(30)

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The 2016 balances have been restated to reflect the prior year adjustment for intangible assets of \$103.2 million. Refer to Note 4.2.4 *Victorian Desalination Project*.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.1 Administered income and expenses (continued)

	Fire and Emergency Management		Energy		Total	
	2017 \$'000	2016 \$'000	2017 ⁽ⁱ⁾ \$'000	2016 \$'000	2017 ⁽ⁱ⁾ \$'000	2016 ⁽ⁱⁱ⁾ \$'000
Administered income from transactions						
Appropriations – payments on behalf of the State (POBOS)	0	0	0	0	654,800	636,913
Finance lease interest	0	0	0	0	443,799	452,385
Sales of goods and services	3	9	0	0	171,771	163,750
Royalties, land leases and licences	71	13	0	0	11,223	10,238
Land Titles income	0	0	0	0	382,703	322,032
Environmental contribution	0	0	0	0	111,963	111,963
Grants	0	0		0	844,298	292,602
Jointly controlled assets received free of charge	0	0	0	0	2,803	3,708
Intangible assets received free of charge	0	0	0	0	12,733	103,230
Fair value of land received from third party	0	0	0	0	0	0
Other income	56	111	72	0	3,142	288
Total administered income from transactions	130	133	72	0	2,639,235	2,097,109
Administered expenses from transactions						
Grants and other transfers	0	0	0	0	(849,951)	(293,123)
Finance lease interest expense	0	0	0	0	(414,872)	(452,544)
Other expenses	40	(2)	1	0	21,410	(127,729)
Depreciation of jointly controlled assets	0	0	0	0	(10,303)	(10,109)
Other expenses associated with jointly controlled assets	0	0	0	0	0	0
Payments into the consolidated fund	(111)	(1,521)	(72)	0	(1,206,435)	(1,129,725)
Total administered expenses from transactions	(71)	(1,523)	(71)	0	(2,460,151)	(2,013,230)

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.1 Administered income and expenses (continued)

	Fire and Emergency Management		Energy		Total	
	2017 \$'000	2016 \$'000	2017 ⁽ⁱ⁾ \$'000	2016 \$'000	2017 ⁽ⁱ⁾ \$'000	2016 ⁽ⁱⁱ⁾ \$'000
Total administered net result from transactions (net operating balance)	59	(1,390)	1	0	179,084	83,879
Administered other economic flows included in net result						
Net gain/(loss) on non-financial assets	1,148	(5,383)	31	0	7,920	4,595
Net gain/(loss) on financial instruments	0	0	0	0	(269)	(175)
Total administered other economic flows included in net result	1,148	(5,383)	31	0	7,651	4,420
Administered net result	1,207	(6,773)	32	0	186,735	88,299
Administered comprehensive result	1,207	(6,773)	32	0	186,735	88,299

Note:

- (i) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The 2016 balances have been restated to reflect the prior year adjustment for intangible assets of \$103.2 million. Refer to Note 4.2.4 *Victorian Desalination Project*.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.1 Administered income and expenses (continued)

Appropriations – payments on behalf of the State (POBOS)

Appropriation income is recognised on an accrual basis for the provision of outputs delivered through Payments on Behalf of the State.

Finance lease interest

Interest income from finance leases is recognised to reflect a constant periodic rate of return on the state's net investment in finance leases.

Sales of goods and services

Income from sales of goods and services is recognised by reference to the stage of completion of the services being performed and when the department no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer.

Royalties, land leases and licences

The department does not gain control over assets arising from administered royalties, consequently no income is recognised in the department's financial statements. The department collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income.

Income from leases and licences of Crown land is recognised on an accrual basis in accordance with the terms of the relevant agreements.

Land Titles income

Income from the provision of land titles data is recognised on behalf of the state on an accrual basis when services are provided.

Environmental contribution

Water authorities are required to contribute towards initiatives to improve the sustainable management of water. These contributions are collected through the Environmental Contribution Levy and recognised as revenue when the department has the right to receive them on behalf of the state in accordance with AASB 1004 *Contributions*.

Grants

The department's administered grants mainly comprise funds provided by the Commonwealth to assist the state government in meeting general or specific service delivery obligations, primarily for the purpose of aiding the financing of the operations of the recipient, capital purposes and/or for on passing to other recipients. The department also receives grants for on passing from other jurisdictions. The department does not have control over these grants, and the income is not recognised in the department's financial statements. Grant revenue is recognised on an accrual basis.

Jointly controlled assets received free of charge

On behalf of the state, the department jointly controls assets of the Murray-Darling Basin Authority. Jointly controlled assets received free of charge give rise to revenue, which is recognised on an accrual basis.

Other income

Amounts disclosed as other income include fines, donations and other miscellaneous income.

The department does not gain control over assets arising from administered fines, consequently no income is recognised in the department's financial statements. The department collects these amounts on behalf of the state. Accordingly, the amounts are disclosed as income.

Donations and other miscellaneous income are recognised when received.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.2 Administered assets and liabilities

	Planning, Building and Heritage		Environment, Biodiversity and Climate Change		Statutory Activities and Environmental Protection	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered financial assets ⁽ⁱ⁾						
Cash ^(v)	55	0	166	145	0	0
Receivables	2,704	0	4,853	2,584	0	0
Finance lease receivables	0	0	0	0	0	0
Intangible assets held for sale	0	0	0	0	0	0
Total administered financial assets	2,759	0	5,019	2,729	0	0
Administered non-financial assets						
Share of jointly controlled assets	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0
Total administered non-financial assets	0	0	0	0	0	0
Total administered assets	2,759	0	5,019	2,729	0	0
Administered liabilities ⁽ⁱⁱ⁾						
Creditors and accruals	183	331	(448)	(205)	0	0
Unearned income	0	0	1	1	0	0
Interest-bearing liabilities	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0
Total administered liabilities	183	331	(447)	(204)	0	0
Total administered net assets	2,576	(331)	5,466	2,933	0	0

Note:

- (i) The state's investment in all its controlled entities is disclosed in the administered note of DTF's financial statements. This includes the investment in DELWP's portfolio entities.
- (ii) DTF discloses the net liability related to defined benefit superannuation plans as an administered liability in its financial statements, on behalf of the state as the sponsoring employer. Refer to DTF's financial statements for more detailed disclosures in relation to these plans.
- (iii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) The 2016 balances have been restated to reflect the prior year adjustment for intangible assets of \$103.2 million. Refer to Note 4.2.4 *Victorian Desalination Project*.
- (v) Cash balance of \$41.6 million for output group Effective Water Management and Supply relates to the adjustment payment with AquaSure arising from the 2016-17 water order placed with the Victorian Desalination Plant. Refer to Note 4.2.4(a) *Victorian Desalination Plant Leases* and 7.4 *Trust account balances*.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.2 Administered assets and liabilities (continued)

	Land Victoria		Management of Forests, Parks and Public Land		Effective Water Management and Supply			Local Government	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	Restated 2016 (iv) \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered financial assets (i)									
Cash (v)	28	0	180	150	42,055	461	461	0	0
Receivables	7,961	8,386	16,332	14,973	80,268	80,655	80,655	0	0
Finance lease receivables	0	0	0	0	4,130,499	4,176,842	4,176,842	0	0
Intangible assets held for sale	0	0	0	0	50,000	0	0	0	0
Total administered financial assets	7,989	8,386	16,512	15,123	4,302,822	4,257,958	4,257,958	0	0
Administered non-financial assets									
Share of jointly controlled assets	0	0	0	0	876,367	862,386	862,386	0	0
Intangible assets	0	0	0	0	65,963	103,230	0	0	0
Total administered non-financial assets	0	0	0	0	942,330	965,616	862,386	0	0
Total administered assets	7,989	8,386	16,512	15,123	5,245,152	5,223,574	5,120,344	0	0
Administered liabilities (iii)									
Creditors and accruals	242	327	(367)	(101)	82,098	57,813	57,813	0	0
Unearned income	140	90	6,413	6,757	20,183	23,701	23,701	0	0
Interest-bearing liabilities	0	0	0	0	4,127,624	4,173,804	4,173,804	0	0
Other liabilities	0	0	0	0	0	0	0	0	0
Total administered liabilities	382	417	6,046	6,656	4,229,905	4,255,318	4,255,318	0	0
Total administered net assets	7,607	7,969	10,466	8,467	1,015,247	968,256	865,026	0	0

Note:

- (i) The state's investment in all its controlled entities is disclosed in the administered note of DTF's financial statements. This includes the investment in DELWP's portfolio entities.
- (ii) DTF discloses the net liability related to defined benefit superannuation plans as an administered liability in its financial statements, on behalf of the state as the sponsoring employer. Refer to DTF's financial statements for more detailed disclosures in relation to these plans.
- (iii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) The 2016 balances have been restated to reflect the prior year adjustment for intangible assets of \$103.2 million. Refer to Note 4.2.4 *Victorian Desalination Project*.
- (v) Cash balance of \$41.6 million for output group Effective Water Management and Supply relates to the adjustment payment with AquaSure arising from the 2016-17 water order placed with the Victorian Desalination Plant. Refer to Note 4.2.4(a) *Victorian Desalination Plant Leases* and 7.4 *Trust account balances*.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.2 Administered assets and liabilities (continued)

	Fire and Emergency Management		Energy		Restated		Total
	2017 \$'000	2016 \$'000	2017 ⁽ⁱⁱⁱ⁾ \$'000	2016 \$'000	2017 ⁽ⁱⁱⁱ⁾ \$'000	2016 ^(iv) \$'000	2016 \$'000
Administered financial assets⁽ⁱ⁾							
Cash ^(v)	378	262	36	0	42,898	1,018	1,018
Receivables	18,581	8,674	544	0	131,243	115,272	115,272
Finance lease receivables	0	0	0	0	4,130,499	4,176,842	4,176,842
Intangible assets held for sale	0	0	0	0	50,000	0	0
Total administered financial assets	18,959	8,936	580	0	4,354,640	4,293,132	4,293,132
Administered non-financial assets							
Share of jointly controlled assets	0	0	0	0	876,367	862,386	862,386
Intangible assets	0	0	0	0	65,963	103,230	0
Total administered non-financial assets	0	0	0	0	942,330	965,616	862,386
Total administered assets	18,959	8,936	580	0	5,296,970	5,258,748	5,155,518
Administered liabilities⁽ⁱⁱ⁾							
Creditors and accruals	(1,423)	(624)	(17)	0	80,268	57,541	57,541
Unearned income	3	3	0	0	26,740	30,552	30,552
Interest-bearing liabilities	0	0	0	0	4,127,624	4,173,804	4,173,804
Other liabilities	0	0	0	0	0	0	0
Total administered liabilities	(1,420)	(621)	(17)	0	4,234,632	4,261,897	4,261,897
Total administered net assets	20,379	9,557	597	0	1,062,338	996,851	893,621

Note:

- (i) The state's investment in all its controlled entities is disclosed in the administered note of DTF's financial statements. This includes the investment in DELWP's portfolio entities.
- (ii) DTF discloses the net liability related to defined benefit superannuation plans as an administered liability in its financial statements, on behalf of the state as the sponsoring employer. Refer to DTF's financial statements for more detailed disclosures in relation to these plans.
- (iii) On 1 July 2016, the department assumed responsibility for the Energy output following its transfer from DEDJTR consistent with Administrative Arrangements Order (No. 222) 2016. Refer to Note 4.3 *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) The 2016 balances have been restated to reflect the prior year adjustment for intangible assets of \$103.2 million. Refer to Note 4.2.4 *Victorian Desalination Project*.
- (v) Cash balance of \$41.6 million for output group Effective Water Management and Supply relates to the adjustment payment with AquaSure arising from the 2016-17 water order placed with the Victorian Desalination Plant. Refer to Note 4.2.4(a) *Victorian Desalination Plant Leases* and 7.4 *Trust account balances*.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.2 Administered assets and liabilities (continued)

Contingencies and commitments

Contingencies or commitments arising from the department's administered items are disclosed in Note 4.2.4 *Victorian Desalination Project*.

There are no contingencies or commitments arising from the department's interest in the joint operation (2016: Nil).

In respect of any interest in joint operations, the department recognises in the financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities that it had incurred; its revenue from the sale of its share of the output from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Refer to Note 4.2.3 for the disclosure of the department's investments in joint operations.

4.2.3 Investments in joint operation

The department has an investment in a joint operation, the Murray-Darling Basin Authority (MDBA) represented by the River Murray Operations and the Living Murray Initiative.

On 3 July 2008, the Commonwealth Government and the Governments of New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory (the participants) entered into the Intergovernmental agreement for the *Murray-Darling Basin Forms* (the Reform IGA). The Reform involved the government participants entering into a new *Murray-Darling Basin Agreement* (MDB Agreement) and the *Intergovernmental Agreement on Murray Darling Basin Reform – referral* (the Referral IGA).

The MDB Agreement essentially dissolved the Murray-Darling Basin Commission (MDBC) and established the Murray-Darling Basin Authority (MDBA), Ministerial Council, Basin Officials Committee and the Basin Community Committee. Under the revised arrangement, the participants have a joint interest in the infrastructure assets and water rights. The State of Victoria's interest in the arrangement is 26.67 percent.

The MDBA was established under the Commonwealth *Water Act 2007* as an independent, expertise based statutory agency and is responsible for developing, implementing and monitoring the Basin Plans. The MDBA undertakes activities that support the sustainable and integrated management of the water resources of the Murray-Darling Basin in a way that best meets the social, economic and environmental needs of the Basin and its communities.

Two unincorporated joint arrangements were established under the MDBA to hold the assets on behalf of the participants through separate agreements called the "Asset Agreement for River Murray Operations Assets" (RMO) and the "Further Agreement on Addressing Over Allocation and Achieving Environmental Objectives in the Murray-Darling Basin – Control and Management of Living Murray Assets" (LMI). The principal place of the operation is in Australia. The participants are obliged to provide funding to the MDBA for the management of the RMO and LMI assets and operations.

The agreements in relation to the Murray Darling Basin Agreement joint arrangement require unanimous consent from all parties for all relevant activities. The participants own the infrastructure assets and water rights of the joint arrangements which are being managed through the RMO and LMI and there are no liabilities held for either RMO or LMI. The arrangement is therefore classified as a joint operation and the department recognises, on behalf of the state, its direct right to the jointly held assets, revenues and expenses based on the percentage interest.

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2017 %	2016 %
River Murray Operations	To undertake activities that support the sustainable and integrated management of water resources of the Murray-Darling Basin.	Australia	26.67	26.67
Living Murray Initiative	To undertake activities that support the sustainable and integrated management of water resources of the Murray-Darling Basin.	Australia	26.67	26.67

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.3 Investments in joint operation (continued)

Joint operations accounted for using the proportionate consolidation method

The department's interest in assets, liabilities, income, and expenses employed in the above joint operations is detailed below. The amounts are included in the administered financial statements under their respective asset and liability categories.

	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	River Murray Operations		Living Murray Initiative	
Non-current assets				
Property, plant and equipment	709,156	699,481	0	0
Intangible assets	1,086	1,086	166,126	161,820
Total non-current assets	710,242	700,567	166,126	161,820
Total assets	710,242	700,567	166,126	161,820
Income	2,803	2,917	4,306	18,917
Expenses	11,118	10,493	0	0

4.2.4 Victorian Desalination Project

4.2.4(a) Leases

Disclosures for lessees – finance lease liabilities

Commissioned public private partnership – Victorian Desalination Project

The State of Victoria entered into a 30-year Public Private Partnership (PPP) arrangement with the AquaSure consortium (AquaSure) on 30 July 2009. The Victorian Desalination Project was initiated to design, build and operate a desalination plant, transfer pipeline and 220 kV underground power cable capable of supplying 150 gigalitres of water per annum into the Melbourne network. Construction of the Victorian Desalination Project began in 2009 and the lease term commenced in 2012 upon successful commissioning. AquaSure is required to transfer the project assets to the state at the end of the project term for no additional payment by the state.

Under the arrangement, the state has an obligation to make Water Security Payments (WSPs) to the consortium provided the plant is maintained to the appropriate standard. The WSPs have two components: finance lease payments for the project assets (refer to Table 4.1 below) and other expenses for operating, maintenance and lifecycle costs (refer to Note 4.2.4(b)).

The state will also make Water Usage Payments (WUPs) for any water that is ordered and delivered to the required standard. Water can be ordered annually for flexible amounts from 0 to 150 gigalitres (in set increments).

The state's lease liability to AquaSure is offset by a sub-lease agreement between the department, on behalf of the state, and the Melbourne Water Corporation (refer to Table 4.2). Melbourne Water Corporation has recognised the finance lease asset.

The department does not control the income arising from this sub-lease and is required to pay receipts from the Melbourne Water Corporation into the state's consolidated fund. With consideration to the policy above, the department has classified the arrangement as administered.

In March 2016, the Minister for Environment, Climate Change and Water announced an order of 50 GL of water to be delivered over the period 1 July 2016 to 30 June 2017.

As at 30 June 2017 AquaSure produced 46.1 GL of the 50 GL water order for 2016-17. Under provisions in the project deed the department has adjusted payments to AquaSure by \$41.6 million. The funds will be held in the Victorian Desalination Trust fund until such time as there is reasonable certainty that any claims should they arise against the State have been resolved. The funds will then be applied for the benefit of Melbourne metropolitan water consumers.

On 3 May 2017 the Minister for Water issued the 2017-18 Supply Notice with a Required Annual Water Volume for 15 GL in 2017-18 and non-binding forecasts of 50 GL for each 2018-19 and 2019-20.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

Table 4.1: Victorian Desalination Project finance lease liability

	Minimum future lease payments		Present value of minimum future lease payments	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Commissioned PPP related finance lease liabilities payable				
Not later than one year	492,626	490,140	53,888	46,179
Later than one year but no later than five years	1,911,076	1,944,354	216,646	226,750
Later than five years	8,516,071	8,975,420	3,857,090	3,900,875
Minimum future lease payments	10,919,773	11,409,914	4,127,624	4,173,804
Less future finance charges	(6,792,149)	(7,236,110)	0	0
Present value of minimum lease payments	4,127,624	4,173,804	4,127,624	4,173,804
Included in administered liabilities as:				
Interest-bearing liabilities (Note 4.2.2)			4,127,624	4,173,804

Disclosures for lessors – finance lease receivables

Victorian Desalination Project sub-lease

A Statement of Obligations (SoO) issued to the Melbourne Water Corporation under section 4I of the *Water Industry Act 1994* requires Melbourne Water Corporation to pay all monies as required by the state under the project deed with AquaSure. This arrangement gives rise to a finance lease receivable disclosed in Table 4.2. In addition, the project payments also include other commitments for operating, maintenance and lifecycle costs (refer to Table 4.5).

The department will transfer the Victorian desalination project assets to Melbourne Water Corporation at the end of the project contract term.

Table 4.2: Victorian Desalination Project finance lease receivable

	Minimum future lease receivables		Present value of minimum future lease receivables	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Finance lease receivables				
Not later than one year	492,626	490,140	54,052	46,342
Later than one year but not later than five years	1,911,076	1,944,354	217,313	227,414
Later than five years	8,516,071	8,975,420	3,859,134	3,903,086
Minimum future lease receivables	10,919,773	11,409,914	4,130,499	4,176,842
Less unearned finance income	(6,789,274)	(7,233,072)	0	0
Present value of minimum lease receivables	4,130,499	4,176,842	4,130,499	4,176,842
Included in administered assets as:				
Finance lease receivables (Note 4.2.2)			4,130,499	4,176,842

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

4.2.4(b) Commitments

PPP related commitments – Victorian Desalination Project

Under the PPP arrangement that the state entered into with AquaSure the state pays a base Water Security Payment, provided the plant is maintained to the appropriate standard, that includes other commitments for its operation, maintenance and lifecycle costs. The nominal amounts for the other commitments below represent the charges payable under the agreement at the end of the reporting period.

The Project Deed requires a minimum number of Renewable Energy Certificates (RECs) to be purchased to offset the electricity used by the plant. The number of RECs that are consumed will vary based on the volume of water produced by the plant. The number of banked RECs that remain at the end of the supply period will be controlled by the department.

In May 2017, the Minister for Water announced Melbourne households will not face additional charges on their water bills for this year's 50 GL water order and the subsequent three minimum water orders. These orders will instead be funded from the sale of surplus banked Renewable Energy Certificates, which were previously purchased to offset power used by the plant with green energy, and were not fully utilised as no water orders were made until 2016.

As a result, the Minister has exercised control of the banked RECs which are surplus to requirements of the project. The department has recognised the RECs as an intangible asset and has resulted in a prior period adjustment. Refer to Note 4.2.1 *Administered income and expenses*, Note 4.2.2 *Administered asset and liabilities* and Note 4.2(e) *Prior period correction*.

Table 4.3: Victorian Desalination Project PPP commitments

	2017		2016	
Commissioned PPP – other commitments	Other commitments		Other commitments	
	Present value \$'000	Nominal value \$'000	Present value \$'000	Nominal value \$'000
Victorian Desalination Project	1,568,461	4,520,255	1,587,009	4,762,138
Total	1,568,461	4,520,255	1,587,009	4,762,138

Note:

- Refer to Note 4.2.4(a) for the finance lease liabilities for the Victorian Desalination Project. This note discloses only the other capital and operating and maintenance commitments for this project.
- Refer to Table 4.4 where net values are disclosed at nominal values, exclusive of GST.
- The present value of the 'Other commitments' have been discounted to 30 June of the respective financial years. The basis for discounting has been to take each 12 month period of cash flows and discount these cash flows at the end of the period using the annual discount rate. The discount rate used to present value the commitment is 9.99% which is the nominal pre-tax discount rate representative of the overall risk of the project at inception.
- The 'Other commitments' have been updated to reflect indexation factors, such as Consumer Price Index, Producer Price Index, Chemical Index, and Average Weekly Earnings Index. Commitments are updated for the change in actual amounts paid, and forecast percentage increases are based on the original forecasted indices and applied to the adjusted actual payments. This methodology has been applied to reduce volatility in the forecast 'Other commitments'.
- Net additional costs associated with the announcement of the 15 GL of water order for 2017-18 financial year has been reflected in the commitments for 2017 (2016: 50 GL of water order). The announcement of the 50 GL water order for each 2018-19 and 2019-20 are non-binding commitments and have not been included.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

Commitments payable

Table 4.4: Victorian Desalination Project PPP other commitments payable

	2017 \$'000	2016 \$'000
PPP commitments payable – Victorian Desalination Project		
Other commitments		
Not later than one year	139,004	155,854
Later than one year but no later than five years	585,147	569,526
Later than five years	3,796,104	4,036,758
Total PPP commitments for expenditure (inclusive of GST)	4,520,255	4,762,138
Less GST recoverable from the Australian Taxation Office	(410,932)	(432,922)
Total commitments for expenditure (exclusive of GST)	4,109,323	4,329,216

Commitments receivable

Table 4.5: Victorian Desalination Project PPP other commitments receivable

	2017 \$'000	2016 \$'000
PPP commitments receivable – Victorian Desalination Project		
Other commitments		
Not later than one year	128,031	155,854
Later than one year but no later than five years	585,147	569,526
Later than five years	3,796,104	4,036,758
Total commitments receivable (inclusive of GST)	4,509,282	4,762,138
Less GST payable to the Australian Taxation Office	(409,935)	(432,922)
Total commitments receivable (exclusive of GST)	4,099,347	4,329,216

Note:

- (i) In March 2017, the Minister for Water announced that water customers will not face any additional charges on their water bills for this year's 50GL water order (as well as the subsequent three years' minimum water order). As a result, the commitments receivable does not include the attributable costs relating to the 2017-18 water order.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

4.2.4(c) 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*.

The financial instruments associated with the desalination project are the finance lease liability payable and finance lease asset receivable.

Categories of financial instruments

Receivables

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The receivable category represents the finance lease receivable from Melbourne Water Corporation.

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they originate. 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 profit and loss over the period of the interest-bearing liability, using the effective interest method (refer to Note 9.6 *Glossary of technical terms*).

Financial instrument liabilities measured at amortised cost represent the department's finance lease liability to AquaSure.

Financial instruments: Categorisation

	2017			2016		
	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000	Contractual financial assets - loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets						
Finance lease receivable	4,130,499	0	4,130,499	4,176,842	0	4,176,842
Contractual financial liabilities						
Finance lease liability	0	4,127,624	4,127,624	0	4,173,804	4,173,804

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

	2017		2016	
	Total interest income/(expense) \$'000	Total \$'000	Total interest income/(expense) \$'000	Total \$'000
Contractual financial assets				
Finance lease receivable	443,799	443,799	452,383	452,383
Contractual financial liabilities				
Finance lease liability at amortised cost	(414,872)	(414,872)	(452,544)	(452,544)

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

Financial risk management objectives and policies

The department is exposed to a number of financial risks, including credit risk, liquidity risk and market risk.

As a whole, the department's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

The main purpose in holding financial instruments is to prudentially manage the department's financial risks within the government policy parameters.

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 to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Risk and Audit Committee of the department.

Financial instruments: Credit risk

Credit risk refers to the possibility of the department's counter party defaulting 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 debtor is Melbourne Water Corporation. The SoO under section 41 of the *Water Industry Act 1994* requires Melbourne Water Corporation to pay all monies as required by the state under the project deed with AquaSure.

The carrying amount of contractual financial assets recorded in the financial statements represents the department's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

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

	2017		2016	
	Government agencies \$'000	Total \$'000	Government agencies \$'000	Total \$'000
Contractual financial assets				
Finance lease receivable	4,130,499	4,130,499	4,176,842	4,176,842

Ageing analysis of contractual financial assets

	Carrying amount \$'000	Not past due and not 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	5 years + \$'000
2017							
Finance lease receivable	4,130,499	4,130,499	0	0	0	0	0
2016							
Finance lease receivable	4,176,842	4,176,842	0	0	0	0	0

Financial instruments: Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as and when they fall due. The department operates under the government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The department's maximum exposure to liquidity risk is the carrying amounts of the interest bearing liabilities associated with the Desalination Project. The department manages its liquidity risk by ensuring that it has access to sufficient cash in the public account to meet its current liabilities.

The department's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk. Cash for unexpected events is generally sourced by drawing on amounts receivable from the Victorian government through the Public Account.

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements, represents the department's maximum exposure to liquidity risk.

Maturity analysis of contractual financial liabilities

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1–3 months \$'000	3 months –1 year \$'000	1–5 years \$'000	5 years + \$'000
2017							
Finance lease liability	4,127,624	10,919,773	42,080	81,046	369,500	1,911,076	8,516,071
2016							
Finance lease liability	4,173,804	11,409,914	42,081	79,644	368,415	1,944,354	8,975,420

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

Financial instruments: Market risk

The department's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Interest rate risk

The department's interest bearing liabilities are managed by AquaSure. The interest rate risk is mitigated by hedging of the debt and bonds. Interest rates are fixed at the inception of the lease and refinancing options are subject to approval by the Minister for Finance. The department's exposure to interest rate risk is set out below.

Interest rate exposure of financial instruments

	2017			2016		
	Weighted average interest rate %	Carrying amount \$'000	Interest rate exposure	Weighted average interest rate %	Carrying amount \$'000	Interest rate exposure
			Fixed interest rate \$'000			Fixed interest rate \$'000
Financial assets						
Finance lease receivable	10.68	4,130,499	4,130,499	10.72	4,176,842	4,176,842
Financial liabilities						
Finance lease liability	10.67	4,127,624	4,127,624	10.73	4,173,804	4,173,804

(d) Fair value determination of financial assets and liabilities

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The department categorises financial instruments as Level 2 given significant inputs are observable.

The department currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value.

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

Fair value of financial instruments

	2017		2016	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Contractual financial assets				
Finance lease receivable	4,130,499	4,130,499	4,176,842	4,176,842
Contractual financial liabilities				
Finance lease liability	4,127,624	4,127,624	4,173,804	4,173,804

(e) Prior period correction for Renewable Energy Certificates (RECs)

In March 2017, the Minister for Water decided to execute power to control and sell the banked RECs to support the purchase of the future water orders. The department's initial disclosure in 2013 referred to the recognition of RECs upon completion of the agreement and that the assets were to be transferred to the Melbourne Water Corporation. While the agreement has not changed, the power to execute particular clauses in the agreement were at that stage not utilised.

The banked RECs represent a non-monetary asset without physical substance. They have been classified as intangibles under AASB 138 *Intangible Assets* and Financial Reporting Direction 109A *Intangible Assets* and valued at the historical cost based on the price paid by AquaSure.

The value of banked RECs to be recognised by the department are:

- 2012-13 - \$15.0 million
- 2013-14 - \$28.8 million
- 2014-15 - \$29.6 million
- 2015-16 - \$29.9 million.

