

Annual Report 2015



Accountable Officer'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 2015.

A handwritten signature in blue ink, appearing to read 'Adam Fennessy', with a long horizontal flourish extending to the right.

Adam Fennessy
Secretary
Department of Environment, Land, Water and Planning
20 October 2015

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Secretary's Message



The Department of Environment, Land, Water and Planning (DELWP) was created on 1 January 2015 with a mandate to support Victoria's natural and built environment and to ensure economic growth and liveable, sustainable

and inclusive communities that are resilient to the impacts of climate change.

DELWP brings together the strongly connected portfolios of Environment, Climate Change and Water, Planning and Local Government. Our challenge is to work across communities, landscapes, towns and cities, to maintain Victoria as a world class place to live as our population grows, stimulating growth in economic activity amid intensifying competition for natural resources such as land and water.

A number of programs that were underway at the former Department of Environment and Primary Industries (DEPI) and former Department of Transport, Planning and Local Infrastructure (DTPLI) have continued at DELWP, and we have also implemented a broad range of other new policies and initiatives to reflect the priorities of the Victorian Government.

Victorians are at the centre of everything we do. To deliver the right services, the right way, for all Victorians, we are building a positive organisational culture that drives high performance through strong leadership, diversity, collaboration, innovation and developing our people. Our values of Teamwork, Wellbeing and Safety, Ownership and Service Excellence will focus our efforts and unite our staff.

To become a high performing organisation, we are investigating real and tangible ways we can make gender equity 'business as usual' at our department and developing our Aboriginal Inclusion Plan. We have established a 50 per cent target for women in executive leadership positions and made all advertised roles flexible. We are building an organisation known for service excellence, innovation and making the customer our major focus.

Our work focuses on the Victorian Government's priorities, including responding to climate change, developing a water plan to optimise the way we manage our water resources, refreshing *Plan Melbourne*, planning for the future growth and transformation of our cities and regions, and strengthening the integrity and good governance of local government in Victoria through reforming the *Local Government Act 1989*.

We are working to reduce the impact of fire and other emergencies on people, property and the environment through our planned burning program and other initiatives. We are delivering for Victorians by working closely with other government departments and agencies, building strong relationships with communities, local governments, industry and the research sector.

This annual report records achievements and initiatives spanning Environment and Climate Change, Water, Planning and Local Government portfolios in the first half of 2014-15 within the former DEPI and the former DTPLI and, subsequently, the second half of the financial year within DELWP.

I look forward to the year ahead as we work together to help protect and enhance our natural and built environments, assets and resources for the benefit of all Victorians.

A handwritten signature in blue ink, which appears to read 'Adam Fennessy'.

Adam Fennessy
Secretary
Department of Environment, Land, Water and Planning

Summary of achievements – 2014-15

During 2014-15, we delivered a number of key programs and initiatives for Victorian communities. In particular, we:

- Worked in partnership with agencies and stakeholders to protect and preserve Victoria's native landscapes through a range of biodiversity, wildlife, sustainability, climate change and community programs.
- Planned for population growth and focused on maintaining Victoria's liveability through measures such as commencing the refresh of the metropolitan planning strategy *Plan Melbourne* and releasing the *Better Apartments* discussion paper.
- Commenced the development of a comprehensive and coordinated water plan for Victoria.
- Commenced the first comprehensive review of the *Local Government Act 1989*.
- Commenced the review of the *Climate Change Act 2010* and the development of the second Climate Change Adaptation Plan.
- Prepared the *National Parks Amendment (Prohibiting Cattle Grazing) Act 2015*, which received Royal Assent on 12 May 2015 to fulfil the Government's election commitment to ban cattle from the Alpine and River Red Gum national parks.
- Established the \$50 million *Interface Growth Fund* to support Melbourne's interface councils to accelerate the delivery of critical community infrastructure and improve the economic and community development, liveability and resilience of these communities.
- Completed 670 planned burns that treated more than 234,600 hectares of public land across the state to protect people, property and infrastructure in conjunction with our partner agencies Parks Victoria and Country Fire Authority (CFA).
- Responded to 1,149 fires on public and private land impacting on 57,250 hectares as part of our 'all hazards all agencies' emergency responsibilities.
- Developed and released the state's first three strategic bushfire management plans, which identify areas of high bushfire risk and the fuel management actions to reduce the risk.
- Strengthened Victorian community resilience to floods by completing 30 flood risk assessments and 200 upgrades to flood warning gauges, along with completing development of the flood intelligence platform: FloodZoom.
- Supported the implementation of Government's *Fair Go Rates* plan to provide an effective, fit-for-purpose framework that gives ratepayers confidence in their council's rating system and assurance that they are receiving maximum value for money in the longer term.
- Actively worked to increase women's involvement and diversity on the boards of Victoria's catchment management councils and water corporations.

These outcomes and initiatives highlight how DELWP has delivered for Victorians and how we are laying the foundations for a high performing organisation that places Victorian communities