Banked RECs for the 2016-17 financial year of \$12.7 million have been recognised in Note 4.2 *Administered (non-controlled) items*.

The banked RECs from 2013 to 2016 of \$103.2 million have been recognised as a prior period correction and the impacts of the restatement on the financial statements are shown in the table below.

Administered income

	Effective Water Management and Supply				Total	
	2016 \$'000	2016 \$'000 (correction)	2016 \$'000 (restated)	2016 \$'000	2016 \$'000 (correction)	2016 \$'000 (restated)
Administered income from transactions						
Intangible assets received free of charge	0	103,230	103,230	0	103,230	103,230
Total administered income from transactions	1,350,871	103,230	1,454,101	1,993,879	103,230	2,097,109
Total administered net result from transactions (net operating balance)	79,785	103,230	183,015	(19,351)	103,230	83,879
Administered net results	95,522	103,230	198,752	(14,931)	103,230	88,299
Administered comprehensive result	95,522	103,230	198,752	(14,931)	103,230	88,299

Note 4. Disaggregated financial information by output (continued)

4.2 Administered (non-controlled) items (continued)

4.2.4 Victorian Desalination Project (continued)

Administered assets

	Effective Water Management and Supply				Total	
	2016 \$'000	2016 \$'000 (correction)	2016 \$'000 (restated)	2016 \$'000	2016 \$'000 (correction)	2016 \$'000 (restated)
Administered non-financial assets						
Intangible assets	0	103,230	103,230	0	103,230	103,230
Total administered non-financial assets	862,386	103,230	965,616	862,386	103,230	965,616
Total administered assets	5,120,344	103,230	5,223,574	5,155,518	103,230	5,258,748
Net administered net assets	865,026	103,230	968,256	893,621	103,230	996,851

4.3 Restructure of administrative arrangements

On 23 May 2016, the Premier Daniel Andrews announced a change in Ministerial cabinet. As a result of the change, the department assumed responsibility for the Energy output from 1 July 2016. Consistent with Administrative Arrangements Order (No. 222) 2016, this output transferred from the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

The net asset transfer received by the department as a result of the administrative restructure is recognised in the balance sheet at the carrying amount of those assets in the transferor's (DEDJTR) balance sheet immediately before the transfer.

The net assets transferred were treated as a contribution of capital by the State.

In respect of the activities assumed, the following assets and liabilities were recognised at the date of the transfer:

	2017	
	Controlled \$'000	Administered \$'000
Outputs – Energy – transfer in		
Assets		
Cash and deposits	1,890	0
Receivables	4,727	0
Property, plant and equipment (Note 5.1.4)	18	0
Liabilities		
Payables	(2,463)	0
Interest bearing liabilities	(18)	0
Provisions	(2,264)	0
Net assets recognised at the date of transfer	1,890	0

Note:

The Energy output transferred to the department include functions to deliver programs on renewable energy, improving energy efficiency and productivity. Refer to Note 4.1.1 *Departmental outputs*.

Note 5. Key assets available to support output delivery and commitments

Introduction

The department controls property, plant, equipment and other assets 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 the delivery of those outputs.

The determination of fair value of non-financial assets requires significant judgement to be applied (including methodologies and assumptions). Changes in assumptions could have a material impact on the fair value of the assets being valued.

Structure

- 5.1 Property, plant and equipment
 - 5.1.1 Depreciation and impairment
 - 5.1.2 Capital asset charge
 - 5.1.3 Carrying value by purpose group classification
 - 5.1.4 Reconciliation of movements in carrying values
 - 5.1.5 Fair value determination
- 5.2 Non-financial physical assets classified as held for sale
 - 5.2.1 Fair value determination
- 5.3 Intangible assets
- 5.4 Investments accounted for using the equity method
- 5.5 Investments and other financial assets
 - 5.5.1 Ageing analysis of investments and other financial assets
- 5.6 Net gain/(loss) on non-financial assets
- 5.7 Capital expenditure commitments
- 5.8 Reserves

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment

	2017 \$'000	2016 \$'000
Land		
Freehold land		
At fair value	163,235	189,044
Total freehold land	163,235	189,044
Crown land		
Land and unused roads at fair value	2,705,457	2,698,564
National parks at fair value	1,049,610	1,036,469
State forests at fair value	1,365,255	1,367,291
Conservation reserves at fair value	636,763	630,299
Metropolitan parks at fair value	752,593	744,542
Land used for operational purposes at fair value	40,882	41,328
Total Crown land	6,550,560	6,518,493
Land purchase in progress ⁽ⁱ⁾		
Freehold land	7,654	12,728
Crown land	77,044	70,367
Total land purchase in progress	84,698	83,095
Total land	6,798,493	6,790,632
Buildings and structures		
At fair value	630,590	597,189
Less accumulated depreciation	(28,111)	(7,867)
Total buildings and structures	602,479	589,322
Roads		
At fair value	882,305	881,753
Less accumulated depreciation	(13,742)	0
Total roads	868,563	881,753
Plant and equipment		
At fair value	142,341	106,405
Less accumulated depreciation	(93,227)	(80,382)
Total plant and equipment	49,114	26,023
Motor vehicles		
Motor vehicles under finance lease at fair value	48,760	47,987
Less accumulated amortisation	(15,528)	(15,596)
Total motor vehicles	33,232	32,391
Total plant and equipment	82,346	58,414

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

	2017 \$'000	2016 \$'000
Assets under construction at cost		
Buildings and structures	33,155	13,856
Plant and equipment	13,228	34,640
Total assets under construction at cost	46,383	48,496
Historic and cultural assets		
At fair value	3,491	2,522
Total historic and cultural assets	3,491	2,522
Total property, plant and equipment	8,401,755	8,371,139

Note:

- (i) The balance for land purchase in progress has been disclosed separately. This was previously disclosed in the relevant land categories.

All non-financial physical assets are measured initially at cost. 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.

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements of commitments made in relation to the intended use of the asset). Note 5.1.5 includes more details in connection with fair value determination.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of directly attributable variable and fixed overheads.

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

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The department capitalises expenditure on individual items of \$5,000 (2016: \$5,000) or more, and records these as non-financial assets. Aggregate expenditure on items that will, when completed, result in non-financial assets that provide future economic benefits is recognised as construction in progress.

Freehold land

Freehold land consists of land held or acquired for the purpose of various government objectives such as planning for community open spaces and delivering other public and environmental purposes.

Crown land

The department's Crown land holdings include the following Crown land categories.

National and metropolitan parks

The area of public land set aside as national and metropolitan parks, which include state parks, wilderness parks, and other parks established under the *National Parks Act 1975*, comprises a diverse range of Crown land parcels permanently reserved for the benefit of the public.

State forests

State forests include Crown land parcels managed to balance a variety of uses. These uses include conserving flora and fauna, protecting water catchments and water supply, providing timber for sustainable forestry, protecting landscape, archaeological and historic values, and providing recreational and educational opportunities.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

Conservation reserves

Land conservation reserves include Crown land parcels set aside for conservation of specific ecosystems, animal and plant species, geomorphological features, and significant historical and cultural qualities.

Land used for operational purposes

Crown land used for operational purposes for delivering the department's objectives. This includes various operational depots around the State of Victoria.

Land and unused roads

Reserved and unreserved land acquired and held by the department for future reservation purposes. Unused roads consist of roads that have been closed for public purposes.

Land purchase in progress

Consist of land acquired by the department over a period of time for various projects where the land will be reserved or consolidated or into a new or existing park, forest, conservation reserve.

Building and structures

Consist of buildings and structures used to deliver the department objectives. This includes departmental depot sites, fire towers, bores, crossings, and leasehold improvements.

Plant and equipment

Consist of vehicles, workshops and other field and office equipment.

Roads

Road network assets (including earthworks of the operational road networks) are measured at fair value, determined by reference to the asset's depreciated replacement cost. The roads, tracks and trails managed by the department are defined as Rural Class 5 and are sub-divided into five sub-classes as follows:

- 5A Primary roads: all-weather road, predominantly two lanes and mainly sealed
- 5B Secondary roads: all-weather two lane road, formed and gravelled or single lane sealed road with gravel shoulders
- 5C Minor roads: generally all-weather, single lane two-way unsealed formed road, usually lightly gravelled
- 5D Access roads: substantially single lane, two-way, generally dry weather formed (natural materials) road
- 5E Tracks and trails: predominantly single lane, two-way earth tracks (unformed) at or near the natural surface level. Costs are expensed as incurred, because these tracks and trails have a useful life of less than one year.

Assets under construction

Consist of cost relating to the construction of building and structures in progress.

Historic and cultural assets

The department also held historic and cultural assets that the department intends to preserve because of their unique historical, cultural or environmental attributes.

5.1.1 Depreciation and impairment

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

All items of property, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Exceptions to this rule are items under operating leases, assets held for sale and land.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.1 Depreciation and impairment (continued)

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The following estimated useful lives for the different asset classes for current and prior years are used in the calculation of depreciation:

Asset class	Useful life
Buildings and structures	5 to 100 years
Roads	80 years
Plant and equipment	3 to 42 years
Building leasehold improvements	Term of lease (1 to 15 years)
Finance leased motor vehicle assets	Term of lease (1 to 15 years)
Intangible assets	3 to 10 years

Historical and cultural assets have been assessed to have an indefinite 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.

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

	2017 \$'000	2016 \$'000
Depreciation		
Property, plant and equipment		
Buildings and structures	(20,105)	(13,653)
Buildings leasehold improvements	(192)	(66)
Motor vehicle finance lease assets	(7,627)	(7,309)
Plant, machinery and equipment	(15,549)	(6,520)
Roads	(13,746)	(12,990)
Historic and cultural assets	0	(22)
Total depreciation of property, plant and equipment	(57,219)	(40,560)
Intangible assets		
Software and other intangible assets	(871)	(873)
Total depreciation of intangible assets	(871)	(873)
Total depreciation	(58,090)	(41,433)

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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 as an 'other economic flow', except to the extent that it 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 impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.1 Depreciation and impairment (continued)

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less cost to sell. Recoverable amount for assets is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less cost to sell.

5.1.2 Capital asset charge

Capital asset charge of \$91.8 million (2016: \$91.3 million) 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.

5.1.3 Carrying value by Government purpose group classification ⁽ⁱ⁾

	Public Safety and Environment ⁽ⁱⁱⁱ⁾		Public Administration ⁽ⁱⁱⁱ⁾		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Land	6,630,030	6,595,004	168,463	195,628	6,798,493	6,790,632
Buildings and structures	590,650	583,124	11,829	6,198	602,479	589,322
Roads	868,563	881,753	0	0	868,563	881,753
Plant and equipment	82,346	57,933	0	481	82,346	58,414
Assets under construction at cost	46,383	48,496	0	0	46,383	48,496
Historic and cultural assets	1,665	1,665	1,826	857	3,491	2,522
Net carrying amount of property, plant and equipment	8,219,637	8,167,975	182,118	203,164	8,401,755	8,371,139

Note:

- (i) Property, plant and equipment are classified by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications under the Financial Reporting Direction 103F *Non-Financial Assets*. All assets in a purpose group are further sub categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub category being classified as a separate class of asset for financial reporting purposes.
- (ii) The department's assets have been categorised into Public Safety and Environment and Public Administration. The nature of the assets includes public order and safety, community amenities, recreation and culture and general public services. The assets categorised in Public Administration purpose were revalued in the 2016-17 financial year in accordance with Financial Reporting Direction 103F *Non-financial physical assets*.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.4 Reconciliation of movements in carrying values

	Freehold land \$'000	Land and unused roads \$'000	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'000	Land purchase progress ⁽ⁱⁱ⁾ \$'000	Buildings and structures \$'000	Roads \$'000	Plant and equipment \$'000	Assets under construction \$'000	Historic and cultural assets \$'000	Total \$'000
Balance at 1 July 2015	185,583	2,285,876	1,061,654	1,149,204	665,297	334,272	47,506	86,586	502,332	1,098,418	56,446	97,718	2,503	7,573,395
Additions	43	0	229	99	486	0	1,560	14,621	2,447	0	16,496	31,940	0	67,921
Disposals	0	(465)	0	0	0	0	0	0	(30)	(361)	(2,155)	0	0	(3,011)
Reclassification to asset classified as held for sale	(2,520)	(3,371)	0	0	0	0	0	0	0	0	(156)	0	0	(6,047)
Net transfers in/(out) – free of charge	0	0	0	0	0	0	0	0	2	0	0	0	0	2
Capital contributions (to)/from owners														
Transfers (to)/from other government entities	0	2,428	0	0	0	0	(20,619)	0	0	0	0	6,330	0	(11,861)
Transfers to administered entity for disposal	(9,865)	(15,919)	0	0	0	0	(3)	0	(8,775)	(279)	(207)	0	(28)	(35,076)
Transfers to third parties ⁽ⁱ⁾	0	(84,444)	(250)	0	(4,968)	(168)	0	0	0	0	0	0	0	(89,830)
Net transfers in/(out) – from other categories	3,615	(9,781)	3,537	11,718	(2,566)	16,383	719	(18,112)	78,287	0	1,132	(85,801)	(5)	(874)
Revaluation increments/ (decrements)	7,026	565,384	(28,701)	206,270	(13,475)	394,055	12,225	0	29,187	(203,026)	0	0	74	969,019
Recognition/(derecognition), (write-down) of assets	5,162	(41,144)	0	0	(14,475)	0	(60)	0	(409)	(9)	687	(1,691)	0	(51,939)
Depreciation expense (refer to Note 5.1.1)	0	0	0	0	0	0	0	0	(13,719)	(12,990)	(13,829)	0	(22)	(40,560)
Balance at 30 June 2016	189,044	2,698,564	1,036,469	1,367,291	630,299	744,542	41,328	83,095	589,322	881,753	58,414	48,496	2,522	8,371,139

Note:

- (i) Land transferred to third parties is treated as a return of equity via administered expenses as per the requirements of FRD 117A Contributions of Existing Non-Financial Assets to Third Parties.
- (ii) The balance for land purchase in progress has been disclosed separately. This was previously disclosed in the relevant land categories.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.4 Reconciliation of movements in carrying values (continued)

	Freehold land \$'000	Land and unused roads \$'000	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'000	Land purchase progress (iii) \$'000	Buildings and structures \$'000	Roads equipment \$'000	Plant and equipment \$'000	Assets under construction \$'000	Historic and cultural assets \$'000	Total \$'000
Balance at 1 July 2016	189,044	2,698,564	1,036,469	1,367,291	630,299	744,542	41,328	83,095	589,322	881,753	58,414	48,496	2,522	8,371,139
Additions	0	9	0	0	0	0	10	19,310	553	0	17,145	41,726	0	78,753
Disposals	(2,200)	(3,986)	0	0	0	0	0	0	0	1	(2,612)	0	0	(8,797)
Reclassification to asset classified as held for sale	(3,221)	1,518	0	0	0	0	0	0	0	0	(631)	0	0	(2,334)
Net transfers in/(out) – free of charge	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital contributions (to)/from owners														
Transfers (to)/from other government entities	0	26,154	0	0	0	0	0	0	0	0	18	0	0	26,172
Transfers to administered entity for disposal	0	0	0	0	0	0	0	0	3,078	3	(109)	0	0	2,972
Transfers to third parties (i)	0	(693)	0	0	0	0	0	0	0	0	0	0	0	(693)
Net transfers in/(out) – from other categories	(6,339)	0	0	0	1,200	5,812	0	(672)	8,526	552	33,308	(43,087)	0	(700)
Revaluation increments/(decrements)	18,177	0	0	0	0	0	0	0	5,763	0	0	0	969	24,909
Recognition/(derecognition), write-on/(write-down) of assets	(32,226)	(16,109)	13,141	(2,036)	5,264	2,239	(456)	(17,035)	15,534	0	(11)	(752)	0	(32,447)
Depreciation expense (refer to Note 5.1)	0	0	0	0	0	0	0	0	(20,297)	(13,746)	(23,176)	0	0	(57,219)
Balance at 30 June 2017	163,235	2,705,457	1,049,610	1,365,255	636,763	752,593	40,882	84,698	602,479	868,563	82,346	46,383	3,491	8,401,755

Note:

- (i) Land transferred to third parties is treated as a return of equity via administered expenses as per the requirements of FRD 117A Contributions of Existing Non-Financial Assets to Third Parties.
(ii) The balance for land purchase in progress has been disclosed separately. This was previously disclosed in the relevant land categories.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination

Fair value measurement hierarchy of property, plant and equipment

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ ⁽ⁱⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ ⁽ⁱⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ ⁽ⁱⁱ⁾ \$'000
2017				
Land at fair value				
Non specialised land				
Freehold land	155,446	0	155,446	0
Specialised land				
Freehold land	7,789	0	0	7,789
Crown land – Land and unused roads	2,705,457	0	0	2,705,457
Crown land – National parks	1,049,610	0	0	1,049,610
Crown land – State forests	1,365,255	0	0	1,365,255
Crown land – Conservation reserves	636,763	0	0	636,763
Crown land – Metropolitan parks	752,593	0	0	752,593
Crown land – Land used for operational purposes	40,882	0	0	40,882
Land purchases in progress	84,698	0	0	84,698
Buildings and structures at fair value				
Non specialised buildings and structures	11,829	0	11,829	0
Specialised buildings and structures	590,650	0	0	590,650
Roads at fair value				
Roads	868,563	0	0	868,563
Plant and equipment at fair value				
Plant and equipment	49,114	0	0	49,114
Motor vehicles under finance lease	33,232	0	33,232	0
Historic and cultural assets at fair value				
Artwork and historic assets	3,491	0	3,491	0

Note:

- (i) Classified in accordance with the fair value hierarchy, refer to Note 8.3.
- (ii) Assets under construction are excluded from the table above.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination (continued)

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ^{(i) (ii)} \$'000	Level 2 ^{(i) (ii)} \$'000	Level 3 ^{(i) (ii)} \$'000
2016				
Land at fair value				
Non specialised land				
Freehold land	195,628	0	195,628	0
Specialised land				
Freehold land	7,710	0	0	7,710
Crown land – Land and unused roads	2,698,564	0	0	2,698,564
Crown land – National parks	1,036,469	0	0	1,036,469
Crown land – State forests	1,367,291	0	0	1,367,291
Crown land – Conservation reserves	630,298	0	0	630,298
Crown land – Metropolitan parks	744,542	0	0	744,542
Crown land – Land used for operational purposes	41,328	0	0	41,328
Land purchases in progress	68,802	0	0	68,802
Buildings and structures at fair value				
Non specialised buildings and structures	6,198	0	6,198	0
Specialised buildings and structures	583,124	0	0	583,124
Roads at fair value				
Roads	881,753	0	0	881,753
Plant and equipment at fair value				
Plant and equipment	26,023	0	0	26,023
Motor vehicles under finance lease	32,391	0	32,391	0
Historic and cultural assets at fair value				
Artwork and historic assets	2,522	0	2,522	0

Note:

(i) Classified in accordance with the fair value hierarchy, refer to Note 8.3.

(ii) Assets under construction are excluded from the table above.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination (continued)

The measurement and classification of each class of property, plant and equipment is outlined below. There have been no transfers between levels during the period.

Non specialised land and buildings

Non specialised land and buildings are valued using the market approach. Under this method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. For the sales analysed, an appropriate rate per square metre has been applied to the subject asset.

To the extent that non specialised land and buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2.

The department's non specialised land and buildings relates to the Public Administration Purpose Group. An independent valuation of the department's non specialised land and buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach. The effective date of the valuations was 30 June 2017.

Specialised land

The market based direct comparison method is used for specialised land although it is adjusted for a community service obligation (CSO) to reflect the specialised nature of the land being valued.

Valuation of the land was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also 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. As adjustments of CSO are considered as significant unobservable inputs, specialised land is classified as Level 3.

An independent valuation of the department's specialised land within the Public Safety and Environment Purpose Group was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuations was 30 June 2016.

Specialised buildings and structures

For the department's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the department's specialised buildings within the Public Safety and Environment Purpose Group was performed by the Valuer-General Victoria. The valuation was performed using the depreciated replacement cost method. The effective date of the valuations was 30 June 2016.

Structures are valued using the depreciated replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

Where it has not been possible to examine hidden works, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the structures. The estimated cost of reconstruction includes structure services and finishes.

An independent valuation of the department's structures within the Public Safety and Environment Purpose Group was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuations was 30 June 2016.

Roads

Roads are valued using the depreciated replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. As depreciation adjustments are considered as significant, unobservable inputs in nature, roads are classified as Level 3.

Where it has not been possible to examine hidden works, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the roads. The estimated cost of reconstruction includes structure services and finishes.

An independent valuation of the department's roads within the Public Safety and Environment Purpose Group was performed by the Valuer-General Victoria as at 30 June 2016. The valuation was performed based on the depreciated replacement cost of the assets.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination (continued)

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 depreciated cost method. Given valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable, these assets are classified as Level 3.

Motor vehicles under finance lease

Motor vehicles are valued using the market approach. Under this valuation method, the vehicles are compared to recent comparable sales. To the extent that motor vehicles under finance lease have an exit price prescribed by the lessor at the start of the lease term, these assets are classified as Level 2 under the market approach.

Historic and cultural assets

Artwork and historic assets are valued using the market approach. Under this valuation method, the historic and cultural assets are determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years.

To the extent that artwork and historic assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

An independent valuation of the department's artwork and historic assets was performed by the Valuer-General Victoria. The effective date of the valuations was 30 June 2017 for historic and cultural assets under the Public Administration Purpose Group and 30 June 2016 for the Public Safety and Environment Purpose Group.

There were no changes in valuation techniques throughout the period to 30 June 2017.

For all assets measured at fair value, the current use is considered the highest and best use. The department conducted a fair value assessment for assets revalued at 30 June 2016 to ensure there were no material movements from the carrying value.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination (continued)

Reconciliation of Level 3 fair value movements

	Freehold land \$'000	Land and unused roads \$'000	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'000	Land purchase in progress \$'000	Buildings and structures \$'000	Roads \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2015	17,689	2,285,876	1,061,654	1,149,204	665,297	334,272	47,506	86,586	495,651	1,098,418	28,128	7,270,281
Purchases/(sales)	0	(466)	229	99	486	0	1,560	14,622	2,417	(361)	2,803	21,389
Transfers in/(out) of Level 3 – assets classified as held for sale (Note 5.2)	0	(3,371)	0	0	0	0	0	0	0	0	0	(3,371)
Transfers in/(out) – free of charge	0	0	0	0	0	0	0	0	2	0	0	2
Transfers in/(out) – from other categories ⁽ⁱ⁾	0	(9,781)	3,537	11,718	(2,567)	16,383	719	(32,406)	78,287	0	1,132	67,022
Depreciation expense	0	0	0	0	0	0	0	0	(13,581)	(12,990)	(6,520)	(33,091)
Gains/(losses) recognised in net result	17,689	2,272,258	1,065,420	1,161,021	663,216	350,655	49,785	68,802	562,776	1,085,067	25,543	7,322,232
Recognition/(derecognition), write-on/(write-down) of assets	5,162	(41,144)	0	0	(14,475)	0	(60)	0	(409)	(9)	687	(50,248)
Gains/(losses) recognised in other economic flows – other comprehensive income	5,162	(41,144)	0	0	(14,475)	0	(60)	0	(409)	(9)	687	(50,248)
Revaluation increments/(decrements)	(15,063)	565,385	(28,701)	206,270	(13,475)	394,055	12,225	0	29,187	(203,026)	0	946,857
Transfers in/(out) through contributions by owner	(15,063)	565,385	(28,701)	206,270	(13,475)	394,055	12,225	0	29,187	(203,026)	0	946,857
Transfers in/(out) – Machinery of Government transfers	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in/(out) – other capital contributions	(78)	(97,935)	(250)	0	(4,968)	(168)	(20,622)	0	(8,430)	(279)	(207)	(132,937)
Balance at 30 June 2016	7,710	2,698,564	1,036,469	1,367,291	630,298	744,542	41,328	68,802	583,124	881,753	26,023	8,085,904

Note:

(i) Net transfers from assets under construction.

Assets under construction are excluded from the table above.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination (continued)

Reconciliation of Level 3 fair value movements (continued)

	Freehold land \$'000	Land and unused roads \$'000	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'000	Land purchase in progress \$'000	Buildings and structures \$'000	Roads \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2016	7,710	2,698,564	1,036,469	1,367,291	630,298	744,542	41,328	68,802	583,124	881,753	26,023	8,085,904
Purchases/(sales)	4	(3,977)	0	0	0	0	10	17,914	553	1	5,452	19,957
Transfers in/(out) of Level 3 – assets classified as held for sale (Note 5.2)	75	1,518	0	0	0	0	0	0	0	0	0	1,593
Transfers in/(out) – free of charge	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in/(out) – from other categories ⁽ⁱ⁾	0	0	0	0	1,200	5,812	0	15,018	8,526	552	33,308	64,416
Depreciation expense	0	0	0	0	0	0	0	0	(20,165)	(13,746)	(15,549)	(49,460)
Gains/(losses) recognised in net result	7,789	2,696,105	1,036,469	1,367,291	631,498	750,354	41,338	101,734	572,038	868,560	49,234	8,122,410
Recognition/(derecognition), (write-down) of assets	0	(16,109)	13,141	(2,036)	5,265	2,239	(456)	(17,036)	15,534	0	(11)	531
Gains/(losses) recognised in other economic flows – other comprehensive income	0	(16,109)	13,141	(2,036)	5,265	2,239	(456)	(17,036)	15,534	0	(11)	531
Revaluation increments/(decrements)	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in/(out) through contributions by owner	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in/(out) – Machinery of Government transfers	0	0	0	0	0	0	0	0	0	0	0	0
Transfers in/(out) – other capital contributions	0	25,461	0	0	0	0	0	0	3,078	3	(109)	28,433
Balance at 30 June 2017	7,789	2,705,457	1,049,610	1,365,255	636,763	752,593	40,882	84,698	590,650	868,563	49,114	8,151,374

Note:

- (i) Net transfers from assets under construction.
Assets under construction are excluded from the table above.

Note 5. Key assets available to support output delivery and commitments (continued)

5.1 Property, plant and equipment (continued)

5.1.5 Fair value determination (continued)

Description of significant unobservable inputs to Level 3 valuations

2017 and 2016	Valuation technique	Significant Unobservable Inputs
Specialised land	Market approach	Community Service Obligation adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Specialised structures	Depreciated replacement cost	Cost per structure Useful life of specialised structures
Roads	Depreciated replacement cost	Cost per kilometre Useful life of roads
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

5.2 Non-financial physical assets classified as held for sale

	2017 \$'000	2016 \$'000
Non-financial physical assets classified as held for sale		
Land held for sale	10,482	7,862
Finance lease motor vehicles held for sale	1,089	458
Total non-financial physical assets classified as held for sale	11,571	8,320

Land held for sale represents land deemed surplus to the needs of the State and sale is highly probable within the next 12 months.

Finance lease motor vehicles held for sale represent vehicles identified for immediate disposal in their current condition through the VicFleet disposal process. It is anticipated that these disposals will be completed within the next 12 months.

Measurement of non-financial physical assets

Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is considered as met only when

- the asset is available for immediate use in the current condition
- the sale is highly probable and the asset's sale is expected to be completed within 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

Note 5. Key assets available to support output delivery and commitments (continued)

5.2 Non-financial physical assets classified as held for sale (continued)

5.2.1 Fair value determination

Fair value measurement hierarchy of non-financial physical assets classified as held for sale

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2017				
Land held for sale	10,482	0	10,482	0
Finance lease motor vehicles held for sale	1,089	0	1,089	0
Total	11,571	0	11,571	0
2016				
Land held for sale	7,862	0	7,862	0
Finance lease motor vehicles held for sale	458	0	458	0
Total	8,320	0	8,320	0

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2017.

Land held for sale is measured at the lower of carrying amount and fair value less costs to sell.

The market based direct comparison method is used to value land held for sale. Valuation of the land is determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the land being valued.

Motor vehicles held for sale are carried at fair value less costs of disposal.

To the extent that non-financial physical assets classified as held for sale do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Note 5.3 Intangible assets

	2017 \$'000	2016 \$'000
Software		
At cost	40,548	17,028
Less accumulated depreciation	(11,434)	(10,562)
	29,114	6,466
Construction in progress – at cost ⁽ⁱ⁾	10,484	22,907
Total software	39,598	29,373
Total intangible assets	39,598	29,373

Note:

- (i) The major component of the carrying amount of software under development is the Land Victoria's Government Land Information Service.

When the recognition criteria in AASB 138 *Intangible Assets* are met, purchased and internally generated intangible assets are initially recognised at cost.

Where expenditure exceeds \$300,000 (2016: \$300,000) on the development of software, the department recognises software as assets, at the value of the total expenditure on the development of the software.

Note 5. Key assets available to support output delivery and commitments (continued)

5.3 Intangible assets (continued)

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Intangible produced assets with finite useful lives, are depreciated as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between 3 and 10 years.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

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

	2017 \$'000	2016 \$'000
Movements in carrying amounts		
Balance at 1 July	29,373	27,042
Additions	10,397	3,010
Net transfers from other categories (Note 5.1.4)	700	884
Recognition/(derecognition), write-on/(write-down) of assets	(1)	(690)
Depreciation expense	(871)	(873)
Balance at 30 June	39,598	29,373

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.

5.4 Investments accounted for using the equity method

The department had an investment in an associate entity, Property Exchange Australia Limited (PEXA) (formerly known as National E-Conveyancing Development Limited). PEXA was established in January 2010 to develop a single national electronic conveyancing system for settling property transactions.

While the department's ownership interest in PEXA was 9.02 per cent, it had significant influence through Victorian government representation on the Board of Directors and participation in policy making processes.

On 1 July 2013, the investment in PEXA was transferred to the former Department of Transport, Planning and Local Infrastructure (DTPLI). On 1 January 2015, the investment was subsequently transferred back to the department.

On 1 July 2016, the fair value of the department's interest in PEXA of \$11.349 million was transferred to the Department of Treasury and Finance. As a result of the administrative arrangement changes, the share of the associate's contributed capital of \$8.7 million has been adjusted in the department's contributed capital balance.

Note 5. Key assets available to support output delivery and commitments (continued)

5.5 Investments and other financial assets

	2017 \$'000	2016 \$'000
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits greater than three months ⁽ⁱ⁾	502,634	243,190
Total current investments and other financial assets	502,634	243,190
Non-current investments and other financial assets		
Investment in managed fund ⁽ⁱⁱ⁾	277,969	267,110
Total non-current investments and other financial assets	277,969	267,110
Total investments and other financial assets	780,603	510,300

Note:

- (i) Relates to trust fund term deposits held with the Treasury Corporation of Victoria.
- (ii) The investment in managed funds of \$277.9 million (2016: \$267.1 million) represents funds from the Sustainability Fund Trust account invested in the Capital Stable Fund managed by the Victorian Funds Management Corporation. The Capital Stable Fund invests in a combination of asset classes which include cash deposits, fixed interest term deposits and, Australian equities and global equities which are subject to movements in equity prices. The investment relates to the management and administration of the Sustainability Fund.

5.5.1 Ageing analysis of investments and other financial assets

	Carrying amount \$'000	Not past due and not 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
2017						
Term deposits greater than 3 months	502,634	502,634	0	0	0	0
Investment in managed fund	277,969	277,969	0	0	0	0
Total	780,603	780,603	0	0	0	0
2016						
Term deposits greater than 3 months	243,190	243,190	0	0	0	0
Investment in managed fund	267,110	267,110	0	0	0	0
Total	510,300	510,300	0	0	0	0

Note 5. Key assets available to support output delivery and commitments (continued)

5.6 Net gain/(loss) on non-financial assets

	2017 \$'000	2016 \$'000
Net gain/(loss) on non-financial assets		
Net gain on disposal of property, plant and equipment	2,538	1,688
Net recognition/(derecognition) of non-financial assets	17,886	(51,145)
Adjustment to inventory	(192)	(32)
Write-down of property, plant and equipment and intangible assets	(32,224)	(1,484)
Total net gain/(loss) on non-financial assets	(11,992)	(50,973)

The net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Net gain/(loss) on disposal of property, plant and equipment

Any gain or loss on the disposal of property, plant and equipment is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

Recognition and derecognition of non-financial assets

Land is recognised under the categories set out at Note 5.1. *Property, plant and equipment* when the department identifies specific parcels of land, park, forest or reserve that it controls and their cost can be reliably determined. The department considers relevant information, such as the purpose for which a particular parcel has been reserved, to determine the parcels of Crown land over which it has control and records this information in the Land Information Management System. Where land has been received at no cost the fair value is determined by the Valuer-General Victoria.

Other government entities are able to change the status of Crown land through grants and reservations made under legislation that is not administered by either of the Ministers who hold portfolio responsibility (for example, Crown grants may be issued under the *Project Development and Construction Management Act 1994*). The department's policy is to recognise the effect of such changes when it is made aware of the change in status.

Land is derecognised when it is not eligible to be treated as a return of equity to other government entities or when the information is available in the Land Information Management System regarding changes to area size. Gains or losses on the recognition or derecognition of land are recognised in the net result (other economic flows).

Adjustment to inventory

Movements in stock level as a result of the department's yearly stock take review or due to loss of service potential is recognised as a gain or loss to inventory balance.

Write-down of property, plant and equipment and intangible assets

The department will recognise a write-down of property, plant and equipment and intangible assets when there is evidence that there is a change in the market or an equipment breakdown. This is identified through impairment and life reviews.

Note 5. Key assets available to support output delivery and commitments (continued)

5.7 Capital expenditure commitments

	Nominal values	
	2017 \$'000	2016 \$'000
Capital expenditure commitments		
Buildings	2,360	144
Roads and structures	131,416	189,459
Plant, equipment and vehicles	64,346	57,427
Software	0	54
Intangible	87,748	0
Total capital expenditure commitments	285,870	247,084
Capital expenditure commitments payable		
Not later than one year	86,413	73,072
Later than one year but no later than five years	167,346	174,012
Later than five years	32,111	0
Total capital expenditure commitments	285,870	247,084
Total capital expenditure commitments (inclusive of GST)	285,870	247,084
Less GST recoverable from the Australian Taxation Office	(14,371)	(22,462)
Total capital expenditure commitments (exclusive of GST)	271,499	224,622

Note:

(i) Total capital commitments includes transactions that do not attract GST.

Note 5. Key assets available to support output delivery and commitments (continued)

5.8 Reserves

	2017 \$'000	2016 \$'000
Physical asset revaluation surplus		
Balance at 1 July	6,731,484	5,762,465
Increment/(decrement) on revaluation during the year resulting from:		
Freehold land (including land held for sale)	22,191	7,026
Crown land – Land and unused roads	(34)	565,384
Crown land – National parks	0	(28,701)
Crown land – State forests	0	206,270
Crown land – Conservation reserves	0	(13,475)
Crown land – Metropolitan parks	0	394,055
Crown land – Land used for operational purposes	0	12,225
Buildings and structures	5,763	29,187
Roads	0	(203,026)
Historic and cultural assets	969	74
Balance at 30 June	6,760,373	6,731,484
Net change in physical asset revaluation surplus	28,889	969,019

Nature and purpose of physical asset revaluation surplus

The physical asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Note 6. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the department's operations.

Structure

- 6.1 Receivables
 - 6.1.1 Movement in the provision for doubtful debts
 - 6.1.2 Ageing analysis of contractual receivables
- 6.2 Payables
 - 6.2.1 Maturity analysis of contractual payables
- 6.3 Prepayments
- 6.4 Inventories
- 6.5 Other provisions
 - 6.5.1 Movement in other provisions

6.1 Receivables

	2017 \$'000	2016 \$'000
Current receivables		
Contractual		
Trade receivables ⁽ⁱ⁾ (Note 8.1)	19,542	30,262
Provision for doubtful contractual receivables ⁽ⁱ⁾ (Note 6.1.1, 8.1)	(159)	(144)
Accrued income ⁽ⁱⁱ⁾ (Note 8.1)	7,623	9,484
	27,006	39,602
Statutory		
Amounts owing from Victorian Government	108,629	123,606
Landfill levies receivable	104,995	97,248
GST input tax credit recoverable	10,323	6,020
	223,947	226,874
Total current receivables	250,953	266,476
Non-current receivables		
Statutory		
Amounts owing from Victorian Government	28,237	36,759
Total non-current receivables	28,237	36,759
Total receivables	279,190	303,235

Note:

- (i) The average credit period on sales of goods and services and for other receivables is 30 days. No interest is charged on trade debtors for the first 30 days from the date of the invoice. Thereafter, interest is charged at 10.5 percent (2016: 9.5 per cent) on the outstanding balance of invoices relating to land licences. The interest rate is determined under the *Penalty Interest Rate Act 1983*. A provision has been made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The movement in the allowance of \$55,000 (2016: decrease of \$90,000) was recognised in the operating result for the current financial year.
- (ii) No interest is charged on accrued receivables for the outstanding balance. An allowance is made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. No such allowance has been made in this financial year for accrued receivables.

Note 6. Other assets and liabilities (continued)

6.1 Receivables (continued)

Receivables include amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, and interest receivable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 8.1 *Financial instruments for recognition and measurement*). They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

6.1.1 Movement in the provision for doubtful debts

	2017 \$'000	2016 \$'000
Balance at 1 July	144	54
Reversal of unused provision recognised in the net result	0	(21)
Reversal of provision of receivables written off during the year as uncollectible	0	0
Increase in provision recognised in the net result	15	111
Balance at 30 June	159	144

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

Note 6. Other assets and liabilities (continued)

6.1 Receivables (continued)

6.1.2 Ageing analysis of contractual receivables

	Carrying amount \$'000	Not past due and not 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
2017						
Trade receivables	19,383	15,738	2,538	625	411	17
Accrued income	7,623	7,623	0	0	0	0
Total	27,006	23,361	2,538	625	411	17
2016						
Trade receivables	30,118	18,184	7,372	3,941	559	62
Accrued income	9,484	9,484	0	0	0	0
Total	39,602	27,668	7,372	3,941	559	62

No interest is charged for the first 30 days from the invoice date. Thereafter, interest is charged at 10.5 per cent (2016: 9.5 per cent) on the outstanding balance of invoices relating to land licences. The average credit period for sales of goods / services and for other receivables is 30 days. There are no material financial assets that are individually determined to be impaired. Currently the department does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

Note 6. Other assets and liabilities (continued)

6.2 Payables

	2017 \$'000	2016 \$'000
Current payables		
Contractual		
Trade creditors ⁽ⁱ⁾	4,191	16,061
Accrued grants and other transfers	36,420	18,501
Capital accruals	10,549	24,273
Other accrued expenses	51,671	30,779
Other payables ⁽ⁱ⁾	3,381	3,029
	106,212	92,643
Statutory		
Advance from the Public Account ⁽ⁱⁱ⁾	16,572	10,556
Taxes payables	2,603	2,304
	19,175	12,860
Total current payables	125,387	105,503
Non-current payables		
Statutory		
Advance from the Public Account ⁽ⁱⁱ⁾	46,060	6,500
	46,060	6,500
Total non-current payables	46,060	6,500
Total payables	171,447	112,003

Note:

- (i) The average credit period is 30 days. No interest is charged on the trade creditors or other payables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at differing rates determined by the individual trade arrangements entered into.
- (ii) These advances are for varying terms and do not normally bear interest. The advances are unsecured and the term of the advance is usually agreed by the Minister at the time the advance was provided.

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

Payables consist of:

- Contractual payables, such as accounts payable and accruals, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the department prior to the end of the financial year that are unpaid
- Statutory payables, such as goods and services tax and fringe benefits tax payables, and advances, that 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.

Advances from the Public Account are made pursuant to section 37 of the *Financial Management Act 1994* and represent payments made in advance of receiving appropriation funding. These advances are recognised at the gross value of amounts owing and are not discounted to the present value of future cash flows.

Note 6. Other assets and liabilities (continued)

6.2 Payables (continued)

6.2.1 Maturity analysis of contractual payables

	Carrying amount \$'000	Nominal amount ⁽ⁱ⁾ \$'000	Maturity dates				
			Less than 1 month \$'000	1 month – 3 months \$'000	3 months – 1 year \$'000	1–5 years \$'000	5+ years \$'000
2017							
Trade creditors	4,191	4,191	4,141	13	6	27	4
Accrued grants and other transfers	36,420	36,420	36,420	0	0	0	0
Capital accruals	10,549	10,549	10,549	0	0	0	0
Other accrued expenses	51,671	51,671	51,671	0	0	0	0
Other payables	3,381	3,381	3,381	0	0	0	0
Total	106,212	106,212	106,162	13	6	27	4
2016							
Trade creditors	16,061	16,061	15,956	24	7	22	52
Accrued grants and other transfers	18,501	18,501	18,501	0	0	0	0
Capital accruals	24,273	24,273	24,273	0	0	0	0
Other accrued expenses	30,779	30,779	30,779	0	0	0	0
Other payables	3,029	3,029	3,029	0	0	0	0
Total	92,643	92,643	92,538	24	7	22	52

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

6.3 Prepayments

	2017 \$'000	2016 \$'000
Prepayment		
Goulburn-Murray Water Corporation	111,633	0
Goulburn-Broken Catchment Management Authority	11,101	0
Other	25,901	9,367
Total prepayments	148,635	9,367

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Note 6. Other assets and liabilities (continued)

6.4 Inventories

	2017 \$'000	2016 \$'000
Current inventories		
Supplies and consumables – at cost		
Fire stores	14,971	16,168
Publications held for distribution	30	30
Seed bank	2,357	3,084
Weedicides	40	60
Other stores and materials	1,497	1,356
	18,895	20,698
Inventories held for distribution		
Publications held for sale – at cost	336	335
Total inventories	19,231	21,033

Inventories include goods and other property held either for sale or for distribution at zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Note 6. Other assets and liabilities (continued)

6.5 Other provisions

	2017 \$'000	2016 \$'000
Current other provisions		
Onerous lease contracts ⁽ⁱ⁾	1,481	594
Provision for insurance deductibles	825	501
Provision for fire rehabilitation ⁽ⁱⁱ⁾	0	562
Provision for native vegetation offset ⁽ⁱⁱ⁾	0	860
Provision for flood recovery works ⁽ⁱⁱ⁾	0	146
Provision for legal settlements	1,815	2,347
Provision for land remediation	4,698	0
Other	0	1,899
Total current other provisions	8,819	6,909
Non-current other provisions		
Onerous lease contracts ⁽ⁱ⁾	324	813
Provision for insurance deductibles ⁽ⁱⁱ⁾	0	6,121
Provision for fire rehabilitation ⁽ⁱⁱ⁾	0	962
Provision for native vegetation offset ⁽ⁱⁱ⁾	0	2,598
Other ⁽ⁱ⁾	0	300
Total non-current other provisions	324	10,794
Total other provisions	9,143	17,703

Note:

- (i) The provision for onerous lease contracts represents the present value of the future lease payments that the department is presently obligated to make in respect of onerous lease contracts under non-cancellable operating lease agreements, less income expected to be earned on the lease including estimated future sub-lease income, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases vary up to a maximum of 15 years.
- (ii) As a result of the department's review, a remeasurement has occurred for the provision for fire rehabilitation, native vegetation offset, flood recovery works, insurance deductibles (non-current) and other which has reduced the balances to nil. Refer to Note 6.5.1 for the movement in other provisions.

Note 6. Other assets and liabilities (continued)

6.5 Other provisions (continued)

Other provisions are recognised when the department has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The future sacrifice of economic benefits includes costs associated with onerous lease contracts, insurance claims, restoration and rehabilitation related to bushfire activities involving the department, and other environmental activities such as native vegetation offsets.

The amount recognised as a liability is the best estimate to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

6.5.1 Movement in other provisions

	Onerous lease contracts \$'000	Insurance deductibles \$'000	Fire rehabilitation \$'000	Native vegetation offset \$'000	Flood recovery works \$'000	Legal settlements \$'000	Land Remediation \$'000	Other \$'000	Total \$'000
Balance at 1 July 2016	1,407	6,622	1,524	3,458	146	2,347	0	2,199	17,703
Additional provisions recognised	382	0	0	0	0	0	4,698	0	5,080
Reductions arising from payments/other sacrifices of future economic benefits	0	0	0	0	0	(532)	0	(571)	(1,103)
Increase/(reductions) resulting from re-measurement or settlement without cost	(3)	(5,797)	(1,524)	(3,458)	(146)	0	0	(1,628)	(12,556)
Unwind of discount and effect of changes in the discount rate	19	0	0	0	0	0	0	0	19
Balance at 30 June 2017	1,805	825	0	0	0	1,815	4,698	0	9,143
Current	1,481	825	0	0	0	1,815	4,698	0	8,819
Non-current	324	0	0	0	0	0	0	0	324
Balance at 30 June 2017	1,805	825	0	0	0	1,815	4,698	0	9,143

Note 7. How we financed 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 interest bearing liabilities and other information related to financial activities of the department.

This section includes disclosures of balances that are financial instruments and Note 8.1.1 provides additional, specific financial instrument disclosures.

Structure

- 7.1 Cash flow information
 - 7.1.1 Reconciliation of net result for the period to cash flow from operating activities
 - 7.1.2 Non-cash financing and investing activities
 - 7.1.3 Interest
- 7.2 Interest bearing liabilities
 - 7.2.1 Maturity analysis of interest bearing liabilities
 - 7.2.2 Interest expense
- 7.3 Finance leases liabilities (department as lessee)
- 7.4 Trust account balances

7.1 Cash flow information

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which 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 changes in value.

For cash flow statement presentation purposes, cash and cash equivalents includes cash and short term investments, as indicated in the reconciliation below.

	2017 \$'000	2016 \$'000
Cash and cash deposits		
Cash at bank and on hand ⁽ⁱ⁾	(390)	(5,139)
Funds held in trust – cash ⁽ⁱⁱ⁾	263,658	260,626
Funds held in trust – deposits on call and term deposits less than 3 months ⁽ⁱⁱ⁾	172,066	297,923
Total cash and deposits disclosed in the balance sheet	435,334	553,410
Balance as per cash flow statement	435,334	553,410

Note:

- (i) 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 by the department from the generation of income is generally paid into the state's bank account, known as the Public Account. Similarly, any departmental expenditure, including those in the form of cheques drawn by the department for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that, the Public Account would remit 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.
- (ii) Funds held in trust include cash and term deposits and include a number of trust accounts managed and controlled by the department. They include the Sustainability Fund Trust, Goulburn Murray Water Connections Project Trust, Melbourne Strategic Assessment Trust, Parks and Reserves Trust, Plant and Machinery Trust, Growth Areas Public Transport Fund and the Building New Communities Fund.

Note 7. How we financed our operations (continued)

7.1 Cash flow information (continued)

	2017 \$'000	2016 \$'000
7.1.1 Reconciliation of net result for the period to cash flow from operating activities		
Net result for the period	188,390	(33,732)
Non-cash movements		
Depreciation	58,090	41,433
Assets and services received free of charge or for nominal consideration	0	(5)
Assets and services provided free of charge or for nominal consideration	0	72
Net gain on disposal of property, plant and equipment	(2,538)	(1,688)
Net (recognition)/de-recognition of non-financial assets	14,336	51,145
Write-down of property, plant, equipment, intangible assets and inventory	194	1,516
Net (gain)/loss on financial instruments	(2,547)	(2,711)
Loss from revaluation of investment in associates	0	2,021
Net loss arising from revaluation of long service leave and annual leave liabilities	(1,688)	82
Other provision discount rate adjustments	379	41
Movements included in investing and financing activities		
Share of associate's losses, excluding dividends	0	4,377
Movements in assets and liabilities		
(Increase)/decrease in receivables	25,922	11,947
(Increase)/decrease in inventories	1,803	(2,249)
(Increase)/decrease in prepayments	(139,268)	68,396
Increase/(decrease) in payables	27,511	668
Increase/(decrease) in provisions	922	(1,198)
Increase/(decrease) in other liabilities	(162)	(58)
Net cash flows from operating activities	171,344	140,057
	2017 \$'000	2016 \$'000
7.1.2 Non-cash financing and investing activities		
Acquisition of non-current assets by means of finance leases	12,704	12,806
	2017 \$'000	2016 \$'000
7.1.3 Interest		
Interest from financial assets not at fair value through profit or loss:		
Interest on cash deposits and investments	18,883	19,067
Total interest	18,883	19,067

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Note 7. How we financed our operations (continued)

7.2 Interest bearing liabilities

	2017 \$'000	2016 \$'000
Current interest bearing liabilities – secured ⁽ⁱ⁾		
Non-PPP related finance lease liabilities – Motor vehicles	14,628	14,380
Total current interest bearing liabilities	14,628	14,380
Non-current interest bearing liabilities – secured ⁽ⁱ⁾		
Non-PPP related finance lease liabilities – Motor vehicles	20,868	18,339
Total non-current interest bearing liabilities	20,868	18,339
Total interest bearing liabilities	35,496	32,719

Note:

(i) Secured by the leased assets.

Interest bearing liabilities relate to motor vehicles leased through the VicFleet and Fleet Plus finance lease facilities.

Interest bearing liabilities are classified as financial instruments. All interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The department classifies its interest bearing liabilities as financial liabilities at amortised cost subsequent to initial recognition.

During the current and prior year, there were no defaults and breaches of any of the loans.

7.2.1 Maturity analysis of interest bearing liabilities

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1 month – 3 months \$'000	3 months – 1 year \$'000	1–5 years \$'000	5+ years \$'000
2017							
Finance lease liabilities	35,496	35,496	793	2,515	11,320	20,868	0
Total	35,496	35,496	793	2,515	11,320	20,868	0
2016							
Finance lease liabilities	32,719	32,719	2,037	1,695	10,648	18,339	0
Total	32,719	32,719	2,037	1,695	10,648	18,339	0

7.2.2 Interest expense

Interest expense is costs incurred in connection with finance lease and the wind back of interest relating to make good provisions.

Interest expense is recognised in the period in which it is incurred.

	2017 \$'000	2016 \$'000
Interest expense		
Interest on finance leases	(803)	(1,016)
Other interest expense	(19)	34
Total interest expense	(822)	(982)

Note 7. How we financed our operations (continued)

7.3 Finance leases liabilities (department as lessee)

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Motor vehicle related finance leases liabilities payable ⁽ⁱⁱ⁾				
Not later than one year	15,609	15,507	14,628	14,380
Later than one year but no later than five years	22,372	19,470	20,868	18,339
Minimum future lease payments	37,981	34,977	35,496	32,719
Less future finance charges	(2,485)	(2,258)	0	0
Present value of minimum lease payments	35,496	32,719	35,496	32,719
Included in the financial statements as:				
Current finance lease liability (Note 7.2)			14,628	14,380
Non-current finance lease liability (Note 7.2)			20,868	18,339
Total lease liabilities			35,496	32,719

Note:

- (i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
 - (ii) Finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 3.2 and 3.3.
- The finance leases disclosed above are exempt from GST.

The finance leases relate to motor vehicles leased through the VicFleet and Fleet Plus finance lease facilities. The lease term is the period over which the vehicle is to be leased. Generally, vehicles must be retained for three years or 60,000 kilometres for VicFleet vehicles and 15 years for FleetPlus vehicles, whichever occurs first. On disposal of the vehicle any profit or loss on sale is borne by the department. The weighted average interest rate implicit in the leases is 3.96 per cent (2016: 4.63 per cent).

At the commencement of the lease term, finance leases are 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 are 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.

Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Note 7. How we financed our operations (continued)

7.4 Trust account balances

The department has responsibility for transactions and balances relating to trust funds held. No third party funds were held under management for either 2016–17 or 2015–16.

The following is a listing of trust account balances in cash, deposits and investments relating to trust accounts controlled and administered by the department.

	2017			
	Balance at 1 July 2016 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2017 \$'000
Controlled trusts				
Cash, deposits and investments				
Albury Wodonga Land Transfer	789	11	(61)	739
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and earns interest for the appropriate management and protection of land transferred from the Albury Wodonga Corporation.				
Building New Communities Fund	70,174	69,070	(7,680)	131,564
Operates under s201VB of the <i>Planning & Environment Act 1987</i> to provide assistance for capital works for state funded infrastructure in any growth areas.				
Casino Area Works Trust	471	6	0	477
Operates under schedule 5 of the <i>Casino (Management Agreement) (Amendment) Act 1996</i> to be applied to works for the general improvement of facilities in the Melbourne casino area.				
Department Suspense	133	4	0	137
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It holds all generic unclaimed funds until they have been identified.				
DTF VicFleet	4,605	5,999	(4,640)	5,964
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and makes payments in relation to the government motor vehicle pool.				
Goulburn Murray Water Connections Project Trust	168,048	153,579	(291,852)	29,775
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Goulburn Murray Water connections and irrigations modernisation program.				
Growth Areas Public Transport Fund	72,540	69,130	(13,014)	128,656
Operates under s201VA of the <i>Planning & Environment Act 1987</i> to provide assistance for the state funded public transport infrastructure works in any growth areas.				

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2017			
	Balance at 1 July 2016 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2017 \$'000
Controlled trusts				
Melbourne Strategic Assessment Trust Account Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Melbourne Strategic Assessment Program.	25,044	14,750	(13,048)	26,746
Municipal and Industrial Landfill Levy Trust Account Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives municipal and industrial landfill levies from the Environment Protection Authority as specified in s70E(2) of the <i>Environment Protection Act 1970</i> and manages payments to environmental agencies with the remaining balance transferred to the Sustainability Fund Trust Account.	0	207,583	(207,583)	0
Parks and Reserves Trust Account Operates under s153A of the <i>Water Industry Act 1994</i> as a specific purpose operating account. It receives the Metropolitan Parks Improvement Rate and makes payments for the management and control of open spaces, parks and waterways in the metropolitan area.	55,983	163,392	(149,928)	69,447
Plant and Machinery Trust Account Operates under s23 of the <i>Conservation, Forests and Lands Act 1987</i> as a specific purpose operating account. It receives funding and makes payments for the renewal, replacement, operation, maintenance and repair of plant and machinery.	75,273	6,860	(3,775)	78,358
Project Trust Account Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives income and makes payments associated with services the department has been contracted to supply on a fee for service basis	122,120	170,941	(111,506)	181,555
Revenue Suspense Operates under s19(2) of the <i>Financial Management Act 1994</i> as a departmental account. It records all unknown revenue receipts; funds are held until receipts are identified.	65	4,735	0	4,800
State Development Special Projects Operates under s19(2) of the <i>Financial Management Act 1994</i> to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the state.	0	0	0	0

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2017			
	Balance at 1 July 2016 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2017 \$'000
Controlled trusts				
Stores Suspende	5,014	1,713	(2,547)	4,180
Operates under s23 of the <i>Conservation, Forests and Lands Act 1987</i> as a specific purpose operating account. It receives funding and makes payments for the purchase of stores and the cost of manufacturing articles for stock.				
Sustainability Fund Trust Account	466,252	130,839	(46,018)	551,073
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages grants fostering environmentally sustainable uses of resources, waste management best practice, greenhouse gas reduction and adapting to climate change.				
Treasury Trust – Small Scale Community Support Fund	0	0	0	0
Operates under s19 of the <i>Financial Management Act 1994</i> as an operating account shared across government. It allocates funds the government receives from gaming machines back to the community through a variety of programs.				
Treasury Trust – Floods	1,777	2,021	(943)	2,855
Operates under s19 of the <i>Financial Management Act 1994</i> as a shared operating account. It makes state funds available for the restoration of assets and public facilities damaged in floods.				
Treasury Trust – Rural Council Planning Flying Squad	561	0	(561)	0
Operates under s19 of the <i>Financial Management Act 1994</i> as a shared operating account. It makes state funds available for specialist expert and technical assistance to rural and regional councils on issues such as major projects and developments, long-term land use issues, strategic plans as well as immediate planning support with planning permit and amendment work.				
Total controlled trusts	1,068,849	1,000,633	(853,156)	1,216,326

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
Controlled trusts				
Cash, deposits and investments				
Albury Wodonga Land Transfer	802	22	(35)	789
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and earns interest for the appropriate management and protection of land transferred from the Albury Wodonga Corporation.				
Building New Communities Fund	41,509	29,665	(1,000)	70,174
Operates under s201VB of the <i>Planning & Environment Act 1987</i> to provide assistance for capital works for state funded infrastructure in any growth areas.				
Casino Area Works Trust	464	7	0	471
Operates under schedule 5 of the <i>Casino (Management Agreement) (Amendment) Act 1996</i> to be applied to works for the general improvement of facilities in the Melbourne casino area.				
Department Suspense	271	0	(138)	133
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It holds all generic unclaimed funds until they have been identified.				
DTF VicFleet	2,966	4,112	(2,473)	4,605
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and makes payments in relation to the government motor vehicle pool.				
Goulburn Murray Water Connections Project Trust	232,819	4,304	(69,075)	168,048
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Goulburn Murray Water connections and irrigations modernisation program.				
Growth Areas Public Transport Fund	43,500	29,675	(635)	72,540
Operates under s201VA of the <i>Planning & Environment Act 1987</i> to provide assistance for the state funded public transport infrastructure works in any growth areas.				
Melbourne Strategic Assessment Trust Account	14,326	15,226	(4,508)	25,044
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Melbourne Strategic Assessment Program.				

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
Controlled trusts				
Municipal and Industrial Landfill Levy Trust Account Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives municipal and industrial landfill levies from the Environment Protection Authority as specified in s70E(2) of the <i>Environment Protection Act 1970</i> and manages payments to environmental agencies with the remaining balance transferred to the Sustainability Fund Trust Account.	0	150,926	(150,926)	0
Parks and Reserves Trust Account Operates under s153A of the <i>Water Industry Act 1994</i> as a specific purpose operating account. It receives the Metropolitan Parks Improvement Rate and makes payments for the management and control of open spaces, parks and waterways in the metropolitan area.	51,749	156,689	(152,455)	55,983
Plant and Machinery Trust Account Operates under s23 of the <i>Conservation, Forests and Lands Act 1987</i> as a specific purpose operating account. It receives funding and makes payments for the renewal, replacement, operation, maintenance and repair of plant and machinery.	70,199	8,254	(3,180)	75,273
Project Trust Account Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives income and makes payments associated with services the department has been contracted to supply on a fee for service basis.	126,471	84,810	(89,161)	122,120
Revenue Suspense Operates under s19(2) of the <i>Financial Management Act 1994</i> as a departmental account. It records all unknown revenue receipts; funds are held until receipts are identified.	27	42	(4)	65
State Development Special Projects Operates under s19(2) of the <i>Financial Management Act 1994</i> to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the state.	12,500	0	(12,500)	0
Stores Suspense Operates under s23 of the <i>Conservation, Forests and Lands Act 1987</i> as a specific purpose operating account. It receives funding and makes payments for the purchase of stores and the cost of manufacturing articles for stock.	10,182	996	(6,164)	5,014

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
Controlled trusts				
Sustainability Fund Trust Account	0	529,366	(63,114)	466,252
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages grants fostering environmentally sustainable uses of resources, waste management best practice, greenhouse gas reduction and adapting to climate change.				
Treasury Trust – Small Scale Community Support Fund	(396)	396	0	0
Operates under s19 of the <i>Financial Management Act 1994</i> as an operating account shared across government. It allocates funds the government receives from gaming machines back to the community through a variety of programs.				
Treasury Trust – Floods	415	6,749	(5,387)	1,777
Operates under s19 of the <i>Financial Management Act 1994</i> as a shared operating account. It makes state funds available for the restoration of assets and public facilities damaged in floods.				
Treasury Trust – Rural Council Planning Flying Squad	0	1,400	(839)	561
Operates under s19 of the <i>Financial Management Act 1994</i> as a shared operating account. It makes state funds available for specialist expert and technical assistance to rural and regional councils on issues such as major projects and developments, long-term land use issues, strategic plans as well as immediate planning support with planning permit and amendment work.				
Total controlled trusts	607,804	1,022,639	(561,594)	1,068,849

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2017			
	Balance at 1 July 2016 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2017 \$'000
Administered trusts				
Cash, deposits and investments				
CH Barbour Forestry Foundation Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.	9	0	0	9
J Gilmore Farm Water Supply and Hanslow Cup Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.	44	0	0	44
Natural Disaster Relief Fund Operates under s19(2) of the <i>Financial Management Act 1994</i> as a holding account. It holds money supplied by the Commonwealth until required for expenditure in the case of any natural disasters.	115	0	0	115
Paid Parental Leave Treasury Trust Fund Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It receives funds from the Commonwealth to meet the eligible costs of parental leave for departmental employees.	49	0	(11)	38
Public Service Commuters' Club Operates under s19 of the <i>Financial Management Act 1994</i> as a working account. It services loans to staff for the purchase of yearly tickets and funds are recouped through staff salaries and wages.	54	0	(55)	(1)
Securities Trust Fund Operates under s19 of the <i>Financial Management Act 1994</i> as a working account. It receives and holds bonds for use by third parties of public land.	24	14	0	38
Sidney Plowman Award Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.	23	1	0	24

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2017			
	Balance at 1 July 2016 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2017 \$'000
Administered trusts				
Treasury Trust	669	434	(51)	1,052
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account.				
It records the receipt and disbursement of unclaimed and unidentified monies such as unrepresented cheques, surplus cash, unidentified remittances etc.				
Victorian Desalination Project Trust Account	0	41,556	0	41,556
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account.				
It manages and quarantines adjustment payments to AquaSure and any associated efficiencies and savings that arise relating to water orders placed with the Victorian Desalination Plant.				
Victorian State Foresters' Association	31	0	(8)	23
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account.				
It manages funds for prizes, scholarships, research and private donations.				
Total administered trusts	1,018	42,005	(125)	42,898

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
Administered trusts				
Cash, deposits and investments				
CH Barbour Forestry Foundation	9	0	0	9
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account.				
It manages funds for prizes, scholarships, research and private donations.				
J Gilmore Farm Water Supply and Hanslow Cup	43	1	0	44
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account.				
It manages funds for prizes, scholarships, research and private donations.				
Natural Disaster Relief Fund	145	0	(30)	115
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a holding account.				
It holds money supplied by the Commonwealth until required for expenditure in the case of any natural disasters.				
Paid Parental Leave Treasury Trust Fund	52	3	(6)	49
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account.				
It receives funds from the Commonwealth to meet the eligible costs of parental leave for departmental employees.				
Public Service Commuters' Club	100	0	(46)	54
Operates under s19 of the <i>Financial Management Act 1994</i> as a working account.				
It services loans to staff for the purchase of yearly tickets and funds are recouped through staff salaries and wages.				
Securities Trust Fund	24	25	(25)	24
Operates under s19 of the <i>Financial Management Act 1994</i> as a working account.				
It receives and holds bonds for use by third parties of public land.				
Sidney Plowman Award	23	0	0	23
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account.				
It manages funds for prizes, scholarships, research and private donations.				

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
Administered trusts				
Treasury Trust	887	53	(271)	669
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account.				
It records the receipt and disbursement of unclaimed and unidentified monies such as unpresented cheques, surplus cash, unidentified remittances etc.				
Victorian State Foresters' Association	79	1	(49)	31
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account.				
It manages funds for prizes, scholarships, research and private donations.				
Total administered trusts	1,362	83	(427)	1,018

Note 7. How we financed our operations (continued)

7.4 Trust account balances (continued)

Trust Accounts opened or closed by the department during 2017

The Victorian Desalination Project Trust Account was opened during the year. Refer to Note 4.2.4 *Victorian Desalination Plant*.

No Trust accounts were closed during the year.

Treasury trust – Victorian floods

The state has made funds available for the restoration of assets and public facilities damaged in floods through the Treasury Trust Fund.

	2017 \$'000	2016 \$'000
Treasury trust – Victorian floods		
Cash at bank at 30 June	2,855	1,777
Total funds under management	2,855	1,777
Treasury trust – Victorian floods		
Opening balance	1,777	415
Contributions by the Victorian government	1,766	2,106
Other contributions	255	4,643
Total receipts	2,021	6,749
Payments to catchment management authorities	0	133
Payments to portfolio agencies	247	938
Payments to non-portfolio agencies	0	180
Payments to local governments	16	1,216
Other payments	680	2,920
Total payments	943	5,387
Cash at bank 30 June	2,855	1,777

Third party funds under management

No third party funds were held under management for either 2016–17 or 2015–16.

Note 8. Risks, contingencies and valuation uncertainties

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 instruments 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*.

Categories of financial instruments

Loans, receivables and cash

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

Financial assets at fair value through profit and loss

Financial assets are categorised at fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition.

Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through profit and loss are initially measured at fair value;

Structure

- 8.1 Financial Instruments specific disclosures
 - 8.1.1 Financial instruments: Categorisation
 - 8.1.2 Financial instruments: Net holding gain/ (loss) on financial instruments by category
 - 8.1.3 Financial risk management objectives and policies
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination
 - 8.3.1 Fair value determination of financial assets and liabilities

attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

Financial assets at fair value through profit and loss represents the department's investment in the Capital Stable Fund held with the Victorian Funds Management Corporation on behalf of the Sustainability Fund. Details of the Sustainability Fund are disclosed in Note 7.4 *Trust account balances*. The Capital Stable Fund is a managed fund with investment in AUD currency. The fund is held by a trust which invests in a combination of cash, fixed income securities and Australian and international equities.

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they originate. 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 profit and loss over the period of the interest-bearing liability, using the effective interest method (refer to Note 9.6 *Glossary of technical terms*).

Financial instrument liabilities measured at amortised cost include all of the department's contractual payables and interest-bearing arrangements, but not statutory payables.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments specific disclosures (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the department retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement
- the department has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the department's continuing involvement in the asset.

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

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.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments specific disclosures (continued)

8.1.1 Financial instruments: Categorisation

	2017					2016				
	Contractual financial assets – loans and receivables \$'000	Contractual financial assets – fair value through profit/loss \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000	Contractual financial assets – loans and receivables \$'000	Contractual financial assets – fair value through profit/loss \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000		
Contractual financial assets										
Cash and deposits										
Cash, deposits on call and term deposits less than 3 months	435,334	0	0	435,334	553,410	0	0	553,410		
Receivables ⁽ⁱ⁾										
Trade receivables	19,383	0	0	19,383	30,118	0	0	30,118		
Accrued income	7,623	0	0	7,623	9,484	0	0	9,484		
Investments										
Term deposits greater than 3 months	502,634	0	0	502,634	243,190	0	0	243,190		
Investment in managed fund	0	277,969	0	277,969	0	267,110	0	267,110		
Total contractual financial assets	964,974	277,969	0	1,242,943	836,202	267,110	0	1,103,312		
Contractual financial liabilities										
Payables ⁽ⁱⁱ⁾										
Trade creditors	0	0	4,191	4,191	0	0	16,061	16,061		
Accrued grants and other transfers	0	0	36,420	36,420	0	0	18,501	18,501		
Capital accruals	0	0	10,549	10,549	0	0	24,273	24,273		
Other accrued expenses	0	0	51,671	51,671	0	0	30,779	30,779		
Other payables	0	0	3,381	3,381	0	0	3,029	3,029		
Other liabilities	0	0	2,051	2,051	0	0	2,209	2,209		
Interest bearing liabilities										
Finance lease liabilities	0	0	35,496	35,496	0	0	32,719	32,719		
Total contractual financial liabilities	0	0	143,759	143,759	0	0	127,571	127,571		

Note:

- (i) The amount of receivables disclosed excludes statutory receivables (i.e. amounts owing from Victorian Government, landfill levies receivable and GST input tax credit receivable) totalling \$252.184 million (2016: \$249.097 million) – Refer to Note 6.1 *Receivables*.
- (ii) The amount of payables disclosed excludes statutory payables (i.e. amounts owing to Victorian Government for advances from the Public Account and taxes payable) totalling \$65.235 million (2016: \$19.360 million) – Refer to Note 6.2 *Payables*.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments specific disclosures (continued)

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

	2017			
	Net holding gain/ (loss) \$'000	Total interest income/ (expense) \$'000	Impairment \$'000	Total \$'000
Contractual financial assets				
Cash and deposits				
Cash, deposits on call and term deposits less than 3 months	0	3,249	0	3,249
Receivables				
Trade receivables	0	0	(55)	(55)
Investments				
Term deposits greater than 3 months	0	8,228	0	8,228
Investment in managed fund	2,617	7,406	0	10,023
Total contractual financial assets	2,617	18,883	(55)	21,445
Contractual financial liabilities				
Payables				
Trade payables	0	0	0	0
Other liabilities	0	(19)	0	(19)
Interest bearing liabilities				
Finance lease liabilities	0	(803)	0	(803)
Total contractual financial liabilities	0	(822)	0	(822)
	2016			
	Net holding gain / (loss) \$'000	Total interest income/ (expense) \$'000	Impairment \$'000	Total \$'000
Contractual financial assets				
Cash and deposits				
Cash, deposits on call and term deposits less than 3 months	0	6,399	0	6,399
Receivables				
Trade receivables	0	0	(90)	(90)
Investments				
Term deposits greater than 3 months	0	5,448	0	5,448
Investment in managed fund	3,947	7,220	0	11,167
Total contractual financial assets	3,947	19,067	(90)	22,924
Contractual financial liabilities				
Payables				
Trade payables	0	0	0	0
Other liabilities	0	34	0	34
Interest bearing liabilities				
Finance lease liabilities	0	(1,016)	0	(1,016)
Total contractual financial liabilities	0	(982)	0	(982)

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments specific disclosures (continued)

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

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

- for cash and deposits, receivables and investments, the net gain or loss is calculated by subtracting any impairment recognised in the net result from the interest income
- for financial liabilities measured at amortised cost, the net gain or loss reflects the interest expense.

8.1.3 Financial risk management objectives and policies

The department is exposed to a number of financial risks, including credit risk and market risk.

As a whole, the department's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statement notes.

The main purpose in holding financial instruments is to prudentially manage the department's financial risks within the government policy parameters.

The department's main financial risks include credit risk and market 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 to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the risk and audit committee of the department.

(a) Financial instruments: Credit risk

Credit risk refers to the possibility of the department's counter party defaulting on their contractual obligations resulting in financial loss to the department. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the department's contractual financial assets is minimal because the main debtor is the Victorian Government. Credit assessments are required for all debtors other than government, where \$5,000 or more of goods or services

are provided. If a customer has a credit rating of less than a Triple-B rating, collateral security in the form of a bank guarantee or security deposit is obtained to reduce the department's credit risk exposure.

The department reviews receivables for impairment consistent with the ageing disclosed in Note 6.1.2.

In addition, the department does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash held on call at bank. The department's policy complies with Standing Direction 3.7.2.3(b) issued by the Minister for Finance and only permits deposits to be placed with authorised deposit-taking institutions.

Provision for impairment for contractual financial assets is recognised when there is objective evidence that the department will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 30 days overdue, and changes in debtor 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.

(b) Financial instruments: Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as and when they fall due. The department operates under the government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The department's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The department manages its liquidity risk by ensuring that it has access to sufficient cash in the public account to meet its current liabilities.

The department's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk. Cash for unexpected events is generally sourced by drawing on amounts receivable from the Victorian government through the Public Account.

The carrying amount of contractual financial liabilities recorded in the financial statements, represents the department's maximum exposure to liquidity risk.

(c) Financial instruments: Market risk

The department's exposures to market risk are primarily through interest rate and equity price risk with insignificant exposure to foreign currency risks. Objectives, policies and processes used to manage each of these risks are disclosed below.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments specific disclosures (continued)

8.1.3 Financial risk management objectives and policies (continued)

Sensitivity disclosure analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the department believes the following movements are 'reasonably possible' over the next 12 months (the cash rate is sourced from the Reserve Bank of Australia):

- a movement of 100 basis points up and down (2016: 100 basis points up and down) in market interest rates (AUD); and
- a movement of 10 per cent up and 5 per cent down (2016: 10 per cent up and 5 per cent down) in the equity price risk (AUD) for the Capital Stable Fund portfolio mix.

The tables that follow show the impact on the department's net result and equity for each category of financial instrument held by the department at the end of the reporting period, if the above movements were to occur.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk relates to cash balances held in deposits at variable interest rates and investments in a managed fund. Minimisation of risk is achieved by undertaking fixed rate or non-interest bearing financial instruments. The department's sole interest bearing liabilities are VicFleet and Fleet Plus motor vehicle leases. The department's interest bearing liabilities are managed by VicFleet and Fleet Plus and interest rates are fixed at the inception of the lease.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the department's sensitivity to interest rate risk are set out in the table that follows.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments (continued)

8.1.3 Financial risk management objectives and policies (continued)

Interest rate exposure of financial instruments

	Weighted average effective interest rate (%)	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non- interest bearing \$'000
2017					
Financial assets					
Cash and deposits					
Cash, deposits on call and term deposits less than 3 months	1.52	435,334	60,562	111,504	263,268
Receivables					
Trade receivables ⁽ⁱ⁾		19,383	0	0	19,383
Accrued income		7,623	0	0	7,623
Investments					
Term deposits greater than 3 months	1.91	502,634	502,634	0	0
Investment in managed fund ⁽ⁱⁱ⁾	1.99	277,969	81,723	136,483	59,763
Total financial assets		1,242,943	644,919	247,987	350,037
Financial liabilities					
Payables ⁽ⁱⁱⁱ⁾					
Trade creditors		4,191	0	0	4,191
Accrued grants and other transfers		36,420	0	0	36,420
Capital accruals		10,549	0	0	10,549
Other accrued expenses		51,671	0	0	51,671
Other payables		3,381	0	0	3,381
Other liabilities		2,051	0	0	2,051
Interest bearing liabilities					
Finance lease liabilities	3.96	35,496	35,496	0	0
Total financial liabilities		143,759	35,496	0	108,263

Note:

- (i) The amount of receivables disclosed excludes statutory receivables (i.e. amounts owing from Victorian Government, landfill levies receivable and GST input tax credit receivable) totalling \$252.184 million (2016: \$249.097 million) – Refer to Note 6.1 *Receivables*.
- (ii) Investment in management fund classified as non-interest bearing of \$59.7 million (2016: \$57.1 million) relates to investments in Australian and international equities held by the Victorian Funds Management Corporation.
- (iii) The amount of payables disclosed excludes statutory payables (i.e. amounts owing to Victorian Government for advances from the Public Account and taxes payable) totalling \$65.235 million (2016: \$19.360 million) – Refer to Note 6.2 *Payables*.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments (continued)

8.1.3 Financial risk management objectives and policies (continued)

Interest rate exposure of financial instruments (continued)

	Weighted average effective interest rate (%)	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non- interest bearing \$'000
2016					
Financial assets					
Cash and deposits					
Cash, deposits on call and term deposits less than 3 months	1.98	553,410	90,629	207,294	255,487
Receivables ⁽ⁱ⁾					
Trade receivables		30,118	0	0	30,118
Accrued income		9,484	0	0	9,484
Investments					
Term deposits greater than 3 months	2.26	243,190	243,190	0	0
Investment in managed fund ⁽ⁱⁱ⁾	1.90	267,110	79,866	130,083	57,161
Total financial assets		1,103,312	413,685	337,377	352,250
Financial liabilities					
Payables ⁽ⁱⁱⁱ⁾					
Trade creditors		16,061	0	0	16,061
Accrued grants and other transfers		18,501	0	0	18,501
Capital accruals		24,273	0	0	24,273
Other accrued expenses		30,779	0	0	30,779
Other payables		3,029	0	0	3,029
Other liabilities		2,209	0	0	2,209
Interest bearing liabilities					
Finance lease liabilities	4.63	32,719	32,719	0	0
Total financial liabilities		127,571	32,719	0	94,852

Note:

- (i) The amount of receivables disclosed excludes statutory receivables (i.e. amounts owing from Victorian Government, landfill levies receivable and GST input tax credit receivable) totalling \$252.184 million (2016: \$249.097 million) – Refer to Note 6.1 *Receivables*.
- (ii) Investment in management fund classified as non-interest bearing of \$59.7 million (2016: \$57.1 million) relates to investments in Australian and international equities held by the Victorian Funds Management Corporation.
- (iii) The amount of payables disclosed excludes statutory payables (i.e. amounts owing to Victorian Government for advances from the Public Account and taxes payable) totalling \$65.235 million (2016: \$19.360 million) – Refer to Note 6.2 *Payables*.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments (continued)

8.1.3 Financial risk management objectives and policies (continued)

Interest rate risk sensitivity

		2017 Interest rate risk	
		-1.0% (-100 basis points)	+1.0% (100 basis points)
	Carrying amount \$'000	Net result \$'000	Net result \$'000
Contractual financial assets:			
Cash and deposits ⁽ⁱ⁾	435,334	(1,115)	1,115
Receivables ⁽ⁱⁱ⁾	27,006	0	0
Investments ^(iv)	780,603	(1,365)	1,365
Total impact		(2,480)	2,480
Contractual financial liabilities:			
Payables ⁽ⁱⁱ⁾	106,212	0	0
Interest bearing liabilities ⁽ⁱⁱⁱ⁾	35,496	0	0
Other liabilities	2,051	0	0
Total impact		0	0

		2016 Interest rate risk	
		-1.0% (-100 basis points)	+1.0% (+100 basis points)
	Carrying amount \$'000	Net result \$'000	Net result \$'000
Contractual financial assets:			
Cash and deposits ⁽ⁱ⁾	553,410	(2,073)	2,073
Receivables ⁽ⁱⁱ⁾	39,602	0	0
Investments ^(iv)	510,300	(1,301)	1,301
Total impact		(3,374)	3,374
Contractual financial liabilities:			
Payables ⁽ⁱⁱ⁾	92,643	0	0
Interest bearing liabilities ⁽ⁱⁱⁱ⁾	32,719	0	0
Other liabilities	2,209	0	0
Total impact		0	0

Note:

- (i) All cash and cash equivalents are held in Australian dollars. \$111.504 million (2016: \$207.294 million) cash and cash equivalents were held on deposit at variable interest rates. The remainder of the balance was held in non-interest bearing accounts. This item is not subject to any other identified risk sensitivities.
- (ii) The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (iii) Interest bearing liabilities relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease. This item is not subject to identified risk sensitivities.
- (iv) Investments relate to fixed interest rate term deposits with the Treasury Corporation of Victoria (TCV) and managed investment with the Victorian Funds Management Corporation's Capital Stable Fund. The Fund invests in a combination of asset classes which include fixed income securities which is subject to movements in interest rate. The fund manager, the Victorian Funds Management Corporation, on behalf of the department closely monitors performance and manages interest rate risk through diversification of its investment portfolio. The department's exposure to interest rate risk is approximately 49 per cent of the Capital Stable Fund portfolio mix which equates to \$136.483 million. The investments with TCV have a fixed interest rate, hence no sensitivity risk to interest rate movement.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.1 Financial instruments (continued)

8.1.3 Financial risk management objectives and policies (continued)

Foreign currency risk

The department occasionally transacts in foreign currencies where the counter party invoices in a foreign currency. The foreign currency risk is managed by ensuring that the period from the initial transaction and settlement is short (less than 30 days).

The department holds investment in the Capital Stable Fund held with the Victorian Funds Management Corporation on behalf of the Sustainability Fund. The Capital Stable Fund is a managed fund with investments in AUD currency. The fund is held by a trust which invests in a combination of cash, fixed income securities and Australian and international equities.

Based on past and current assessment of economic outlook, it is deemed unnecessary for the department to enter into any hedging arrangements to manage the risk.

The department had no exposure to foreign currency risk as at either 30 June 2017 or 30 June 2016.

Equity price risk

The department is exposed to equity price risk in AUD through its investment in the Victorian Funds Management Corporation Capital Stable Fund. The fund manager on behalf of the department closely monitors performance and manages equity price risk through diversification of its investment portfolio. The department's sensitivity to equity is set out below.

Equity price risk sensitivity

	Carrying amount \$'000	2017 Equity price risk	
		-5%	+10%
		Fair value through profit/loss \$'000	Fair value through profit/loss \$'000
Contractual financial assets:			
Investments ⁽ⁱ⁾	277,969	(2,988)	5,976
Total impact	277,969	(2,988)	5,976

	Carrying amount \$'000	2016 Equity price risk	
		-5%	+10%
		Fair value through profit/loss \$'000	Fair value through profit/loss \$'000
Contractual financial assets:			
Investments ⁽ⁱ⁾	267,110	(2,858)	5,716
Total impact	267,110	(2,858)	5,716

Note:

- (i) Relates to managed investment with the Victorian Funds Management Corporation's Capital Stable Fund. The Fund invests in a combination of asset classes which include cash deposits, fixed term deposits and equities which are subject to movements in equity prices. The fund manager, the Victorian Funds Management Corporation, on behalf of the department closely monitors performance and manages equity price risk through diversification of its investment portfolio. The department's exposure to equity risk is approximately 21 per cent of the Capital Stable Fund portfolio mix which equates to \$59.763 million (2016: approximately 21 per cent of the Capital Stable Fund portfolio mix which equates to \$57.162 million).

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

	2017 \$'000	2016 \$'000
Quantifiable contingent assets		
Other	60	1,160
	60	1,160
Quantifiable contingent liabilities		
Damages claims ⁽ⁱ⁾	265	3,379
Public liability insurance claims ⁽ⁱⁱ⁾	4,725	5,725
Breach of contract	3,250	3,250
Other ⁽ⁱⁱⁱ⁾	37,540	17,645
	45,780	29,999

Note:

- (i) The damages predominately relate to various personal injury claims.
- (ii) The public liability insurance claims relate to various personal expense matters resulting from serious injury and natural disasters.
- (iii) The other contingent liabilities relate to various planning application and compensation claims, and reimbursement for lapse of contract.

Unquantifiable contingent assets

The department did not have any unquantifiable contingent assets in either 2017 or 2016.

Unquantifiable contingent liabilities

The department has the following unquantifiable contingent liabilities.

Cleaning up the Yarra – Installation of Litter Traps

Under the agreement between the department and the Commonwealth government, the department is required to provide unlimited indemnity to the Commonwealth government for any costs or losses incurred in relation to the Cleaning up the Yarra - Installation of Litter Traps project. The value of this indemnity is not able to be accurately determined.

Native Titles

There have been four native title claims made in relation to Victorian land and resources (2016: four native title claims). No material losses are anticipated in respect of any of these contingencies.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.3 Fair value determination

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the department.

This section sets out information on how the department determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Contractual financial assets and liabilities at fair value through profit and loss
- Property, plant and equipment
- Non-financial physical assets classified as held for sale, and
- Investments accounted for using the equity method.

In addition, the fair values of liabilities which are carried at amortised cost, also need to be determined for disclosure purposes.

The department determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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.

How fair value disclosures are structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end
 - details of significant unobservable inputs used in the fair value determination.

This is divided between disclosures in connection with fair value determination for financial assets and liabilities (refer to Note 8.3.1) and non-financial physical assets (refer to Note 5.1.5 and Note 5.2.1).

8.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Note 8. Risks, contingencies and valuation uncertainties (continued)

8.3 Fair value determination (continued)

8.3.1 Fair value determination of financial assets and liabilities (continued)

The department currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, because of the short-term nature of the financial instruments and the expectation that they will be paid in full by the end of the 2016-17 reporting period.

The following financial instruments listed below are categorised as level 2 except for cash (level 1).

Financial assets	Financial liabilities
Cash and deposits	Payables
Receivables	• Trade payables
• Trade receivables	• Other liabilities
• Accrued income	Interest bearing liabilities
Investments	• Finance lease liabilities
• Investment in managed fund	

Financial assets measured at fair value

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets at fair value through profit or loss				
2017				
Investment in managed fund	277,969	0	277,969	0
2016				
Investment in managed fund	267,110	0	267,110	0

Fair value measurement hierarchy of investments accounted for using the equity method

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2017				
Investments in associate	0	0	0	0
2016				
Investments in associate	11,349	0	0	11,349

Note 9. Other disclosures

Introduction

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

Structure

- 9.1 Other economic flows included in net result
- 9.2 Subsequent events
- 9.3 Other accounting policies
- 9.4 Australian Accounting Standards issued that are not yet effective
- 9.5 Style conventions
- 9.6 Glossary of technical terms

Note 9. Other disclosures (continued)

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:

- disposals of financial assets and derecognition of financial liabilities.
- the department's share of the associate's profit or loss as other economic flows;
- realised and unrealised gains and losses on the revaluation of investments;
- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- re-measurement of other provisions.

Net gains/(losses) on non-financial assets are disclosed in Note 5.6

	2017 \$'000	2016 \$'000
Net gain/(loss) on financial instruments		
Impairment of receivables ⁽ⁱ⁾	(70)	(1,236)
Net gain arising from the revaluation of financial assets at fair value – market risk ⁽ⁱⁱ⁾	2,617	3,947
Total net gain/(loss) on financial instruments	2,547	2,711
Share of net losses of associates, excluding dividends		
Share of net losses of associates, excluding dividends ⁽ⁱⁱⁱ⁾	0	(4,377)
Total share of net losses of associates, excluding dividends	0	(4,377)
Other gains/(losses) from other economic flows		
Loss from revaluation of investment in associates	0	(2,021)
Net gain/(loss) arising from revaluation of employee benefits ^(iv)	1,688	(82)
Other provision discount rate adjustments	(379)	(41)
Total other gains/(losses) from other economic flows	1,309	(2,144)

Note:

- (i) This item represents the net increase in the provision for doubtful debts, the unilateral write off of bad debts and other debt from other economic flows
- (ii) This item represents the net gain arising from the investment in the Capital Stable Fund held with the Victorian Funds Management Corporation on behalf of the Sustainability Fund. The Capital Stable Fund is a managed fund that invests in a combination of cash, fixed income securities and Australian and international equities.
- (iii) The department has not recognised a gain/loss of associates due to the transfer of the investment on 1 July 2016 from the department to the Department of Treasury and Finance through an administrative arrangement.
- (iv) This item represents revaluation movement due to changes in bond rates.

Note 9. Other disclosures (continued)

9.2 Subsequent events

Appointment of Department's Secretary

On Wednesday 16 August 2017, the Andrews Labor Government appointed Mr John Bradley as the new Secretary of the department and will commence in the role on 18 September 2017. As a result of the appointment, Mr Bradley will be Accountable Officer for the department from 18 September 2017.

Organisational structure change

On Tuesday 22 August 2017, the department announced a new business model for the Forest, Fire and Region group. As a result, improvements will be made to the organisational structure to better support the deliverable of the department's output for the group. The announcement does not impact the department's organisational structure and financial position at 30 June 2017. The changes and impacts will be considered for the 2017-18 financial year.

Settlement of contingent liabilities

On 29 August 2017, two contingent liabilities relating to planning applications and compensation claims were settled. The department has adjusted the contingent liability disclosure in Note 8.2 *Contingent assets and contingent liabilities*.

9.3 Other accounting policies

Accounting for goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where the GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments for expenditure and contingent assets and liabilities are also stated inclusive of GST.

Note 9. Other disclosures (continued)

9.4 Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the department of their applicability and early adoption where applicable.

As at 30 June 2017, the following applicable AASs have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operating date as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The initial assessment has indicated that there will be no significant impact for the department,
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses and leases that cover multiple reporting periods.
AASB 2016-7 Amendment to Australian Accounting Standards – Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019	1 January 2019	The initial assessment has indicated that the impacts of AASB 15 will be applicable for the 2018-19 financial reporting year.

Note 9. Other disclosures (continued)

9.4 Australian Accounting Standards issued that are not yet effective (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on public sector entity financial statements
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 January 2018	The assessment has indicated that there will be no significant impact for the department, other than the impact identified in AASB 15.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities	1 January 2017	The initial assessment has indicated that there will be no significant impact for the department.

Note 9. Other disclosures (continued)

9.4 Australian Accounting Standards issued that are not yet effective (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on public sector entity financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 January 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the comprehensive operating statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This Standard will replace AASB 1004 <i>Contributions</i> and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 January 2019	<p>The assessment has indicated that there may be an impact for the department. There are current agreements in place where funds are provided by the Commonwealth to the State and on passed to government entities which are considered reciprocal in nature. The department will monitor these agreements and review other department grant agreements to determine the appropriate treatment. Many of the transactions within the department are considered non-reciprocal and do not have significant performance obligations attached. These transactions are accounted for under AASB 1004 and should be considered under the scope of AASB 1058.</p>
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 January 2019	<p>The assessment has indicated that there is no significant impact for the department other than the impact identified in AASB 9 and AASB 15.</p>

Note 9. Other disclosures (continued)

9.4 Australian Accounting Standards issued that are not yet effective (continued)

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on the department.

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share – based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards*

Note: For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

9.5 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:

(xxx.x)	negative numbers
20xx	year period
20xx–xx	year period

The financial statements and notes are presented based on the illustration for a government department in the 2016–17 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the department's annual report.

9.6 Glossary of technical terms (continued)

Grants for on-passing

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

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Joint ventures

Joint ventures are contractual arrangements between the department and one or more other parties to undertake an economic activity that is subject to joint control and have right to the net assets of the arrangement. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Net result

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

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income 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.

Net worth

Net worth is assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, road networks, land under roads, plant and equipment, cultural and heritage assets, intangible and biological assets.

Note 9. Other disclosures (continued)

9.6 Glossary of technical terms (continued)

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets
- fair value changes of financial instruments and agricultural assets.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows – other comprehensive income include:

- (a) changes in physical asset revaluation surplus
- (b) gains and losses on remeasuring available-for-sale financial assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Purpose group

Non-financial physical assets are classified by the 'purpose' for which the assets are used, according to one of six 'Purpose Groups' based upon Government Purpose Classifications.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, 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. User charges includes sale of goods and services income.

Taxation income

Taxation income represents income received from the state's taxpayers and includes:

- levies (including the environmental levy) on statutory corporations in other sectors of government
- the Metropolitan Parks Improvement Rate
- other taxes, including landfill levies, licence and concession fees.

Transactions

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

Appendices

Appendix 1: Disclosure Index

The Annual Report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

Ministerial Directions and Financial Report Directions

Legislation	Requirement	Page reference
Report of operations		
<i>Charter and purpose</i>		
FRD 22H	Manner of establishment and the relevant Ministers	Page 12
FRD 22H	Purpose, functions, powers and duties	Page 7
FRD 8D	Departmental objectives, indicators and outputs	Page 46
FRD 22H	Key initiatives and projects	Page 5
FRD 22H	Nature and range of services provided	Page 15
<i>Management and structure</i>		
FRD 22H	Organisational structure	Page 16
<i>Financial and other information</i>		
FRD 8D	Performance against output performance measures	Page 46
FRD 8D	Budget portfolio outcomes	Page 245
FRD 10A	Disclosure index	Page 242
FRD 12B	Disclosure of major contracts	Page 91
FRD 15D	Executive officer disclosures	Page 31
FRD 22H	Employment and conduct principles	Page 25
FRD 22H	Occupational health and safety policy	Page 22
FRD 22H	Summary of the financial results for the year	Page 19
FRD 22H	Significant changes in financial position during the year	Page 19
FRD 22H	Major changes or factors affecting performance	Page 19
FRD 22H	Subsequent events	Page 20
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 92
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 94
FRD 22H	Statement on National Competition Policy	Page 95
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 93
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	Page 94

Legislation	Requirement	Page reference
FRD 22H	Details of consultancies over \$10 000	Page 90
FRD 22H	Details of consultancies under \$10 000	Page 90
FRD 22H	Disclosure of government advertising expenditure	Page 91
FRD 22H	Disclosure of ICT expenditure	Page 91
FRD 22H	Statement of availability of other information	Page 110
FRD 24C	Reporting of office-based environmental impacts	Page 36
FRD 25C	Victorian Industry Participation Policy disclosures	Page 89
FRD 29B	Workforce data disclosures	Page 27
SD 5.2	Specific requirements under Standing Direction 5.2	Inside front cover

Compliance attestation and declaration

SD 3.7.1	Attestation for compliance with <i>Ministerial Standing Direction 3.7.1</i>	Page 18
SD 5.2.3	Declaration in report of operations	Inside front cover

Financial statements

Declaration

SD 5.2.2	Declaration in financial statements	Page 112
----------	-------------------------------------	----------

Other requirements under Standing Directions 5.2

SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 119
SD 5.2.1 (a)	Compliance with Ministerial Directions	Page 112
SD 5.2.1 (b)	Compliance with Model Financial Report	Page 242

Other disclosures as required by FRDs in notes to the financial statements ⁽ⁱ⁾

FRD 9B	Departmental disclosure of administered assets and liabilities by activity	Page 142
FRD 11A	Disclosure of ex-gratia expenses	Page 137
FRD 13	Disclosure of Parliamentary appropriations	Page 123
FRD 21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	Page 129
FRD 103F	Non-financial physical assets	Page 176
FRD 110A	Cash flow statements	Page 118
FRD 112D	Defined benefit superannuation obligations	Page 139

(i) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure

Legislation	Requirement	Page reference
Legislation		
<i>Building Act 1993</i>		Page 94
<i>Carers Recognition Act 2012</i>		Page 94
<i>Electricity Industry Act 2000</i>		Page 305
<i>Financial Management Act 1994</i>		Page 111
<i>Freedom of Information Act 1982</i>		Page 92
<i>Heritage Act 1995</i>		Page 95
<i>Local Government Act 1989</i>		Page 95
<i>Planning and Environment (Growth Areas Infrastructure Contribution) Act 2010</i>		Page 96
<i>Protected Disclosure Act 2012</i>		Page 93
<i>Victorian Industry Participation Policy Act 2003</i>		Page 89
<i>Water Act 1989</i>		Page 105

Appendix 2: Budget portfolio outcomes

Operating Statement - Controlled	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Income from transactions				
Output appropriation ⁽ⁱ⁾	1,513.2	1,338.2	175.0	13.1
Interest	19.0	21.0	(2.0)	(9.7)
Sales of goods and services ⁽ⁱⁱⁱ⁾	65.4	43.1	22.3	51.7
Grants ⁽ⁱⁱⁱ⁾	193.5	393.9	(200.4)	(50.9)
Fair value of assets and services received free of charge or for nominal consideration	0.0	0.0	0.0	n/a
Other income ^(iv)	248.5	304.6	(56.2)	(18.4)
Total income from transactions	2,039.6	2,100.8	(61.3)	(2.9)
Expenses from transactions				
Employee benefits	397.5	381.2	16.3	4.3
Depreciation	58.1	50.5	7.6	15.1
Interest expense	0.8	1.2	(0.4)	(33.5)
Grants and other transfers	704.0	664.6	39.4	5.9
Capital asset charge	91.8	91.8	0.0	0.0
Other operating expenses	585.5	568.5	17.0	3.0
Total expense from transactions	1,837.7	1,757.8	79.9	4.5
Net result from transactions (net operating balance)	201.9	343.0	(141.2)	(41.2)
Other economic flows included in net result				
Net loss on non-financial assets ^(v)	12.0	(0.2)	12.2	(6,097.0)
Net loss on financial instruments and statutory receivables/payables	(2.5)	0.0	(2.5)	n/a
Other losses from other economic flows	(1.3)	0.0	(1.3)	n/a
Total other economic flows included in net result	8.1	(0.2)	8.3	(4,157.5)
Net result	193.7	343.2	(132.8)	(38.7)

Operating Statement - Controlled	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Other economic flows - other comprehensive income				
<i>Items that will not be classified to net result</i>				
Changes in physical asset revaluation reserve	28.9	0.0	28.9	n/a
Prior year adjustment	(0.2)	0.0	(0.2)	n/a
Other	(8.7)	0.0	(8.7)	n/a
Total other economic flows - other non-owner changes in equity	20.0	0.0	20.0	0.0
Comprehensive result	213.7	343.2	(112.9)	(32.9)

Note:

- (i) The increase is predominately due to additional funds from the Growth Areas Infrastructure Contributions and additional appropriation from Section 29 revenue retention agreements such as Land Title Registrations. Additionally, an increase to state output appropriation was drawn down due to the Machinery of Government change of the Energy portfolio transferring from the Department of Economic Development, Jobs, Transport and Resources to DELWP.
- (ii) Variance primarily due to increase in External User Charges.
- (iii) Variance is predominately attributable to the rephasing of Goulburn-Murray Water Connections project (\$224.3m).
- (iv) Variance largely reflects accounting treatment of outlay of funding to the GMW Connections project for capital works, and this is offset from additional revenues such as the Municipal Industrial Landfill Levy.
- (v) Primarily relates to gains as a result of disposal of revalued assets.

Balance Sheet - Controlled	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Assets				
Financial Assets				
Cash and deposit ⁽ⁱ⁾	424.1	648.4	(224.2)	(34.6)
Receivables	233.1	222.0	11.1	5.0
Other financial assets ⁽ⁱⁱ⁾	787.6	603.4	184.1	30.5
Investment accounted for using equity method	0.0	9.6	(9.6)	(100.0)
Total financial assets	1,444.8	1,483.4	(38.5)	(2.6)
Non-financial assets				
Inventories	19.2	27.3	(8.0)	(29.4)
Non-financial assets classified as held for sale including disposal group assets	11.6	2.3	9.3	409.0
Property, plant and equipment ⁽ⁱⁱⁱ⁾	8,401.8	7,609.3	792.5	10.4
Biological assets	0.0	0.0	0.0	n/a
Intangible assets ^(iv)	39.6	25.1	14.5	57.7
Other ^(v)	148.7	108.8	39.9	36.7
Total non-financial assets	8,620.9	7,772.7	848.2	10.9
Total assets	10,065.7	9,256.1	809.6	8.7
Liabilities				
Payables ^(vi)	(115.6)	(93.0)	(22.6)	24.3
Borrowings ^(vii)	(35.5)	(14.3)	(21.2)	148.6
Provisions	(130.9)	(138.6)	7.7	(5.6)
Total liabilities	(282.0)	(245.8)	(36.1)	14.7
Net assets	9,783.8	9,010.3	845.8	9.4
Equity				
Accumulated surplus/(deficit)	(478.3)	(603.2)	124.9	(20.7)
Reserves ⁽ⁱⁱⁱ⁾	(6,760.4)	(5,740.4)	(1,020.0)	17.8
Contributed capital	(2,545.1)	(2,666.6)	121.6	(4.6)
Total equity	(9,783.8)	(9,010.3)	(773.5)	8.6

Note:

- (i) Variance is primarily due to the draw down of existing cash balances for the Goulburn-Murray Water Connections project and the Sustainability Fund.
- (ii) Variance is primarily due to the increase of investments in term deposits for various Trust Accounts for Growth Areas Infrastructure Contributions and the Sustainability Fund.
- (iii) Predominantly relates to the revaluation of land and buildings.
- (iv) Variance relates to higher than expected investment in information management systems that includes systems for fire, planning, and land administration activities.
- (v) Variance relates to prepayments with other public sector entities.
- (vi) The variance is primarily due to accrued grants and transfer payments.
- (vii) The variance is primarily due to borrowings linked to VicFleet finance leases liabilities on motor vehicles.

Statement of Cash Flows - Controlled	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Cash flows from operating activities				
Receipts				
Receipts from Government	1,446.1	1,332.9	113.2	8.5
Receipts from other entities ⁽ⁱ⁾	635.5	790.7	(155.1)	(19.6)
Interest received	19.0	21.0	(2.0)	(9.7)
Other receipts	15.6	10.7	4.9	45.9
Total receipts	2,116.2	2,155.3	(39.0)	(1.8)
Payments				
Payments of grants and other transfers ⁽ⁱⁱ⁾	(833.2)	(723.8)	(109.3)	15.1
Payments to suppliers and employees ⁽ⁱⁱⁱ⁾	(1,111.7)	(985.5)	(126.2)	12.8
Capital asset charge	(91.8)	(91.8)	0.0	0.0
Interest and other costs of finance paid	(0.8)	(1.0)	0.2	(18.6)
Total payments	(2,037.4)	(1,802.1)	(235.3)	13.1
Net cash flows from/(used in) operating activities	78.8	353.1	(274.4)	(77.7)
Cash flows from investing activities				
Net investment ^(iv)	(281.0)	(106.6)	(174.4)	163.5
Payment for non-financial assets	11.3	0.0	11.3	0.0
Proceeds from sale of non- financial assets ^(v)	(74.9)	(116.2)	41.4	(35.6)
Net (purchase)/disposal of investments - policy purposes	7.0	0.2	6.8	3407.8
Net cash flows from/(used in) investing activities	(337.5)	(222.7)	(114.9)	51.6
Cash flows from financing activities				
Owner contributions by Government ^(vi)	8.3	45	(36.7)	(81.4)
Repayment of finance leases	0.0	0.6	(0.6)	(100.0)
Net borrowings ^(vii)	114.5	(6.4)	120.8	(1895.8)
Net cash flows from/(used in) financing activities	122.8	39.3	83.6	212.8
Net increase/(decrease) in cash and cash equivalents	(135.9)	169.7	(305.7)	(180.1)
Cash and cash equivalents at the beginning of the financial year	560.0	478.0	82.0	17.2
Cash and cash equivalents at the end of the financial year	424.1	648	(223.7)	(34.5)

The variances in this report reflect the variations explained in the departmental controlled comprehensive operating statement and balance sheet.

Note:

- (i) Variance predominately relates to reduction in revenue from the Commonwealth for the Goulburn-Murray Water Connections project due to the approved project reset.
- (ii) Variance primarily relates to payments from the Goulburn Murray Water Connection project Trust Accounts.
- (iii) Variance primarily relates to payments for the Powerline Bushfire Safety Program, Land Registration Title expenses and various Treasurer's Advances.
- (iv) The increase is primarily due to additional funds from the Growth Areas Infrastructure Contributions related Trust Accounts, and the Sustainability Trust Fund that were invested with Treasury Corporation of Victoria.
- (v) Variance primarily due to assets not previously recognised.
- (vi) Variance predominantly due to lower Annual Appropriation in Net Asset Base as a result of lower than expected capital programs.
- (vii) Variance primarily due to the transfer of funds from DELWP's controlled entity to allow contributed capital payment to Goulburn-Murray Water for the Connections Stage 2 project.

Administered items statement	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Administered income				
Appropriations - Payments made on behalf of the State	654.8	636.2	18.6	2.9
Fair value of assets and services received free of charge or for nominal consideration	19.0	0.0	19.0	n/a
Sale of goods and services ⁽ⁱ⁾	535.8	476.7	59.2	12.4
Grants ⁽ⁱⁱ⁾	847.7	570.6	277.0	48.5
Interest	443.8	448.2	(4.4)	(1.0)
Other income ⁽ⁱⁱⁱ⁾	288.8	192.6	96.2	50.0
Total administered income	2,789.9	2,324.3	465.6	20.0
Administered expenses				
Expenses on behalf of the State	125.9	116.8	9.1	7.8
Grants and other transfers ⁽ⁱⁱ⁾	850.0	568.7	281.2	49.5
Payments into the consolidated fund	1,206.4	1,170.4	36.0	3.1
Interest and depreciation expense	425.2	448.4	(23.2)	(5.2)
Total administered expenses	2,607.4	2,304.3	303.1	13.2
Income less expenses	182.5	20.1	162.5	809.1
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	3.8	0.2	3.6	2,228.0
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.3)	0.0	(0.3)	n/a
Total other economic flows included in net result	3.5	0.2	3.4	2,063.0
Net result	186.1	20.2	165.8	819.1

Administered items statement	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Other economic flows - other comprehensive income				
Asset revaluation reserve	18.5	0.0	18.5	n/a
Other	24.6	0.0	24.6	n/a
Total other economic flows - other comprehensive income	43.1	0.0	43.1	0.0
Comprehensive result	229.2	20.2	208.9	1,032.1
Administered assets				
Cash and deposits	1.2	1.3	(0.1)	(8.4)
Receivables	4,301.1	4,200.4	100.7	2.4
Other financial assets	0.0	0.0	(0.0)	(57.8)
Other	50.0	0.0	50.0	n/a
Property, plant and equipment	709.0	690.8	18.3	2.6
Intangible assets ^(iv)	233.2	144.0	89.2	61.9
Total administered assets	5,294.5	5,036.5	258.0	5.1
Administered liabilities				
Payables ^(v)	(104.7)	(87.8)	(16.9)	19.2
Borrowings	(4,127.6)	(4,141.0)	13.4	(0.3)
Total administered liabilities	(4,232.3)	(4,228.8)	(3.5)	0.1
Net assets	1,062.2	807.6	254.6	31.5

Note:

- (i) Variance is due to an increase in Land Title Office registration and Property Enquiry Service Fees as a result of increased activities in the property market.
- (ii) Variance relates to Commonwealth Local Government Grants revenue and the revised scheduled for payment to Local Governments for 2017-18 being brought forward to 2016-17.
- (iii) Variance largely reflects accounting treatment of outlay of funding to the Goulburn-Murray Water Connections project for capital works. Revenue for the Victorian Desalination Project Trust Account also contributed to this variance.
- (iv) The variance predominantly refers to the recognition of the renewable energy certificates relating to the Victorian Desalination Project.
- (v) Variance primarily relates to accrued expenses for the Victorian Desalination Project.

Statement of Changes in Equity - Controlled	2016-17 Actuals (\$ million)	2016-17 Published budget (\$ million)	Variance (\$ million)	Variance (%)
Opening accumulated surplus/(deficit)	284.8	391.0	(106.2)	(27.2)
Net result	193.5	212.0	(18.5)	(8.7)
Closing accumulated surplus/(deficit)	478.3	603.0	(124.7)	(20.7)
Opening contributions by owners	2,518.3	2,654.3	(136.0)	(5.1)
Net transaction with owners in their capacity as owners	26.8	12.3	14.5	118.1
Closing contribution by owners	2,545.1	2,666.6	(121.5)	(4.6)
Opening physical asset revaluation reserve	6,731.5	5,743.0	988.5	17.2
Movement in physical asset reserve	28.9	(3.0)		
Closing physical asset revaluation reserve	6,760.4	5,740.0	1,020.4	17.8
Other reserve	8.7	0.0	28.9	n/a
Movement in other reserve	(8.7)	0.0	6,760.4	n/a
Closing other reserve	0.0	0.0	0.0	n/a
Total equity	9,783.8	9,009.6	774.2	8.6

Refer to the notes in the Controlled Operating Statement and Balance Sheet for variance commentary

Appendix 3: Capital projects

The department and its related portfolio entities manage a range of capital projects to build assets that deliver services for government.

Information on the new and existing capital projects for departments and the broader Victorian public sector is contained in the most recent Budget Paper No. 4 *State Capital Program* (BP4), which is available on the DTF website.

During the year, the department completed the following capital projects with a Total Estimated Investment (TEI) of \$10 million or greater. The details related to these projects are reported below.

Table 1: Capital projects completed during the financial year ended 30 June 2017

Project Name	Original completion date	Latest approved completion date	Practical completion date	Original approved TEI ⁽ⁱ⁾ budget (\$ million)	Latest approved TEI budget (\$ million)	Actual TEI cost (\$ million)	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI budget
Strategic Fuel Management (statewide)	June 2016	June 2017	June 2017	10	10	10	0	N/A
Portarlington Safe Harbour (Portarlington)	June 2017	June 2017	June 2017	12	12	12	0	N/A
Acquisition of Buckhurst Street (South Melbourne)	June 2017	July 2017	July 2017	13	13	13	0	N/A

Note:

(i) Total estimated investment

Appendix 4: Disclosure of grants and transfer payments

Environment Protection - grant recipient	\$
Environment Protection Authority	57,571,429
Sustainability Victoria	26,134,317
Metropolitan Waste and Resource Recovery Group	5,316,095
Parks Victoria	2,177,000
Department of Treasury and Finance	1,805,000
Office of the Commissioner for Environmental Sustainability	975,000
Grampians Central Waste and Resource Recovery Group	921,340
Loddon Mallee Waste and Resource Recovery Group	872,614
Barwon South West Waste and Resource Recovery Group	771,688
Gippsland Waste and Resource Recovery Group	661,397
Goulburn Valley Waste and Resource Recovery Group	605,199
North East Waste and Resource Recovery Group	552,984
Trust for Nature Victoria	451,000
Department of Health and Human Services	150,000
City of Greater Bendigo	48,000
Indigo Shire Council	48,000
Ballarat Environment Network Inc	45,000
Wangaratta Rural City Council	35,000
East Gippsland Rail Trail Committee of Management	33,000
Barwon Coast Committee of Management	30,000
City of Kingston	30,000
Neerim Memorial Hall Committee of Management	30,000
Mt Alexander Shire Council	25,000
Frankston City Council	23,000
Otway Coast Committee	21,000
Surf Coast Shire	20,000
Navarre Sports Association Inc	17,000
Hobsons Bay City Council	15,000
Wyndham City Council	15,000
Bellarine Bayside Foreshore Com Inc	12,000

Environment Protection - grant recipient	\$
Goulburn-Murray Rural Water Corporation	10,000
Loch Sport Foreshore Committee of Management	10,000
Sandy Point Foreshore Committee of Management	10,000
Lake Bringalbert Foreshore Committee	8,000
Marnoo Public Hall Reserve	8,000
Gregson Park Recreation Reserve Committee Inc	5,000
Total	99,463,065

Sustainable Water Management and Supply - grant recipient	\$
Goulburn Broken Catchment Management Authority	15,234,073
North Central Catchment Management Authority	12,698,494
Goulburn-Murray Rural Water Corporation	11,731,121
West Gippsland Catchment Management Authority	10,549,625
Mallee Catchment Management Authority	10,240,887
East Gippsland Catchment Management Authority	10,078,623
Victorian Environmental Water Holder	8,750,000
Corangamite Catchment Management Authority	8,515,660
Glenelg Hopkins Catchment Management Authority	7,649,927
North East Catchment Management Authority	6,476,725
Wimmera Catchment Management Authority	6,277,954
Coliban Region Water Corporation	6,091,890
Port Phillip and Westernport Catchment Management Authority	4,007,440
Department of Economic Development, Jobs, Transport and Resources	2,804,000
Yarra Valley Water Ltd	2,357,841
South East Water Ltd	1,429,085
Southern Rural Water	1,185,780
City West Water Ltd	1,176,367
Lower Murray Urban and Rural Water Corporation	984,024
Buloke Shire Council	631,389
Parks Victoria	500,000
Victorian State Emergency Service	500,000

Sustainable Water Management and Supply - grant recipient	\$
Melbourne Water Corporation	475,865
Murray Lower Darling Rivers Indigenous Nations	458,687
Grampians Wimmera Mallee Water Corporation	440,540
Western Region Water Corporation	340,000
Yarriambiack Shire Council	327,382
Ewater Ltd	294,496
Yarra Ranges Council	281,818
Barwon Region Water Authority	250,895
Ararat Rural City Council	205,600
City of Greater Geelong	200,000
Shire of Campaspe	200,000
Central Highlands Region Water Authority	180,700
Southern Grampians Shire Council	170,000
Central Goldfields Shire Council	147,205
Uom Commercial Ltd	141,000
Wannon Region Water Corporation	138,943
Pyrenees Shire Council	133,741
Halls Gap Golf Club	120,000
Kaniva College	120,000
Nhill Lawn Tennis Club Inc	120,000
Strathbogie Shire Council	120,000
Loddon Shire Council	106,192
South Gippsland Shire Council	100,000
Gippsland Water	95,000
Golden Plains Shire Council	83,636
Horsham Primary School	77,828
Municipal Association of Victoria	75,200
East Gippsland Region Water Corporation	75,000
West Wimmera Shire Council	69,312
Dunolly Primary School	60,000
Djandak	52,683

Sustainable Water Management and Supply - grant recipient	\$
Murray-Darling Basin Authority	50,000
Goulburn Valley Water Authority	50,000
North East Region Water Corporation	50,000
South Gippsland Water Authority	50,000
Department of Agriculture and Water Resources Australia	45,599
Concongella Primary School	43,120
Gannawarra Shire Council	40,000
Yorta Yorta Traditional Owner Land Management Board	40,000
Cohuna Bowls Club Inc	33,777
Horsham Rural City Council	32,000
Hindmarsh Shire Council	31,818
Westernport Region Water Corporation	30,000
Marnoo Cricket Club	29,548
Birdlife Australia	27,605
City of Wodonga	25,000
Charlton College	22,880
Peter Cullen Trust Ltd	20,900
The University of Melbourne	20,000
Yorta Yorta Nation Aboriginal Corporation	20,000
Northern Grampians Shire Council	15,000
Baw Baw Shire Council	13,705
Monash University	10,000
Marilyne Nicholls	9,490
Horsham Saints Cricket Club	8,436
Jaclyne Scally	8,230
Sarah Halligan	6,700
Other < \$5,000	6,139
Return of unspent grant funding	(189,735)
Total	136,082,840

Energy Policy and Programs - grant recipient	\$
Australian Energy Market Commission	6,254,760
Department of Environment and Energy	642,001
West Wimmera Health Services	513,057
Sustainability Victoria	450,000
Regis Aged Care	367,532
Sea Automotive Pty Ltd	347,174
Maroondah City Council	300,000
Ti Tree Lodge	275,000
Bupa Care Services	260,732
Domain Aged Care (Victoria) Pty Ltd	240,691
Baptcare Ltd	199,405
Glengollan Village	197,857
Groundline Australia Pty Ltd	189,394
St Catherine's Hostel Wangaratta	188,744
Mali Nominees Pty Ltd	188,507
Eventide Homes (Stawell) Inc	182,580
SECCCA	180,000
Victorian Council of Social Services	176,550
Rose Lodge Hostel	173,888
Estia Health	172,553
Somercare	152,459
Biopower Systems Pty Ltd	150,000
Buehler Aged Care Pty Ltd	146,063
Homewood Rac	144,386
Mecwa Care	138,262
Chaffey Aged Care	137,792
George Vowell Aged Care Facility	137,455
Cohuna Retirement Village Inc	127,153
Benetas	126,164
IND Technology Pty Ltd	125,000
Goonawarra Aged Care	119,830

Energy Policy and Programs - grant recipient	\$
Ballarat Health Services	119,718
St Judes Aged Care Facility	118,757
McKenzie Aged Care Group Pty Ltd	116,265
Department of Health and Human Services	112,288
Martin Luther Homes Boronia Inc	111,663
Drysdale Aged Care Pty Ltd	111,651
Southern Cross Care (Broken Hill) Ltd	110,308
Hallam Residential Care	107,755
Coptic Hostel	100,548
Australian Alliance for Energy Productivity Ltd	100,000
Community Housing Federation of Victoria	100,000
Greensync	100,000
Johnson Goodwin Memorial Homes	97,275
Mallee Track Health and Community Service	97,005
Sapphire Care Pty Ltd	93,350
Alcheringa Hostel Limited	91,776
Avonlea Inc	90,563
Mil-Systems Pty Ltd	90,000
Allambi Elderly Peoples Home Inc	87,192
Sunlight	84,099
Sunbury Community Health Centre	80,318
Bass Coast Health	79,204
Dunmunkle Lodge Inc	73,145
Isomer Retirement Home	72,794
Aged Care Services 23 (Capel Sands) Pty Ltd	71,289
Eastern Health	68,118
Villa Maria Catholic Homes Ltd	67,705
Euroa Environment Group Inc	65,000
Sherbrooke Private Nursing Home	63,693
Southern Cross Care (Vic)	56,661
Kooralbyn Lodge	55,925

Energy Policy and Programs - grant recipient	\$
Gippsland Climate Change Network Inc	50,000
GV Community Energy Pty Ltd	50,000
Hepburn Shire Council	50,000
Newstead 2021	50,000
The Specialty Group	50,000
Wangaratta Rural City Council	50,000
Victorian Farmers Federation	49,230
Geelong Sustainability Group Inc	48,000
National Union of Workers Victorian Branch	43,480
The University of Melbourne	39,252
Natimuk Agricultural and Pastoral Society Inc	36,520
Macedon Ranges Sustainability Group	25,000
Rural City of Wangaratta	25,000
Nillumbik Shire Council	17,192
City of Wodonga	15,000
United Nations Association of Australia (Victorian Division)	12,500
Community Information and Support Victoria Inc	11,980
MASG Renewables P1 Operations Pty Ltd	10,000
Mirboo North Community Shed Co-Operative Ltd	10,000
Total	16,442,208

Public Land - grant recipient	\$
Parks Victoria	161,422,254
Zoological Parks and Gardens Board	20,713,612
Royal Botanic Gardens Board Victoria	15,264,524
Southern Alpine Resort Management Board	5,260,000
Sustainability Victoria	2,500,000
Great Ocean Road Coast Committee of Management	2,145,754
Shrine of Remembrance	962,474
Gunaikurnai Land and Waters Aboriginal Corporation	949,280
Department of Economic Development, Jobs, Transport and Resources	935,880

Public Land - grant recipient	\$
Mt Baw Baw Alpine Resort	900,000
Gunaikurnai Traditional Owner Land Management Board	800,000
Trust for Nature Victoria	800,000
Dhelkunya Dja Land Management Board	617,205
Yorta Yorta Nation Aboriginal Corporation	555,348
Yorta Yorta Traditional Owner Land Management Board	398,243
Four Wheel Drive Victoria	250,000
Macedon Ranges Shire Council	250,000
National Trust of Australia (Vic)	244,444
City of Port Phillip	233,822
Bayside City Council	189,101
Otway Coast Committee	169,069
City of Kingston	165,593
Sebastopol Community Centre Inc	165,000
Mornington Peninsula Shire Council	157,559
Hobsons Bay City Council	137,153
Victorian Plantation Corporation	136,364
Wyndham City Council	129,000
Hepburn Shire Council	128,000
Alpine Resorts Co-ordinating Council	121,836
Falls Creek Alpine Resort Management Board	120,000
Essendon Historical Society Moonee Ponds Court House Museum	100,000
Gunditj Mirring Traditional Owners Aboriginal Corporation	100,000
Lakes Entrance Recreation Reserve Committee of Management	100,000
Bellarine Bayside Foreshore Com Inc	98,863
Barengi Gadjin Land Council	96,887
Gippsland Ports Committee of Management	78,000
Bass Coast Shire Council	75,303
City of Greater Geelong	74,377
Barwon Coast Committee of Management	64,509
Dja Dja Wurrung Clans Aboriginal Corporation	64,381

Public Land - grant recipient	\$
Parklands Albury Wodonga	60,886
Seaspray Surf Life Saving Club Inc	59,091
Sea Lake Soldiers Memorial Hall Committee	46,142
Frankston City Council	43,898
Warrnambool City Council	34,975
Mt Buller and Mt Stirling Alpine Resort Management Board	30,000
Whitecliffs - Camerons Bight Foreshore Reserves Com	24,714
Phillip Island Nature Parks	24,262
City of Ballarat	20,000
Dederang Recreation Reserve	20,000
Mornington Peninsula and Western Port Biosphere Reserve Foundation Ltd	20,000
Emu Memorial Hall Committee Inc	18,524
Walkerville Foreshore Committee of Management	18,182
Shire of Campaspe	16,500
Mt Hotham Alpine Resort Management Board	15,000
Friends of Mud Islands Inc	14,856
Birdlife Australia	12,480
Borough of Queenscliffe	12,338
Cape Paterson Residents and Ratepayers Association Inc	11,020
Lake Charm Public Park Reserve Committee of Management	10,000
Loch Sport Foreshore Committee of Management	10,000
Sandy Creek Hall and Recreation Reserve	10,000
Toolangi Forest Discovery - Committee of Management	10,000
Sea Lake Recreation Reserve	9,845
Ensay Recreation Reserve Inc	9,800
Port Phillip Ecocentre Inc	9,498
Romsey Mechanics Institute	7,500
Nature Glenelg Trust	7,440
Friends of Mallacoota Inc	7,438
Bellarine Catchment Network Inc	7,350
Friends of Flinders Coastline Inc	7,348

Public Land - grant recipient	\$
Mount Eliza Association for Environmental Care Inc	7,286
Corryong Recreation Reserve Inc	6,666
Killarney Coast Care Inc	6,544
Dromana Foreshore Committee of Management Inc	6,212
Jan Juc Coast Action Group	6,065
Bairnsdale Urban Landcare Group	6,020
Heyfield Wetlands Information Centre	5,936
Friends of Point Adis Marine National Park	5,851
Friends of French Island National Park	5,278
Navarre Sports Association Inc	5,000
Warrnambool Coastcare Landcare Network	5,000
Other < \$5,000	94,515
Return of unspent grant funding	(236,914)
Total	218,206,378

Land and Fire Management - grant recipient	\$
Parks Victoria	18,367,177
Colac Otway Shire Council	6,086,000
Environment Protection Authority	682,817
Department of Justice and Regulation	682,267
Lancefield Park Recreation Reserves Inc	602,500
Moorabool Shire Council	300,000
East Gippsland Region Water Corporation	246,522
Lancefield Mechanics Institute Committee of Management	125,000
Otway Coast Committee	80,000
Indigo Shire Council	60,000
Southern Otway Landcare Network Inc	50,000
The University of Melbourne	10,000
Return of unspent grant funding	(3,900)
Total	27,288,383

Biodiversity - grant recipient	\$
Parks Victoria	2,660,625
Wimmera Catchment Management Authority	1,623,963
Mallee Catchment Management Authority	1,431,922
North Central Catchment Management Authority	1,062,510
Trust for Nature Victoria	1,009,545
Glenelg Hopkins Catchment Management Authority	829,878
Port Phillip and Westernport Catchment Management Authority	824,981
North East Catchment Management Authority	806,700
Goulburn Broken Catchment Management Authority	640,424
Corangamite Catchment Management Authority	452,200
Nargundy Pty Ltd	450,517
Nature Glenelg Trust	450,000
Cassinia Environmental and Greenhouse Balanced	373,289
Sustainability Victoria	349,500
West Gippsland Catchment Management Authority	335,200
East Gippsland Catchment Management Authority	312,200
Connecting Country (Mt Alexander Region) Inc	301,250
Mount Rothwell Biodiversity Pty Ltd	301,122
Dja Dja Wurrung Clans Aboriginal Corporation	295,395
The University of Melbourne	282,064
Project Platypus Inc	277,827
Nillumbik Shire Council	252,133
Department of Justice and Regulation	250,000
Greening Australia - Victoria	250,000
Yarra Ranges Council	240,000
Port Phillip Ecocentre Inc	227,830
Bush Heritage Australia	225,000
Landcare Australia Ltd	200,000
Tania Kirby	186,626
Bass Coast Landcare Network Inc	175,797
Dunkeld Pastoral Co Pty Ltd	168,693
Glen Goulburn	142,619
Mornington Peninsula Shire Council	140,000

Biodiversity - grant recipient	\$
Zoological Parks and Gardens Board	134,000
Victorian National Parks Association	130,876
Yarram Yarram Landcare Network	126,250
Rosemary McKenzie and John Brumby	117,875
Environment Protection Authority	111,590
Conservation Volunteers Australia	104,275
Barongarook Landcare Group	101,250
City of Boroondara	100,000
Melbourne Water Corporation	100,000
Upper Goulburn Landcare Network	93,335
Birdlife Australia	93,110
Start Bros	88,013
City of Greater Dandenong	87,400
Up2Us Landcare Alliance	86,500
Cardinia Shire Council	85,457
Grand Ridge Plantations Pty Ltd	84,298
Robert Swinburn	84,127
Southern Otway Landcare Network Inc	82,589
Upper Barwon Landcare Network Inc	81,422
Basalt to Bay Landcare Network	78,823
Game On Superannuation Fund	77,164
Lismore Land Protection Group	76,250
Loddon Plains Landcare Network	76,230
East Gippsland Landcare Network Inc	76,200
Western Port Catchment Landcare Network	76,125
VFF Farm Tree and Landcare Association Inc	74,914
Greenhouse Balanced	74,825
Grant Flynn	72,791
Hindmarsh Landcare Network	72,650
Kara Kara Conservation Management Network Inc	72,588
Moorabool Landcare Network	72,250
David K Hung	71,745
Yarrowee Leigh Catchment Group Inc	70,574

Biodiversity - grant recipient	\$
Goulburn Murray Landcare Network Inc	67,816
Benambra Dinner Plain Omeo Landcare Group	67,345
City of Whittlesea	67,345
Seeding Victoria	67,345
Wando River Landcare Group Inc	67,345
West Gippsland Landcare Sub Network	67,345
Wyuna Landcare Group Inc.	67,345
Euroa Arboretum Inc	64,300
Pannyabyr Landcare Group	61,814
H11 - H12 Community Action Group	61,250
Northern Yarra Landcare Network	60,939
Hughes Creek Catchment Collaborative	58,050
Wodonga Urban Landcare Network	55,989
Friends of Westgate Park	55,670
Project Platypus Association Inc.	54,532
Bellarine Landcare Group Inc	51,250
Blampied-Kooroocheang Landcare Group	51,250
Far East Victoria Landcare Inc	51,250
Gecko Clan Inc	51,250
Geelong Landcare Network	51,250
Glenaladale Landcare Group	51,250
Hamilton to Coleraine Railway Line Landcare Group	51,250
Heytesbury District Landcare Network	51,250
Kiewa Catchment Landcare Group Inc	51,250
Kowree Farm Tree Group Inc	51,250
Laharum Landcare Group	51,250
Maffra and Districts Landcare Network	51,250
Manangatang Landcare Group	51,250
Merton Landcare Inc	51,250
Mid Ovens Landcare Consortium	51,250
Millewa Carwarp Landcare Group Inc	51,250
Mitta Valley Landcare Group Inc	51,250
Murrayville Landcare Group	51,250

Biodiversity - grant recipient	\$
Nullawil Landcare Group	51,250
Ovens Landcare Network	51,250
Rainbow and District Landcare Group	51,250
South Gippsland Landcare Network Inc	51,250
Southern Ranges Environment Alliance	51,250
Southwest Goulburn Landcare Inc	51,250
Strathewen Landcare Group	51,250
Surf Coast and Inland Plains Network	51,250
Tarragal Landcare Group	51,250
Tom's Creek Landcare Group Inc	51,250
Upper Campaspe Combined Landcare Groups	51,250
Upper Loddon and Avoca Landcare Network	51,250
Upper Mt Emu Creek Landcare Network	51,250
Yarra Ranges Landcare Network	51,250
Yarrilinks Inc	51,250
Upper Deep Creek Landcare Network	51,147
Upper Murray Landcare Network	51,135
Royal Botanic Gardens Board Victoria	50,000
Morison Alden Superannuation Pty Ltd	49,815
Latrobe Catchment Landcare Network	49,692
JA Michelson and RJ Michelson	49,350
Mornington Peninsula Landcare Network	48,995
Buloke and Northern Grampians Landcare Network	46,702
CG and LF Schlitz	46,635
Western Melbourne Catchments Network Inc	46,125
Snowy River Interstate Landcare Committee	46,064
Avon Landcare Group	45,607
DG Carmichael and GJ Ficken	45,200
Syer Stephen and Woodward Elisabeth	43,775
Kaniva District Landcare	43,494
LM Buckley and PR Buckley	42,701
Woody Yaloak Catchment Group	42,507
K and K Hooke	42,500

Biodiversity - grant recipient	\$
Upper Hopkins Land Management Group	40,730
Mallee Landcare Group Inc	40,079
Dolphin Research Institute Ltd	40,042
Wandobah Pastoral	39,565
Jeroen and Margaret Van Veen	38,018
AH Bear and Sons	37,493
Friends of Merri Creek Inc	37,150
James Patrick Fowler	36,477
Michelle Eustice	36,449
Monash University	35,000
AJ and KJ Rowe Pty Ltd	34,486
Middle Yarra Landcare Network	33,673
Carinya Ag Enterprises	32,670
Brimbank City Council	30,000
City of Casey	30,000
Shire of Yarra Ranges	30,000
CD Todd and ML Hanmer	29,250
Parklands Albury Wodonga	28,650
CJ Lewis and SE Lewis	28,063
Richard Sealock	27,562
Robert Williamson Trust	26,750
Bass Valley Landcare Group Inc	25,000
Euroa Environment Group Inc	25,000
Greta Valley Landcare Group	25,000
Loci Environment and Place Inc	25,000
Longwood Plains Conservation Management Network Inc	25,000
Mt Rothwell Landcare Volunteers Inc	25,000
Regent Honeyeater Project Inc	25,000
Perri Joseph	24,914
3 Creeks Landcare Network Inc	24,904
Gunaikurnai Land and Waters Aboriginal Corporation	24,900
Winton Wetlands Committee of Management Inc	24,790
Tag for Life	23,500

Biodiversity - grant recipient	\$
VicSuper Ecosystems Services Pty Ltd	23,343
Phillip Island Nature Parks	23,000
Harvey Spring Creek	22,600
Nyah West Landcare Group Inc	22,500
Concongella Landcare Group Inc	22,490
Gary Wallis	22,450
Australasian Native Orchid Society - Victorian Group Inc	22,090
Marlborough Primary School	21,745
Natural Resources Conservation League of Victoria	21,500
Neerim and District Landcare Group	19,700
DJ Baker-Gabb and JC Fitzherbert	19,375
Peter Flynn and Brenda Flynn	18,749
Coomboona Dairies Prop Co 1 Pty Ltd	18,628
Cardinia Catchment Landcare Inc	18,500
Mandurang Strathfieldsaye Landcare Network	18,348
Honeysuckle Recreation Environment Project (Violet Town Action Group Inc)	17,800
St Arnaud Field Naturalists	17,793
Phillip Island Landcare Group	17,500
Campaspe River and Land Management	16,883
Kooloonong Natya Landcare Group	16,750
Glen Katherine Primary School	16,500
Strathbogie Ranges Conservation Management Network Inc	16,490
Christiane Jaeger	16,435
Willera Ag Pty Ltd	16,396
Making A Difference (MAD) For The Merri Inc	16,064
Jallukar Landcare Group	15,819
DJ and MA Trigg	15,788
Mt Worth and District Landcare Group Inc	15,420
Bland Dairies	15,260
Moorabool Catchment Landcare Group	15,227
Tangaroa Blue Foundation Ltd	15,017
Anne Lyon	14,845
Black Rock Preschool Centre Incorporated	14,120

Biodiversity - grant recipient	\$
Stephen Watson	14,024
Mid Loddon Sub-Catchment Management Group	13,971
Sharp Transport	13,968
Cairnlea Conservation Reserves Committee of Management	13,300
GJ McNaughton Pastoral Co	12,300
Darebin Creek Management Committee Inc	12,220
Beach Patrol Australia Inc	11,750
Active Seeds	11,608
Gippsland Plains Conservation Management Network	11,500
David and Ruth Marnie	10,375
Balcombe Estuary Reserves Group Mt Martha Inc - Berg Mt Martha	9,960
Victoria University	9,890
City of Greater Bendigo	9,885
RW and MK Whitelaw	9,550
Donald and District Landcare Group	9,350
Warrenbayne Boho Land Protection Group Inc	8,500
Christmas Hills Landcare Group	8,090
Wedderburn Conservation Management Network	8,000
Gray Barnaby and Carrington Michal	7,444
Woodend and Five Mile Creek Landcare Group	6,650
The Scout Association of Australia Victorian Branch	6,560
Aware Australian Wildlife Assistance Rescue and Education Inc	6,300
Moolort Landcare Group Inc	5,700
Banksia Rise Pty Ltd	5,531
Emu Plains Racecourse and Recreation Reserve Committee of Management	5,115
Mosswood Wildlife Rescue and Rehabilitation	5,000
The Good Paddock Pty Ltd	5,000
University of Western Sydney	5,000
Other < \$5,000	216,855
Return of unspent grant funding	(52,880)
Total	25,978,183

Local Government - grant recipient	\$
Hume City Council	10,967,981
City of Whittlesea	8,165,969
Wyndham City Council	7,865,450
City of Casey	7,458,018
Mitchell Shire Council	5,453,445
Department of Economic Development, Jobs, Transport and Resources	4,774,400
Melton City Council	4,497,998
Cardinia Shire Council	4,242,204
Eastern Regional Libraries Corporation	3,968,646
Casey Cardinia Library Corporation	3,610,725
Yarra Ranges Council	3,165,000
Whitehorse Manningham Regional Library Corporation	2,955,103
Mornington Peninsula Shire Council	2,745,390
Vision Australia Ltd	2,455,114
Yarra Plenty Regional Library Service	2,445,280
Nillumbik Shire Council	2,118,194
Brimbank City Council	1,975,318
Geelong Regional Library Service	1,913,029
City of Greater Dandenong	1,749,713
North Central Goldfields Regional Library Corporation	1,353,422
Moreland City Council	1,345,996
Bayside City Council	1,290,862
Monash City Council	1,169,293
City of Boroondara	1,083,053
City of Kingston	1,010,989
Wimmera Regional Library Service	979,065
Frankston City Council	969,203
Darebin City Council	957,373
Melton Shire Council	947,314
Glen Eira City Council	920,226
West Gippsland Regional Library Corporation	836,038
Goulburn Valley Regional Library Corporation	815,010

Local Government - grant recipient	\$
City of Melbourne	810,183
Corangamite Regional Library Corporation	779,153
Moonee Valley City Council	765,747
City of Ballarat	716,777
Stonnington City Council	687,372
City of Port Phillip	682,536
Glenelg Shire Council	670,757
Moyne Shire Council	623,347
Hume City Council	617,114
Hobsons Bay City Council	614,903
Latrobe City Council	591,458
Mildura Rural City Council	586,040
City of Yarra	576,716
Hindmarsh Shire Council	573,970
City of Maribyrnong	563,172
East Gippsland Shire Council	526,397
Darebin City Council	478,062
Wangaratta Rural City Council	474,808
Wellington Shire Council	469,360
Macedon Ranges Shire Council	458,298
Frankston City Council	427,901
Melbourne City Council	424,120
Campaspe Shire Council	423,171
City of Wodonga	416,192
Moorabool Shire Council	412,717
Southern Grampians Shire Council	412,076
Monash Health	400,000
Horsham Rural City Council	387,880
Hepburn Shire Council	377,726
Wintringham	360,000
Stonnington City Council	346,804
Ballarat City Council	331,277

Local Government - grant recipient	\$
Department of Health and Human Services	330,000
Loddon Shire Council	320,000
Baw Baw Shire Council	308,368
Indigo Shire Council	283,179
Manningham City Council	276,300
Swan Hill Rural City Council	274,816
Alpine Shire Council	272,264
Surf Coast Shire	263,314
Gannawarra Shire Council	260,217
Greater Shepparton City Council	254,345
Ararat Rural City Council	249,580
Towong Shire Council	242,737
Murrindindi Shire Council	241,479
Central Goldfields Shire Council	235,117
Buloke Shire Council	225,507
Pyrenees Shire Council	224,757
Mansfield Shire Council	202,979
Mildura Rural City Council	192,467
Northern Grampians Shire Council	191,250
Benalla Rural City Council	180,227
Golden Plains Shire Council	166,222
Wellington Shire Council	157,397
Victorian Planning Authority	150,000
City of Greater Geelong	139,953
Corangamite Shire Council	129,190
City of Greater Bendigo	115,521
Strathbogie Shire Council	113,378
South Gippsland Shire Council	110,935
Swan Hill Rural City Council	97,401
Caroline Chisholm Society	95,000
Yarriambiack Shire Council	80,000
Moir Shire Council	75,000

Local Government - grant recipient	\$
Warrnambool City Council	71,579
West Wimmera Shire Council	66,595
Yarra City Council	60,264
Mount Alexander Shire Council	60,000
Buloke Shire Council	55,699
Pyrenees Shire Council	53,989
The Scout Association of Australia (Victorian)	53,900
Bass Coast Shire Council	51,412
Balibo House Inc	50,000
Rural City of Wangaratta	45,304
Colac Otway Shire Council	42,162
Mt Alexander Shire Council	36,343
Shire of Yarra Ranges	30,824
Department of Justice and Regulation	30,000
Knox City Council	5,000
Whitehorse City Council	5,000
Total	120,367,822

Planning, Building and Heritage - grant recipient	\$
Victorian Planning Authority	17,833,545
Department of Economic Development, Jobs, Transport and Resources	8,659,789
Department of Health and Human Services	7,000,000
The Trades Hall and Literary Institute	5,000,000
City of Greater Geelong	4,968,000
Public Transport Victoria	3,696,950
Vic Roads	1,450,133
Parks Victoria	1,430,000
City of Greater Bendigo	1,008,170
Abbotsford Convent Foundation	1,000,000
City of Ballarat	1,000,000
Heritage Council	500,000
National Trust of Australia (Victoria)	350,000

Planning, Building and Heritage - grant recipient	\$
Uniting Church in Australia Synod of Victoria and Tasmania	350,000
City of Maribyrnong	300,000
Department of Treasury and Finance	228,000
Camperdown Grandstand Restoration Committee Inc	165,000
Essendon Historical Society Moonee Ponds Court House Museum	150,000
Office of the Commissioner for Environmental Sustainability	150,000
Bendigo Cemeteries Trust	100,000
Moira Shire Council	100,000
Department of Premier and Cabinet	83,750
Latrobe City Council	57,500
Glenelg Shire Council	50,000
Surf Coast Shire	43,948
Yarra Ranges Council	40,578
Mt Alexander Shire Council	37,500
Phillip Island Nature Parks	37,500
Wellington Shire Council	35,000
Homestead Australia Pty Ltd T/A Tarndie	25,000
Mornington Peninsula Shire Council	25,000
Psyche Bend Steam	25,000
Barengi Gadjin Land Council	22,500
Bendigo Trades Hall	22,500
Footscray Historical Society Inc	22,500
Central Goldfields Shire Council	17,500
Box Hill Cemetery	12,500
Nillumbik Shire Council	12,500
Tyntyndyer Homestead Incorporated	10,000
Indigo Shire Council	7,600
City of Casey	7,488
Baw Baw Shire Council	6,500
Macedon Ranges Shire Council	6,156
Other < \$5,000	19,732
Total	56,067,839

Land Victoria - grant recipient	\$
Maroondah City Council	1,000
Total	1,000

Environment Policy and Climate Change - grant recipient	\$
Environment Protection Authority	2,572,128
Department of Economic Development, Jobs, Transport and Resources	2,460,987
Sustainability Victoria	1,945,603
The University of Melbourne	1,375,000
City of Melbourne	1,300,000
National Association of Charitable Recycling Organisations Inc	900,000
City of Greater Geelong	226,591
Barwon South West Waste and Resource Recovery Group	225,000
Warrnambool City Council	191,000
Barwon Coast Committee of Management	185,000
Hepburn Shire Council	132,000
Moyne Shire Council	102,000
Bellarine Bayside Foreshore Com Inc	100,000
Rural City of Wangaratta	84,000
Department of Health and Human Services	80,000
Moir Shire Council	80,000
East Gippsland Shire Council	75,000
Moreland City Council	70,000
Yarra City Council	60,000
Indigo Shire Council	59,000
South Gippsland Shire Council	51,091
Firestarter Pty Ltd	50,000
Surf Coast Shire	50,000
Alpine Shire Council	49,000
City of Port Phillip	40,000
West Wimmera Shire Council	30,000
Towong Shire Council	28,000
Cassinia Environmental and Greenhouse Balanced	25,617

Environment Policy and Climate Change - grant recipient	\$
Central Goldfields Shire Council	25,000
Yarra Ranges Council	25,000
Parks Victoria	23,959
Mornington Peninsula Shire Council	20,000
United Nations Association of Australia (Victoria)	12,500
Baw Baw Shire Council	11,000
Buloke Shire Council	10,000
Golden Plains Shire Council	10,000
Mount Alexander Shire Council	10,000
Macedon Ranges Shire Council	9,500
Bass Coast Shire Council	9,000
Benalla Rural City Council	9,000
City of Wodonga	9,000
Murrindindi Shire Council	9,000
Borough of Queenscliffe	8,000
Mitchell Shire Council	8,000
Moorabool Shire Council	8,000
Nillumbik Shire Council	8,000
Corangamite Shire Council	7,500
Swan Hill Rural City Council	7,500
Campaspe Shire Council	7,000
Gannawarra Shire Council	7,000
Southern Grampians Shire Council	7,000
Ararat Rural City Council	5,000
Central Victorian Greenhouse Alliance	5,000
Pyrenees Shire Council	5,000
Yarriambiack Shire Council	5,000
Return of unspent grant funding	(29,434)
Total	12,798,542
Grand total	712,696,259

Appendix 5: Environmental contributions

Legislation was passed in 2004 requiring water authorities to make an environmental contribution to fund initiatives that promote the sustainable management of water or address adverse water-related environmental impacts, equivalent to five per cent of urban authorities' revenues and two per cent of rural water authorities' revenues. Section 195 of the *Water Industry Act 1994* requires the department to report on the details of expenditure funded by environmental contributions in its annual report.

In 2016, the Victorian Government committed to a fourth tranche of the environmental contribution. The fourth tranche, which commenced on 1 July 2016, is expected to raise \$537.1 million over four years to fund delivery of the government's long term water plan, *Water for Victoria*.

The table below displays all project expenditure funded by the fourth tranche of the environmental contribution in 2016-17.

Program Title	2016-17 Expenditure \$'000
Output	
Integrated catchment management and partnerships with the community	5,800.00
Enhancing waterway management for recreational values	1,110.00
Flood and emergency risk resilience	826.80
Improving the health of waterways in regional Victoria	47,219.99
Improving Victoria's preparedness and response to climate change and the impacts of drought	2,231.17
Realising the potential of the water grid	4,371.05
Sustainable Irrigation Future initiative	14,364.25
Transforming cities and towns through efficient, integrated water management	6,254.67
Water for Aboriginal culture	247.00
Regional water infrastructure - Irrigation	392.78
Water information for sustainable water management	12,077.18
Total output funding	94,894.91
Asset	
Regional water infrastructure - Irrigation	3,274.00
Total asset funding	3,274.00
Total Environmental Contribution (EC4)	98,168.91

The previous third tranche of the environmental contribution ceased collecting funds on 30 June 2016, generating a total of \$405.3 million. Most initiatives allocated funding under the third tranche have now been completed.

The table below displays project expenditure funded by the third tranche of the environmental contribution in 2016-17. This brings total EC3 expenditure as at 30 June 2017 to \$365.5 million, with \$39.8 million remaining to be spent.

The 2016-17 State Budget allocated all remaining third tranche funding to several new projects to be delivered up until 2018-19. The annual expenditure of these projects will continue to be reported until their completion.

Program title	2016-17 Expenditure \$'000
Output	
Macalister Irrigation District	169.97
Sustainable water management - investment in irrigation	64.48
Farm enterprise strategic planning	1,500.00
Sustainable water management - protecting the Yarra River	515.21
Basin Plan modelling	838.89
Managing groundwater risks from Bendigo Mines	7,757.12
Living Victoria	518.51
Flood resilient communities and catchments	245.20
Sustainable water management - Healthy waterways	507.28
Sustainable water management - Riparian land	1,217.17
Sustainable water management - Thomson River	3,000.00
Living Melbourne, Living Victoria	62.20
Surface water monitoring and data management	308.51
Groundwater monitoring of the State Observation Bore Network	16.99
Maintaining capability in groundwater management	580.36
Enhancing the Victorian Water Register	300.91
Managing risks to water availability	250.62
Climate Change action package	4,349.47
Total output funding	22,202.90
Asset	
Groundwater bores	650.20
Northern Towns Water Connection project	5,500.00
South West Loddon rural water supply	9,300.00
Total asset funding	15,450.20
Total Environmental Contribution (EC3)	37,653.10

Further detail and progress reports on initiatives funded by the Environmental Contribution are available on the DELWP website.

Appendix 6: Ministerial Statements of Expectation

Ministerial Statements of Expectations (SOEs) aim to improve regulatory governance and performance. The statements articulate the government's priorities and objectives for regulators. Regulators report annually on actions to fulfil these expectations.

The development of each statement is a collaborative effort. Consultation takes place with each regulator to ensure the statements are fit for purpose and take into account the regulator's circumstances, including objectives, legislative basis, size of organisation, and current practices and processes.

In relation to SOEs, DELWP has two broad areas of regulatory responsibility – land, fire and environment, and Planning. Regulatory powers and functions are allocated to the Minister for Energy, Environment and Climate Change, the Minister for Planning, and the Secretary of DELWP, and in many cases these powers are delegated.

Land, fire and environment

In June 2014, the then Minister for Environment and Climate Change wrote to the former DEPI, providing SOEs for the regulation of land, fire and environment (LFE) activities. In its response to the Minister in July 2014, the department outlined a range of commitments and actions that would be implemented over the next one to two years. These commitments included:

- Regulatory principles
- Role clarity

Regulatory principles - land, fire and environment improvement strategy

Relevant areas	Improvement strategy	Status
All former LFE regulatory areas	To work with other DELWP regulators to jointly develop a standard for measuring DELWP's performance in delivering the regulatory principles and report against the standard.	In progress

2016-17 progress

Forest, Fire and Regions group established a Regulatory Compliance branch in January 2017. The role of the branch is to provide focus and dedicated leadership to regulatory practice and reform within the group. These arrangements will be further strengthened by the recent budget allocation of \$30.3 million dollars over the next four years to improve the protection of our forests and wildlife. These funds will be used to double the department's frontline capacity to meet its compliance obligations through the employment of 31 new personnel, of which the majority will be regionally based.

Concurrent to this, the Forest, Fire and Regions group is developing a compliance policy which will set overarching regulatory objectives, principles and outcomes; and a compliance strategy which will set the direction for building the capability, capacity and culture needed for DELWP to become a risk based and intelligence-led regulator.

Baseline data relating to a range of forest, wildlife and land compliance activities has been collected and collated. This information, and directions provided by the policy and strategy will be used to develop a performance system that focuses on understanding how compliance activities contribute to achieving policy outcomes and implementation of the strategy and how this is influencing DELWP regulatory maturity.

Role clarity - land, fire and environment improvement strategies

Relevant areas	Improvement strategies	Status
Beekeeping, Native vegetation, Timber harvesting	Regulatory areas to review existing compliance monitoring and assurance regimes to ensure that regulatory objectives are being met.	In progress

2016-17 progress

Existing strategies remain operational as roles and responsibilities have been allocated as part of a restructure.

Native vegetation: The government's Native Vegetation Regulations review is due for completion later in 2017. As a result of the review, a Compliance and Enforcement Strategy is being developed. The strategy is risk-based and focuses on promoting voluntary compliance with the regulations, supported by appropriate enforcement. It is intended that the strategy will be used by local government to inform their compliance activities, including the development of local government compliance and enforcement plans.

Tour operators: The current compliance strategy clarifies roles and responsibilities, with Parks Victoria taking a lead role.

Wildlife: The *Flora and Fauna Guarantee Act 1988* and *Wildlife Act 1975* current compliance strategies outline roles and responsibilities.

The *Code of Practice for Timber Production 2014* was reviewed and the three priority areas: construction and maintenance of coupe roads; construction and rehabilitation of waterway crossings; and the protection of mandatory exclusion areas from the impacts of timber harvesting are all still relevant, and are critical elements being assessed by the 2016-17 audit program.

DELWP has also focused on the better protection of rainforest through the rainforest spot check program, and on adopting a common approach to case management for the investigation of breaches to the *Code of Practice for Timber Production 2014*.

Planning

In May 2016, the Minister for Planning wrote to Heritage Victoria and the Heritage Council of Victoria, providing SOEs to establish clear performance goals to reduce red tape and promote greater efficiency and effectiveness in the administration and enforcement of regulation.

Four key areas were identified for performance improvements for Heritage Victoria:

1. Clear and consistent regulatory activities: Improve communications to owners of heritage places and objects about key compliance obligations
2. Accountability and transparency: Review and revise standard permit and permit exemptions
3. Risk based strategies: Develop a strategy for targeted and proportional enforcement and compliance activities
4. Timeliness: Develop electronic forms for statutory processes under the *Heritage Act 1995*.

2016-17 progress

Element of good regularity practice	SOE target	Progress	Status
Accountability and transparency, and clear and consistent regulatory activities	Improve communication of key compliance obligations of owners and managers of places and objects included in the Victorian Heritage Register by December 2016.	<p>Heritage Victoria will develop and distribute information kits to owners of places and objects included in the Victorian Heritage Register by December 2016.</p> <p>These kits will advise owners and managers of their responsibilities in accordance with the <i>Heritage Act 1995</i>, as well as informing them of any opportunities that may exist, such as the Living Heritage Grants Program 2016-17 to 2019-20.</p> <p>Heritage Victoria will develop and publish information online about how the <i>Heritage Act 1995</i> is enforced by December 2016.</p> <p>Information will include why enforcement is important, when enforcement action is appropriate, what enforcement options are available, contact details and general penalties.</p>	<p>An owners' information kit was developed and distributed in June 2017.</p> <p>Online information was published to communicate the key provisions of the new <i>Heritage Act 2017</i>, including enforcement provisions.</p>
Accountability and transparency	Review the effectiveness of regulatory practices for small business in relation to permit conditions and exemptions by February 2017.	<p>Heritage Victoria will review and revise standard permit and permits exemptions conditions using 'plain English' by February 2017.</p> <p>The revised conditions will allow for exempted and permitted works to be undertaken in a consistent manner, resulting in certainty for small business.</p>	Heritage Victoria is reviewing and revising standard permit and permits exemptions conditions using plain English. Work is underway to have these in place for the commencement of the <i>Heritage Act 2017</i> on 1 November 2017.

Element of good regularity practice	SOE target	Progress	Status
Risk-based strategies	Develop a strategy for targeted enforcement and compliance activities that are proportionate to the category of risk by June 2017.	Heritage Victoria develop and implement a program of proactive compliance to ensure appropriate and proportionate actions are undertaken, including targeted audits of heritage permits issued, and routine monitoring of the progress and implementation of works permitted by heritage permits.	Internal strategy developed and implemented.
Timeliness	Improve communication of key administrative obligations of owners and managers of places and objects included in the Victorian Heritage Register by June 2017.	<p>Develop electronic forms for statutory processes under the <i>Heritage Act 1995</i> by mid- 2017.</p> <p>This will streamline and reduce the administrative burden associated with completing forms.</p>	Electronic form delivery has been superseded by DELWP commitment to delivering a new 'Permits Online' system as part of Smart Planning reforms, which includes online applications for statutory processes under the <i>Heritage Act 1995</i> .

Appendix 7: Municipal and Industrial Landfill Levy (MILL) Trust Account

Victoria applies a levy on each tonne of municipal and industrial waste disposed to Victorian landfills. The *Environment Protection Act 1970* determines how municipal and industrial landfill levy revenue is to be managed and spent.

Under the Act, the Environment Protection Authority (EPA) is responsible for collecting municipal and industrial landfill levies and transferring them to the Municipal and Industrial Landfill Levy (MILL) Trust Account on a quarterly basis. The MILL Trust Account is held and managed by DELWP.

The Act specifies which government agencies may receive payments from the MILL Trust Account and requires that payments must be made in accordance with a determination made by the Minister for Energy, Environment and Climate Change.

In 2016-17 funding was provided to the EPA, Sustainability Victoria, seven Waste and Resource Recovery Groups and the Commissioner for Environmental Sustainability, to support their operations. Funding was also provided for two 2015-16 budget initiatives: Parks Victoria received funding for the Critical Infrastructure Renewal Program, and 22 Committees of Management received funding for new facilities for parks and reserves.

In 2016-17, \$208 million cash was received from the EPA and \$86 million was paid to legislated entities. The remaining cash balance of \$122 million was transferred to the Sustainability Fund Account in accordance with section 70F (2) of the Act.

Municipal and Industrial Landfill Levy cash flows

	(\$ million)
Opening cash balance	0.00
Municipal and Industrial Landfill Levy funds transfer from EPA	207.58
Less: Total Agency Payments	86.00
Environment Protection Authority	48.83
Sustainability Victoria	19.91
Waste and Resource Recovery Groups	9.23
Parks Victoria	6.56
Commissioner for Environmental Sustainability	0.98
Committees of Management	0.50
Less: Balance transferred to the Sustainability Fund Account	121.58
Closing cash balance	0.00

In 2016-17, \$215 million in municipal and industrial landfill levies was recognised as revenue by the department in the period in which it was earned (refer to Note 2 of Schedule A of the Financial Statements). As the EPA transfers cash from landfill levies to the department six months after accrual recognition, in accordance with the Act, the timing difference creates a variance between the accrual and cash figures during any given financial year. The table below provides a reconciliation of this difference.

Reconciliation of Municipal and Industrial landfill levy accrual revenue to cash receipts

	(\$ million)
Municipal and Industrial Landfill Levy (accrual basis)	215.33
Less: Opening balance of receivable from EPA on 1 July 2016	97.25
Add: Closing balance of receivable from EPA at 30 June 2017	105.00
Municipal and Industrial Landfill Levy (cash receipts)	207.58

Appendix 8: Sustainability Fund Account and Program grants

The Sustainability Fund Account is established under section 70F of the *Environment Protection Act 1970* and receives money collected from the Victorian Municipal and Industrial Landfill Levy (MILL). After funds are distributed by the Minister for Energy, Environment and Climate Change to key environmental agencies including the Environment Protection Authority, Sustainability Victoria and the seven Waste and Resource Recovery Groups, remaining revenue is transferred and held in the Sustainability Fund.

The purpose of the fund, as defined by Section 70 of the *Environment Protection Act 1970*, is to:

- foster environmentally sustainable uses of resources and best practices in waste management to advance the social and economic development of Victoria
- foster community action or innovation in relation to the reduction of greenhouse gas substance emissions or adaptation or adjustment to climate change in Victoria.

Funding allocations are made by the Premier and the Minister in accordance with the published Sustainability Fund Priority Statement and government policy.

A Sustainability Fund Committee has been established to support the strategic and accountable management of the Sustainability Fund so that it best uses the landfill levy revenue collected in accordance with the legislated objectives above. DELWP has managed the Sustainability Fund since July 2015.

The table below provides details of the cashflow totals into and out of the Sustainability Fund Account, including a detailed breakdown of payments to programs.

	(\$ million)
Opening cash balance	466.25
Transfer from Municipal and Industrial Landfill Levy Trust Account	121.58
Investment revenue	15.30
Miscellaneous revenue ⁽ⁱ⁾	0.63
Total receipts	137.51
A Cleaner Yarra and Port Phillip Bay	1.57
Advanced Organics Processing Technology	0.01
Back to Earth	0.22
Bringing our EPA into the Modern Era	2.10
Climate Change Adaptation Plan	0.02
Climate Change Research Grants - Climate Change Adaptations 2015-16	0.15
Collaborative Councils	0.55
Community Education on Waste	0.01
Community Sustainability Infrastructure Fund	0.41
Contaminated Crown Land Assessment / Remediation	1.81
Driving Growth in Renewable Energy	2.58
Driving Investment in New Recycling	0.02
Energy Efficiency and Productivity 2015-16	1.87

	(\$ million)
Getting Full Value	1.88
Industry Waste Reduction	0.09
Jobs and Innovation in Resource Recovery	1.83
Latrobe Valley Package - Energy Efficiency Initiatives	0.50
Love Food Hate Waste	0.03
Managing Victoria's Waste Materials - Illegal Dumping Strikeforce	2.30
Metropolitan Local Government Waste and Resource Recovery Fund	0.25
NACRO - Charitable recycling	0.80
Optimising Kerbside Collection Systems	0.01
Preserving Victoria's unique biodiversity	17.46
Reducing the environmental impact of plastic bags - transitioning to ban	0.03
Reinstating Victoria as the national leader in Climate Change	6.44
Saving Energy, Growing Jobs	6.37
Securing our Energy Future	1.95
Understanding and Adapting to Climate Change	0.57
Victorian Litter Plan	0.15
Sustainability Fund Operations	0.74
Total payments	52.69
Closing cash balance	551.07

Note:

- (i) Miscellaneous revenue was recognised during the year, because under the standard terms of a funding agreement, any unexpended funds remaining after a program is completed must be returned to the Fund.

Grants funded from Sustainability Fund Programs in 2016-17

Many of the strategic initiatives funded by the Sustainability Fund are targeted grants programs. Grant payments made in 2016-17, through current Sustainability Fund programs are detailed in the following table.

Program – Threatened Species		
Recipient	Grant	Funding support \$
Arthur Rylah Institute	<i>Galaxias</i>	153,000
Arthur Rylah Institute	Heath Skink	105,000
Arthur Rylah Institute	Master's Snake	100,000
Arthur Rylah Institute	Greater Glider	100,000
Arthur Rylah Institute	Round snout <i>Galaxias</i> recovery actions	27,000
Arthur Rylah Institute	McDowall's <i>Galaxias</i> and East Gippsland <i>Galaxias</i> recovery actions	27,000
Arthur Rylah Institute	Fire, ferals and mammals	10,600
Australasian Native Orchid Society (Victoria Group) Inc.	Plains Grassland	8,190
Balcomb Moorooduc Landcare Group	Balcomb Creek Habitat	2,600
Bass Coast Landcare Network	Holden the Ground – Completion of predator proofing at Holden Proving Ground	24,597
Bass Valley Land Care Group	Creating, protecting and enhancing Swamp Skink and Powerful Owl habitat in the Bass Valley	25,000
Beechworth Urban Landcare and Sustainability	Beechworth Cemetery Rabbit Exclusion Zone (for the protection of threatened species)	24,015
Beyond Bolac Catchment Action Group	Wongan Creek Threatened Species protection project	10,000
Binginwarri Landcare Subgroup	Protecting and Enhancing Strzelecki warm temperate rainforest	25,000
BirdLife Australia	Providing tools and capacity building for community protection of Victoria's most threatened beach bird	18,590
BirdLife Australia	Hooded Plover	50,000
BirdLife Australia	Rehabilitation of various nesting sites of Fairy Tern in Western Port and Port Phillip Bays.	24,520
Broken Boosey Conservation Management Network	A Turquoise Landscape - Working towards improving habitat for the threatened Turquoise Parrot	16,224
Bush Heritage Australia	Habitat restoration and woodland bird resilience in the Box Ironbark West Regional Spatial Priority Landscape	250,000
Cairnlea Conservation Reserves Committee of Management	Restoring endangered reptile habitat	13,300

Program – Threatened Species		
Recipient	Grant	Funding support \$
Campaspe River and Land Management Group	Australian Anchor Plant- protection, propagation, and revegetation in the Campaspe catchment	16,883
Cardinia Catchment Landcare Group Inc	Cardinia Creek Threatened Species Protection Program	18,500
Christmas Hills Landcare Group	Artificial hollows for Pygmy Possums and Powerful Owls in Christmas Hills	8,090
Concongella Landcare group	More local habitat for our threatened species	22,490
Connecting Country (Mount Alexander Region) Inc	Woodland bird community habitat protection and enhancement	225,000
Connecting Country (Mount Alexander Region) Inc	Boosting Bulokes and Diamond Firetails in the Muckleford valley and surrounds of central Victoria	25,000
Conservation Volunteers Australia	Monitoring species post wildlife recovery within the Grampians landscape	6,900
Darebin Creek Management Committee Inc	Protecting <i>Dianella</i> species of the Darebin Parkland	5,100
Deep Creek Landcare Group	<i>Dianella amoena</i> conservation project	2,409
DELWP	Improving the quality and connectedness of grassland communities on the Victorian Volcanic Plain – Cressy	225,000
DELWP	Improving the quality and connectedness of grassland communities on the Victorian Volcanic Plain – Woorndoo	225,000
DELWP	Large Brown Tree Frog	75,000
DELWP	Brush-tailed Rock Wallaby (Southern ESU)	60,000
DELWP	Orange-bellied Parrot	50,000
DELWP	Bush-tailed Rock Wallaby	50,000
DELWP	Eastern Barred Bandicoot	50,000
DELWP	Helmeted Honeyeater	50,000
DELWP	Mountain Pygmy-possum	50,000
DELWP	Regent Pygmy-possum	50,000
DELWP	Plains Wanderer	50,000
DELWP	Threatened Victorian Plants (Gippsland Region)	41,000
DELWP	Brush Tailed Rock Wallaby	40,000
DELWP	Giant Burrowing Frog	40,000
DELWP	New Holland Mouse	40,000

Program – Threatened Species		
Recipient	Grant	Funding support \$
DELWP	Southern Right Whale (Calf survival assessment)	30,500
DELWP	South-eastern red tailed Black Cockatoo	12,000
DELWP	Threatened Victorian Plants (Port Phillip Region)	10,000
DELWP	Threatened Victorian Plants (Hume Region)	10,000
DELWP	Southern Right Whale (Vessel impact mitigation)	10,000
DELWP	<i>Isopogon Prostratus</i> (Prostrate Cone Bush)	10,000
DELWP	Basalt Peppercreess	4,400
DELWP	<i>Geranium sp.1</i> (Large-flower Crane's Bill)	750
DELWP and Arthur Rylah Institute	Orchid package	259,420
Dja Dja Wurrung Clans Aboriginal Corporation	Dja Dja Wurrung in landscape	225,000
Dja Dja Wurrung Clans Aboriginal Corporation	Dja Dja Wurrung Caring for Country - Pimelea conservation	10,485
Donald and District Landcare Group	Protecting Buloke Woodlands 2016	9,350
East Gippsland Landcare Network Inc	Landcare Supporting Threatened Species in East Gippsland	24,950
Emu Plains Racecourse and Recreation Reserve Committee of Management	Eradication of Wild Watsonia in Remnant Damp Heathland (EVC 710)	5,115
Euroa Arboretum	Ecological education, training and practical conservation for Grassy Woodlands in the Longwood Plains.	17,500
Euroa Arboretum Inc	Improving species diversity in Buloke Grey Box Grassy Woodland sites of the Longwood Plains.	21,800
Euroa Environment Group	Seven Creeks, Euroa: A nationally significant spot for threatened species	25,000
Friends of Eastern Otways Inc	GPS Training to enhance Threatened Species Surveys	5,000
Friends of Merri Creek Inc	Bringing our native grassland, Bababi Marning, to life	5,250
Friends of Werribee Gorge and Long Forest Mallee	Rocky Chenopod conservation Project	7,976
Friends of Westgate Park Inc	Protecting threatened plant species and habitat at Westgate Park using community volunteers	7,900
Gecko CLaN Landcare Network	Bush Stone-curlews in the Koonda Hills	8,500
Gippsland Plains Conservation Management Network	Moormung Bridal Creeper Mapping Project	11,500

Program – Threatened Species		
Recipient	Grant	Funding support \$
Glen Katherine Primary School	Planting and Propagating the Pale-flower Crane's-bill and Velvet Apple-berry	16,500
Glenelg Hopkins CMA	Glenelg Estuary and Discovery Bay Weed Control	180,000
Goulburn Broken CMA	Managing threats in the Longwood Plains Priority Landscape	230,000
Goulburn Murray Landcare Network	Protecting three icon threatened species of the Goulburn Murray Landcare area.	11,500
Greening Australia	Enhancing significant ecological communities and threatened flora and fauna of the Western District Lakes	225,000
Greening Australia	Building Community Support for the Salt Lake Tussock Grass and Spiny Peppercress	25,000
Greta Valley Landcare Group	Connecting the ranges to the rivers for threatened species in the Greta Valley	25,000
Highlands Landcare Group	Supporting Our Forest Heavyweights – Powerful Owls and Greater Gliders.	6,800
Hindmarsh Landcare Network	Monitoring Threatened Species in community revegetation sites	10,200
Hindmarsh Landcare Network Inc	Strategic community planting for threatened species in the northern Wimmera	11,200
Honeysuckle Recreational Environment Project, Violet Town Action Group	Increasing habitat for Squirrel Gliders and Grey-crowned Babblers	17,800
Jallukar Landcare Group	Jallukar Bandicoot habitat	15,819
Kara Conservation Management Network	Action for threatened species in Victoria's western goldfields	23,300
Kongwak Hills Landcare Group	Gums, Owls and Growls in Kongwak	24,960
Kooloonong-Natya Landcare Group	Kooloonong-Natya Malleefowl	16,750
Korumburra Landcare Group	Community led revegetation and weed control to protect and enhance the Strzelecki Gum	24,990
Leigh Catchment Group	Find Ballarat's Threatened Frogs	22,900
Lismore Land Protection Group	Protecting and restoring Corangamite Water Skink habitat and VVP Eucalyptus Woodlands along Mt Emu Creek	25,000
Loddon Plains Landcare Network	Restoring a key habitat corridor for the Bush Stone Curlew on the Calivil Creek, Yarrawalla	24,980
Longwood Plains Conservation Management Network	Increasing habitat, nest boxes and fox baiting for Threatened Species	25,000

Program – Threatened Species		
Recipient	Grant	Funding support \$
Mallee CMA	Murray to Mallee Connections	224,972
Mallee CMA	Mallee Dunefields to the Big Desert	224,711
Mallee CMA	Northern Mallee Woodlands	224,553
Marlborough Primary School	Marlborough habitat restoration, revegetation, monitoring and education for the Powerful Owl	21,745
Moolort Landcare Inc	Moolort Plains Remnant <i>Pimelea spinescens</i> and VVP Grassland Awareness Raising and On-ground Conservation	4,700
Moorabool Catchment Landcare Group	The Tale of the Tuan - Discovering Brush-tailed Phascogales in the Moorabool	15,227
Moorabool Landcare Network	Camera trap surveys for threatened species in the Moorabool Landcare Network	21,000
Mount Korong Eco Watch	Rewilding Korong Ridge – Pest species eradication: feral fox, cat and rabbit control	8,000
Mt Rothwell Landcare Volunteers	Captive Bandi-Cootie Cleanse: Ensurance of the Survival of the Bandicoot Genetics on the Australian Mainland	25,000
Mt. Worth and District Landcare Group Inc	Mt. Worth threatened species biolink	15,420
Natural Resources Conservation League of Victoria	Monitoring Threatened Species in Southern Brown Bandicoot Management Area	21,500
Nature Glenelg Trust	Threatened species habitat restoration in the Wilkin Woodlands and Wetlands	225,000
Nature Glenelg Trust	Habitat restoration for threatened species of wetlands in the Glenelg	225,000
Neerim and District Landcare Group	Protecting and restoring stream habitat for threatened species of the Red Hill Creek	19,700
Nillumbik Landcare Network	Habitat improvement and monitoring of Nillumbik's iconic threatened species	23,230
Nillumbik Landcare Network	Nillumbik Threatened Orchid program - Community engagement and site preparation for reintroductions.	21,190
Nillumbik Shire Council	Conservation Futures – protecting and conserving species in the Northern Yarra Ranges	177,713
North East CMA	Warby – Ovens	225,000
North East CMA	Chiltern - Mt Pilot	187,500
Northern Bendigo Landcare Group	Huntly Streamside Reserve Biolink	18,000
Northern Grampians Landcare Group	Northern Grampians Save Our Threatened Species	15,690

Program – Threatened Species		
Recipient	Grant	Funding support \$
Nyah West Landcare Group	Towan Plains Protecting Diversity	22,500
Ovens Landcare Network	Indian Myna Awareness- highlighting the increasing risk to hollow dependant threatened species	4,600
Panyyabyr Landcare Group	Finding Nature	11,030
Parklands Albury Wodonga Limited	Building a network of Threatened Species monitors	18,650
Parks Victoria	Mountains to Murray: The Upper Murray / North - North East Mountain outliers	225,000
Parks Victoria	Northern Plains Landscape Restoration Project	225,000
Parks Victoria	Wilson's Prom Ark	225,000
Parks Victoria	Fox control to protect New Holland Mouse and other threatened vertebrates on the Gippsland Plains	150,000
Parks Victoria	Landscape Control of Weeds of National Significance for Biodiversity	150,000
Peranbin Primary College	Making Our School a Haven for Threatened Species: habitat regeneration at Peranbin Primary College	25,000
Phillip Island Landcare Group Inc	Eastern Barred Bandicoot buffer zone	17,500
Port Phillip and Westernport CMA	Protecting and connecting species and communities in Melbourne's West	225,000
Port Phillip and Westernport CMA	Protecting and connecting species and communities on the Mornington Peninsula	199,000
Project Platypus	Greater Grampians threatened flora	190,025
Project Platypus	Black Range Bandicoot link	25,000
Project Platypus Association Inc	A Whole Lot of Rubbish - Cleaning up the 'Ironbarks' (Deep Lead Nature Conservation Reserve)	24,800
Project Platypus Association Inc	Native Pasture for Wildlife	15,761
Project Platypus Association Inc	Upper Wimmera Habitat Enhancement and Wildlife Monitoring	9,499
Regent Honeyeater Project Inc	Habitat Restoration for Threatened Species – People Power in Action	25,000
Rutherglen Landcare Group	Bolstering Brolga Breeding - Fox threat and hazard abatement	20,800
Shepparton Mooroopna Landcare Network	Squirrel Glider Next Box Monitoring and Community Awareness Program	5,066
Southern Otway Landcare Network	Restoration of Long Nosed Potoroo Habitat in fire affected Landscapes of the Great Ocean Road	24,367

Program – Threatened Species		
Recipient	Grant	Funding support \$
Southern Otway Landcare Network	Keeping an Eye on Cape Otways Potoroos	12,353
St Arnaud Field Naturalist Club Inc	Protection and Recruitment of the Wax Garden Reserve's threatened Buloke and Goldfields Grevillea colonies	17,793
Strathallan Family Landcare	Gliders along the Campaspe	7,499
Strathbogie Ranges Conservation Management Network	Strathbogie Forest Citizen Science	16,490
Swamps Rivers and Ranges	Jessie's Creek - Community Riparian Restoration of Complex Indigenous Habitats	24,790
Tag for Life	Sharks – Maligned, mysterious and misunderstood	23,500
The Basalt to Bay Landcare Network	Tracks for Dunnarts	16,875
The Basalt to Bay Landcare Network	Growing volunteer experiences and habitat at St Helens, Victoria	10,940
Up2Us Landcare Alliance	Locating the Lost Brush Tailed Phascogale	19,500
Up2Us Landcare Alliance	Nectar for Fords Creek	15,750
Upper Barwon Landcare Network	Preserving the genetic diversity of the Yarra Gum in the Upper Barwon	14,077
Upper Goulburn Landcare Network	Ribbons of Remnant Roadsides	21,135
Upper Goulburn Landcare Network	Discovering Two Gems of Threatened Species in Grassland Country	20,950
Victoria University	Seeds from School	9,890
Victorian National Parks Association	Caught on Camera	15,800
Victorian National Parks Association	Growling Grass Frog community monitoring project	15,600
Western Port Catchment Landcare Network	Protecting the Present, Planning for the Future - Powerful Owl Habitat	24,875
Wimmera Catchment Management Authorities	Western Victorian Woodlands Protection and Enhancement	250,000
Wodonga Urban Landcare Network Inc	Creating a Wodonga Nestbox Network	9,480
Wonyip Landcare Subgroup	Wonyipedia- Education, Identification and Protection of Threatened Species in the Strzelecki Ranges	25,000
Woodend Landcare	Filling in the Black Gum Gaps along Five Mile Creek	6,650
Woodside Landcare Group	Enhancing Reedy Creek for Critically Endangered Martin's Toadlet and the Endangered Tree Goanna	25,000

Program – Threatened Species		
Recipient	Grant	Funding support \$
Yarra Ranges Council	Protecting cool temperate rainforest and associated threatened species of the Upper Woori Yallock Creek Catchment	140,000
Zoos Victoria	Baw Frog	50,000
Zoos Victoria	Leadbeater's Possum	50,000
3 Creeks Landcare Group	Increasing and enhancing the area of habitat for the Swamp Antechinus through Targeted Revegetation	24,904

Program – Peri Urban Weed Management Partnerships		
Recipient	Grant	Funding support \$
Brimbank City Council	Peri-urban Weed Management Partnership – Maribyrnong Valley Connection project	30,000
Cardinia Shire Council	Peri-urban Weed Management Partnership – Cardinia Creek Riparian Rehabilitation project	85,457
City of Casey	Peri-urban Weed Management Partnership – Grasmere Creek Catchment project	30,000
City of Greater Dandenong	Peri-urban Weed Management Partnership – Lower Dandenong Creek project	87,400
Mornington Peninsula Shire Council	Peri-urban Weed Management Partnership – Mornington Peninsula Weed Control project	40,000
Nillumbik Shire Council	Peri-urban Weed Management Partnership – River to Ranges project	30,000
Parks Victoria	Peri-urban Weed Management Partnership – all projects	351,514
Yarra Ranges Council	Peri-urban Weed Management Partnership – Dandenong Ranges Weed Removal project	30,000

Program – Climate Change Research		
Recipient	Grant	Funding support \$
University of Melbourne (EU Centre on Shared Complex Challenges)	Climate Change Research Grants Project- EU CKIC Summer schools (2015-16 budget) – two-year initiative until 2018	95,000
University of Melbourne	Two scholarships for Victorian early career academics under the Australian Research Council Centre of Excellence in Climate System Science (ARC CoE) (2015-16 budget) two-year initiative until 2018	90,000

Program – Collaborative Council – Sustainability Fund Partnership Program		
Recipient	Grant	Funding support \$
Hepburn Shire Council	Waste to Energy Micro-power network	75,000
Latrobe City Council	Gippsland Resource Recovery Collaborative Business Case	75,000
Manningham City Council	Smart Lighting Infrastructure	36,300
Melbourne City Council	CO2 Performance Ladder Feasibility Study	32,500
Mitchell Shire Council	Collaborative Waste and Recovery Infrastructure for electronic -waste	59,867
Nillumbik Shire Council	Regional Low Emissions Fleet Assessment	33,200
Northern Grampians Shire Council	Joint Waste Facility	75,000
Shepparton Rural City Council	Electric Fleet Feasibility Study	75,000
Wodonga City Council	Business case for Shared Services enabling energy efficient council buildings	70,000
Wodonga City Council	ESD Subdivision Policy - proof of concept for regional Victoria	65,000

Program – Support for Landcare		
Recipient	Grant	Funding support \$
Avon Landcare Group Inc	Landcare facilitator	7,630
Barongarook Landcare Group	Landcare facilitator	1,250
Basalt to Bay Landcare Network Inc	Landcare facilitator	1,244
Bass Coast Landcare Network Inc	Landcare facilitator	1,250
Bellarine Landcare Group Inc	Landcare facilitator	1,250
Blampied Kooroocheang Landcare Group	Landcare facilitator	1,250
Broken Catchment Landcare Network Inc (Gecko CLaN)	Landcare facilitator	1,250
Buloke and Northern Grampians Landcare Network	Landcare facilitator	1,140
Connecting Country (Mt Alexander Region) Inc	Landcare facilitator	1,250
Corangamite CMA	Regional Landcare Coordination 2016-17	149,200
Department of Justice and Regulation	Landmate Environment Program	250,000
East Gippsland CMA	Regional Landcare Coordination 2016-17	149,200

Program – Support for Landcare		
Recipient	Grant	Funding support \$
East Gippsland Landcare Network Inc	Landcare facilitator	1,250
Far East Victoria Landcare Inc	Landcare facilitator	1,250
Geelong Landcare Network Inc	Landcare facilitator	1,250
Glenaladale Landcare Group	Landcare facilitator	1,250
Glenelg Hopkins CMA	Regional Landcare Coordination 2016-17	149,200
Goulburn Broken CMA	Regional Landcare Coordination 2016-17	149,200
Goulburn Murray Landcare Network Inc	Landcare facilitator	1,250
H11-H12 Community Action Group (Beyond Bolac Catchment Action Group)	Landcare facilitator	1,250
Hamilton to Coleraine Railway Line Landcare Group Inc	Landcare facilitator	1,250
Heytesbury District Landcare Network Inc	Landcare facilitator	1,250
Hindmarsh Landcare Network Inc	Landcare facilitator	1,250
Hughes Creek Catchment Collaborative	Landcare facilitator	1,250
Kaniva District Landcare	Landcare facilitator	1,144
Kara Conservation Management Network	Landcare facilitator	1,202
Kiewa Catchment Landcare Group	Landcare facilitator	1,250
Kowree Farm Tree Group	Landcare facilitator	1,250
Laharum Landcare Group	Landcare facilitator	1,250
Latrobe Catchment Landcare Network	Landcare facilitator	1,250
Lismore Land Protection Group	Landcare facilitator	1,250
Loddon Plains Landcare Network	Landcare facilitator	1,250
Maffra and Districts Landcare Network	Landcare facilitator	1,250
Making A Difference (MAD) for the Merri Inc	Landcare facilitator	392
Mallee CMA	Regional Landcare Coordination 2016-17	149,200
Manangatang Landcare Inc	Landcare facilitator	1,250
Mandurang Strathfieldsaye Landcare Network	Landcare facilitator	448
Merton Landcare Inc	Landcare facilitator	1,250
Mid Loddon Sub-Catchment Management Group	Landcare facilitator	341

Program – Support for Landcare		
Recipient	Grant	Funding support \$
Mid Ovens Landcare Consortium	Landcare facilitator	1,250
Millewa Carwarp Landcare Group	Landcare facilitator	1,250
Mitta Valley Landcare Group	Landcare facilitator	1,250
Moorabool Landcare Network	Landcare facilitator	1,250
Mornington Peninsula Landcare Network	Landcare facilitator	1,195
Murrayville Landcare Group	Landcare facilitator	1,250
NatureWest	Landcare facilitator	1,125
North Central CMA	Regional Landcare Coordination 2016-17	149,200
North East CMA	Regional Landcare Coordination 2016-17	149,200
Nullawil Landcare Group	Landcare facilitator	1,250
Ovens Landcare Network	Landcare facilitator	1,250
Panyyabyr Landcare Group Inc	Landcare facilitator	1,239
Parks Victoria	Victorian Environment Friends Network Award	5,000
Port Phillip and Westernport CMA	Regional Landcare Coordination 2016-17	149,200
Rainbow and District Landcare Group	Landcare facilitator	1,250
Snowy River Interstate Landcare Committee Inc	Landcare facilitator	1,124
South Gippsland Landcare Network	Landcare facilitator	1,250
South West Goulburn Landcare Network	Landcare facilitator	1,250
Southern Otway Landcare Network	Landcare facilitator	1,119
Southern Ranges Environment Alliance	Landcare facilitator	1,250
Strathewen Landcare Group Inc	Landcare facilitator	1,250
Surf Coast and Inland Plains Network	Landcare facilitator	1,250
Sustainability Victoria	ResourceSmart Schools sponsorship	22,000
Tarragal Landcare Group	Landcare facilitator	1,250
Tom's Creek Landcare Group	Landcare facilitator	1,250
Up2Us Landcare Alliance	Landcare facilitator	1,250
Upper Campaspe Combined Landcare Groups	Landcare facilitator	1,250
Upper Deep Creek Landcare Network	Landcare facilitator	1,247

Program – Support for Landcare		
Recipient	Grant	Funding support \$
Upper Goulburn Landcare Network	Landcare facilitator	1,250
Upper Hopkins Land Management Group Inc	Landcare facilitator	993
Upper Loddon and Avoca Landcare Network	Landcare facilitator	1,250

Program – National Association of Charitable Recycling Organisations		
Recipient	Grant	Funding support \$
National Association of Charitable Recycling Organisations	Distributed to 28 charitable organisations across the state to mitigate the costs imposed on Victorian charities by illegal dumping	660,219

Program – Building Victoria's Organics Recovery		
Recipient	Grant	Funding support \$
City of Ballarat	Kerbside Organics Procurement in City of Ballarat	92,000
City of Greater Bendigo	Kerbside Organics Procurement in City of Greater Bendigo	60,000
City of Greater Geelong	Building Victoria's Organics Recovery – Geelong	100,000

Program – Business Champion Networks		
Recipient	Grant	Funding support \$
Committee for Portland	Portland Manufacturing, Assemble, and Design Engineering Network	3,185

Program – Business Productivity Program Resource Assessment		
Recipient	Grant	Funding support \$
Alberton Timber and Treatment Plant Pty Ltd	Resource Assessment – Materials and Energy	3,676
Alternative Glass Supplies Pty Ltd	Resource Assessment – Materials	7,500
Connell's Bakery Pty Ltd	Resource Assessment – Materials	11,712
Global Rotomoulding Pty Ltd	Resource Assessment – Materials	9,700
Kyabram Cold Storage Pty Ltd	Resource Assessment – Materials	190

Program – Business Productivity Program Resource Assessment

Recipient	Grant	Funding support \$
Larnec Doors and Systems	Resource Assessment – Materials	10,000
Merino and Jumbuck Company (Australia) Pty Ltd	Resource Assessment – Materials	4,849
Snooza Pet Products (Aust) Pty Ltd	Resource Assessment – Materials	7,330
Southern Cross Recycling Group Pty Ltd	Resource Assessment – Materials	4,690

Program – Community Sustainability Infrastructure Fund

Recipient	Grant	Funding support \$
City of Greater Geelong	Geelong Energy Efficient Buildings	10,000
Corangamite Shire Council	Corangamite Shire Council Waste Diversion Improvements through Future Innovation and Action	154,603
Eaglehawk Recycle Shop Inc	EPS Recovery for Recycling – Eaglehawk Eco Centre	5,000
Foamex Victoria Pty Limited	Installation of Hirsch PREEX9000 Boiler Machine – Somerton	10,000
Green Collect	Growing Capacity and Innovation with Hard to Recycle Materials	5,000
Langford Arch P/L	Woodards Strategic Energy Efficiency Upgrades	22,000
ToxFree Australia Pty Ltd	Community Sustainability Infrastructure Fund - LCD Recycling Plant	10,000

Program – Research and Development Program - Recovered Glass Fines and Flexible Plastics

Recipient	Grant	Funding support \$
RMIT University	RMIT Glass Repurposing R&D Grant Project	12,500
Swinburne University Hawthorn	Swinburne Plastics and Glass in Footpaths R&D Grant Project	100,000
University of Melbourne	Melbourne University Lightweight Concrete R&D Grant Project	25,000
Victoria University	Victoria University Structural Plastics R&D Grant Project	25,000

Program – Rural and Regional Landfill Support		
Recipient	Grant	Funding support \$
Alpine Shire Council	Alpine Shire – Myrtleford Landfill	135,000
Glenelg Shire Council	Glenelg Shire Council – Casterton Landfill	531,250
Golden Plains Shire Council	Golden Plains Shire Council – Rokewood and Teesdale Landfills	140,000
Loddon Shire Council	Loddon Shire Council – Inglewood Landfill	140,000
Mildura Rural City Council	Mildura Rural City Council – Murrayville Landfill	138,500
Northern Grampians Shire Council	Northern Grampians Shire Council – Hard Hills Landfill	100,000
Buloke Shire Council	Buloke Shire Council – Charlton Landfill	140,000
Program – Smarter Resources Smarter Business – Capital Funding Grants Round 3		
Recipient	Grant	Funding support \$
AFCOL Australia Limited	High Efficiency, Over Pressure, Retort for Abalone Cooking and Sterilisation	1,500
Vincent Painting Pty Ltd	Investing in a Material Efficient Abrasive Blast Room Facility	15,000
Program – Boosting Productivity Energy Assessment		
Recipient	Grant	Funding support \$
Burton's Supa IGA	Energy Assessment Grant – Burton's Supa IGA	3,600
CDC Geelong Pty Ltd	Energy Assessment – CDC Geelong	2,000
CERES Inc	Energy Assessment Grant – CERES	3,000
Flexible Drive Pty Ltd	Energy Assessment Grant – Flexible Drive	1,740
Green Acres Golf Club	Energy Assessment Grant – Green Acres Golf Club	3,012
Hindustan Imports	Energy Assessment Grant – Hindustan Imports	660
Merriwa Industries Limited	Energy Assessment – Merriwa Industries Ltd	1,620
Southern Ocean Mariculture Pty Ltd	Energy Assessment Grant – Southern Ocean Mariculture Pty. Ltd	4,750

Program – Victorian Litter Innovation Fund		
Recipient	Grant	Funding support \$
Bass Coast Shire Council	No Need to Dump, Follow your Waste to the Transfer Station	7,650
Bellarine Catchment Network Inc	Caring for Our Bays and Be a Hero Litter Awareness	8,000
Greater Shepparton City Council	Shepparton Solar Bin Project	18,000
Mitchell Shire Council	Litter: It's a Waste of our Time	2,500
Mt Buller and Mt Stirling Resort Alpine Management Board	Reducing Litter at Remote Locations on Mt Stirling Pilot Study	9,000
Phillip Island Nature Park	Litter Innovation Fund - Turn the Tide	18,000
San Remo Foreshore Committee of Management Inc	Pelican Reflecting on Plastic Usage and Litter Generation	9,000
South Gippsland Shire Council	Cigarette Butt Litter Education and Enforcement Project	12,600
Southern Cross Recycling Group Pty Ltd	SMART Public Place Clothing Recycling Banks	5,000
Strathbogie Shire Council	Love Our Lake: Put Your Waste in the Right Place	9,000

Program – Victorian Organics Resource Recovery Strategy Implementation– sustainable markets		
Recipient	Grant	Funding support \$
Veolia Environmental Services	Veolia - Kilter Three Year Compost Demonstration Trial for Broadacre Crops in the Mallee Region, Victoria	10,500

Program – Tallangatta eco-education Hub		
Recipient	Grant	Funding support \$
Towong Shire Council	Tallangatta Eco-Education and Integrated Services Hub	50,000

Program – Biodiversity On-ground Action Grants		
Recipient	Grant	Funding support \$
Arthur Rylah Institute	Emergency Response Framework: getting the rapid response right	100,000.00
Arthur Rylah Institute	Intervention monitoring: Assessing the effectiveness of biodiversity management	420,000.00
Arthur Rylah Institute	<i>Galaxias</i>	153,000.00

Program – Biodiversity On-ground Action Grants		
Recipient	Grant	Funding support \$
Arthur Rylah Institute	Masters' Snake	100,000.00
Arthur Rylah Institute	Heath Skink	105,000.00
Arthur Rylah Institute	Threatened Orchid Package	259,420.00
Arthur Rylah Institute	Greater Glider	100,000.00
Arthur Rylah Institute	Fire, Ferals and Mammals	10,600.00
Arthur Rylah Institute	Connecting Communities	500,000.00
Birdlife Australia	Hooded Plover	100,000.00
Bush Heritage Australia	Habitat restoration and woodland bird resilience in the Box Ironbark West Regional Spatial Priority Landscape.	225,000.00
Connecting Country (Mount Alexander Region) Inc	Woodland bird community habitat protection and enhancement	225,000.00
Dja Dja Wurrung Clans Aboriginal Corporation	DDW in landscape	225,000.00
Forest, Fire and Regions – Barwon South West	South-eastern red-tailed Black Cockatoo	12,000.00
Forest, Fire and Regions – Barwon South West	Southern Right Whale – vessel impact mitigation	10,000.00
Forest, Fire and Regions – Barwon South West	Southern Right Whale – calf survival assessment	30,500.00
Forest, Fire and Regions – Barwon South West	Eastern Barred Bandicoot	50,000.00
Forest, Fire and Regions – Barwon South West	Orange-bellied Parrot Recovery	50,000.00
Forest, Fire and Regions – Gippsland	Brush-tailed Rock Wallaby (southern ESU)	60,000.00
Forest, Fire and Regions – Gippsland	Threatened Victorian plants – Gippsland region	41,000.00
Forest, Fire and Regions – Gippsland	Brush-tailed Rock Wallaby	40,000.00
Forest, Fire and Regions – Gippsland	Giant Burrowing Frog	40,000.00
Forest, Fire and Regions – Gippsland	<i>Isopogon prostratus</i> (Prostrate Cone Bush)	10,000.00
Forest, Fire and Regions – Gippsland	New Holland Mouse	40,000.00
Forest, Fire and Regions – Gippsland	Large Brown Tree Frog	75,000.00
Forest, Fire and Regions – Gippsland	Brush-tailed Rock Wallaby	50,000.00
Forest, Fire and Regions – Grampians	Basalt Peppercress (<i>Lepidium hyssopifolium</i>) and <i>Geranium sp. 1</i> (Large-flower Crane's-bill)	5,150.00

Program – Biodiversity On-ground Action Grants		
Recipient	Grant	Funding support \$
Forest, Fire and Regions - Hume	Mountain Pygmy-possum	50,000.00
Forest, Fire and Regions - Hume	Regent Honeyeater	50,000.00
Forest, Fire and Regions - Hume	Threatened Victorian plants – Hume region	10,000.00
Forest, Fire and Regions - Loddon Mallee	Plains Wanderer	50,000.00
Forest, Fire and Regions - Port Phillip	Helmeted Honeyeater	50,000.00
Forest, Fire and Regions - Port Phillip	Threatened Victorian plants – Port Phillip region	10,000.00
Forrest, Fire and Regions - Barwon South West	Improving the quality and connectedness of grassland communities on the Victorian Volcanic Plain - Cressy	225,000.00
Forrest, Fire and Regions - Barwon South West	Improving the quality and connectedness of grassland communities on the Victorian Volcanic Plain - Woorndoo	225,000.00
Glenelg Hopkins Catchment Management Authority	Glenelg Estuary and Discovery Bay Weed Control	180,000.00
Goulburn Broken Catchment Management Authority	Managing threats in the Longwood Plains Priority Landscape	230,000.00
Greening Australia	Enhancing significant ecological communities and threatened flora and fauna of the Western District Lakes	225,000.00
Mallee Catchment Management Authority	Northern Mallee Woodlands	224,553.00
Mallee Catchment Management Authority	Murray to Mallee Connections	224,972.00
Mallee Catchment Management Authority	Mallee Dunefields to the Big Desert	224,711.00
Nature Glenelg Trust	Threatened species habitat restoration in the Wilkin Woodlands and Wetlands	225,000.00
Nature Glenelg Trust	Habitat restoration for threatened species of wetlands in the Glenelg Plain	225,000.00
Nillumbik Shire Council	Conservation Futures – protecting and conserving species in the Northern Yarra Ranges	177,713.33
North East Catchment Management Authority	Warby - Ovens	225,000.00
North East Catchment Management Authority	Chiltern - Mt Pilot	187,500.00
Parks Victoria	Fox control to protect New Holland Mouse and other threatened vertebrates on the Gippsland Plains	150,000.00

Program – Biodiversity On-ground Action Grants		
Recipient	Grant	Funding support \$
Parks Victoria	Mountains to Murray: The Upper Murray / North - North East Mountain outliers	225,000.00
Parks Victoria	Northern Plains Landscape Restoration Project	225,000.00
Parks Victoria	Wilsons Prom Ark	225,000.00
Parks Victoria	Landscape Control of Weeds of National Significance for Biodiversity	150,000.00
Port Phillip and Westernport CMA	Protecting and Connecting species and communities in Melbourne's West	225,000.00
Port Phillip and Westernport CMA	Protecting and Connecting species and communities on the Mornington Peninsula	199,000.00
Project Platypus	Greater Grampians threatened flora	190,025.00
Wimmera CMA	Western Victorian Woodlands Protection and Enhancement	250,000.00
Yarra Ranges Council	Protecting Cool Temperate Rainforest and associated threatened species of the Upper Woori Yallock Creek Catchment	140,000.00
Zoos Victoria	Baw Baw Frog	100,000.00
Zoos Victoria	Leadbeaters Possum	100,000.00

Appendix 9: Feed-in tariff data

Annual reporting information provided by Victorian distribution businesses

The *Electricity Industry Act 2000* requires Victorian electricity distribution businesses to provide an annual report on the premium feed-in tariff (PFiT) scheme and the transitional feed-in tariff (TFiT) scheme as a condition of its licence to distribute electricity.

Distribution businesses must report on:

- the number of qualifying solar energy generation facilities connected, on the reporting day, to a distribution system operated by that licensee
- the aggregate installed or name-plate generation capacity of qualifying solar energy generation facilities connected, on the reporting day, to a distribution system operated by that licensee
- the total amount of qualifying solar energy generation electricity conveyed, in the 12 months prior to the reporting day, along a distribution system operated by that licensee.

Note:

- Reporting for both PFiT and TFiT schemes is on an annual basis. The reporting day is 31 December of each year.
- Aggregate energy exports have been converted to kWh (kilowatt hour, where reported in megawatt hour) and all installed capacity and aggregate energy export data has been rounded up to the nearest whole number.

PFiT reporting as at 31 December 2016

	AusNet Services	Jemena	Powercor	CitiPower	United Energy
Number of PFiT customers	29,960	7,750	29,642	3,518	18,191
Installed capacity (kW)	60,913	12,386	60,882	6,102	31,496
Aggregate energy exports (kWh)	41,287,303	9,335,717	42,806,000	3,650,000	20,134,366

TFiT reporting as at 31 December 2016

	AusNet Services	Jemena	Powercor	CitiPower	United Energy
Number of TFiT customers	19,812	5,427	21,613	1,403	10,626
Installed capacity (kW)	55,980	14,064	64,848	4,120	27,955
Aggregate energy exports (kWh)	42,587,361	10,472,640	47,927,000	2,239,000	19,113,851

Quarterly reporting information as provided by relevant Victorian retailers

The *Electricity Industry Act 2000* requires Victorian electricity retailers with more than 5,000 customers (relevant retailers) to provide a quarterly report on the general feed-in tariff scheme as a condition of its licence to sell electricity.

Relevant retailers must report on:

- the number of small renewable energy generation facilities from which electricity was generated and sold to the licensee in the 3 months prior to the reporting day
- the total amount of electricity generated by means of small renewable energy generation facilities and purchased by the licensee in the 3 months prior to the reporting day.

The general feed-in tariff scheme includes the standard feed-in tariff scheme and the generally available feed-in tariff scheme.

Aggregate energy exports have been converted to kWh (kilowatt hour, where reported in megawatt hour) and all installed capacity and aggregate energy export data has been rounded up to the nearest whole number.

Note:

- The standard feed-in tariff scheme ended on 31 December 2016
- The generally available feed-in tariff scheme has been in place for new customers since 1 January 2013.

30 June 2017 report

Retailer	Number of systems where exports generated and sold to retailer for previous 3 month period	Total amount generated and purchased from these systems for previous 3 month period (kWh)
AGL	48,760	25,253,853
Alinta Energy	3,720	1,967,611
Click Energy	2,565	1,276,807
Dodo Power and Gas (M2 Energy)	3,503	2,481,185
Energy Australia	22,284	3,916,573
Lumo Energy	11,949	6,439,842
Momentum	11,330	4,697,886
Origin Energy	33,103	3,122,488
People Energy	200	128,260
Powerdirect	5,160	3,505,219
Powershop	6,819	2,569,399
Red Energy	5,190	9,051,522
Simply Energy	18,614	7,694,039
Sumo Power	3,254	1,221,716

31 March 2017 report

Retailer	Number of systems where exports generated and sold to retailer for previous 3 month period	Total amount generated and purchased from these systems for previous 3 month period (kWh)
AGL	59,197	35,188,732
Alinta Energy	3,485	2,715,710
Click Energy	2,286	2,246,297
Dodo Power and Gas (M2 Energy)	3,348	3,345,528
Energy Australia	61,193	12,069,328
Lumo Energy	11,016	7,227,890
Momentum	9,713	8,023,850
Origin Energy	34,218	11,128,221
People Energy	178	182,312
Powerdirect	5,898	4,909,184
Powershop	5,412	4,835,965
Red Energy	4,747	12,254,883
Simply Energy	18,874	16,277,690
Sumo Power	2,398	1,631,048

31 December 2016 Report

Retailer	Number of systems where exports generated and sold to retailer for previous 3 month period	Total amount generated and purchased from these systems for previous 3 month period (kWh)
AGL	59,013	27,539,710
Alinta Energy	3,523	1,936,273
Click Energy	1,977	1,881,103
Dodo Power and Gas (M2 Energy)	3,094	2,219,943
Energy Australia	52,033	7,728,116
Lumo Energy	10,708	5,610,525
Momentum	9,316	5,407,658
Origin Energy	3,055	1,991,468
People Energy	200	158,754

Retailer	Number of systems where exports generated and sold to retailer for previous 3 month period	Total amount generated and purchased from these systems for previous 3 month period (kWh)
Powerdirect	5,918	3,689,383
Powershop	5,025	4,541,584
Red Energy	4,274	7,694,906
Simply Energy	18,140	17,006,827
Sumo Power	1,587	1,171,234

30 September 2016 Report

Retailer	Number of systems where exports generated and sold to retailer for previous 3 month period	Total amount generated and purchased from these systems for previous 3 month period (kWh)
AGL	56,081	12,678,130
Alinta Energy	3,007	836,832
Click Energy	1,728	714,007
Dodo Power and Gas (M2 Energy)	2,879	1,090,382
Energy Australia	54,670	3,928,545
Lumo Energy	10,265	2,090,434
Momentum	11,235	3,904,382
Origin Energy	3,237	1,216,753
People Energy	197	69,861
Powerdirect	5,208	1,605,003
Powershop	4,487	4,835,965
Red Energy	3,865	3,632,948
Simply Energy	17,385	8,973,406
Sumo Power	1,133	348,906

Appendix 10: Acronyms

AAS	Australian Accounting Standards	IGEM	Inspector-General for Emergency Management
AIIMS	Australasian Inter-service Incident Management System	IPAA	Institute of Public Administration Australia
APU	Accredited Purchasing Unit	ISO	International Organisation for Standardisation
ARI	Arthur Rylah Institute for Environmental Research	LGBTI	Lesbian, Gay, Bisexual, Transsexual and Intersex
CFA	Country Fire Authority	MILL	Municipal and Industrial Landfill Levy
CMA	Catchment Management Authority	MoG	Machinery of Government
COAG	Council of Australian Governments	n/a	Not Applicable
DEDJTR	Department of Economic Development, Jobs, Transport and Resources	NACRO	National Association of Charitable Recycling Organisations
DELWP	Department of Environment, Land, Water and Planning	OHS	Occupational Health and Safety
DEPI	Department of Environment and Primary Industries	PFF	Project Firefighter
DPC	Department of Premier and Cabinet	PV	Parks Victoria
DPCD	Department of Planning and Community Development	SES	State Emergency Service
DSDBI	Department of State Development, Business and Innovation	SET	Senior Executive Team
DSE	Department of Sustainability and Environment	SGV	Surveyor-General Victoria
DTF	Department of Treasury and Finance	SOE	Statement of Expectation
DTPLI	Department of Transport, Planning and Local Infrastructure	SV	Sustainability Victoria
EMS	Environmental Management System	VBRC	Victorian Bushfires Royal Commission
EO	Executive Officer	VCAT	Victorian Civil and Administrative Tribunal
EPA	Environment Protection Authority	VGW	Valuer-General Victoria
EWV	Environmental Water Reserve	VGPB	Victorian Government Purchasing Board
FFMVic	Forest Fire Management Victoria	VIPP	Victorian Industry Participation Policy
FMCF	Financial Management Compliance Framework	VPA	Victorian Planning Authority
FOI	Freedom of Information	VPS	Victorian Public Service
FMA	<i>Financial Management Act 1994</i>	VRET	Victorian Renewable Energy Target
FRD	Financial Reporting Direction	WoVG	Whole of Victorian Government
FTE	Full-Time Equivalent		
GAIC	Growth Areas Infrastructure Contribution		
GMW	Goulburn-Murray Water		
GOFM	Governance of Financial Management		
HSR	Health and Safety Representatives		
IBAC	The Independent Broad Based Anti-corruption Commission		
ICT	Information and Communications Technology		

Units of measure

G	Gigalitre
Ha	Hectare
KW	Kilowatt
L	Litre
MJ	Megajoules
ML	Megalitre
MW	Megawatt
NLA	Net Lettable Area

© The State of Victoria Department of Environment, Land, Water and Planning 2017



This work is licensed under a Creative Commons Attribution 4.0 International licence. You are free to re-use the work under that licence, on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Department of Environment, Land, Water and Planning (DELWP) logo. To view a copy of this licence, visit creativecommons.org/licenses/by/4.0/

Printed by Snap Printing West Melbourne.

ISBN 2205-8931 (print)

ISBN 2205-894X (pdf)

Disclaimer

This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Accessibility

If you would like to receive this publication in an alternative format, please telephone the DELWP Customer Service Centre on 136 186, or email customer.service@delwp.vic.gov.au, or via the National Relay Service on 133 677, www.relayservice.com.au. This document is also available on the internet at www.delwp.vic.gov.au

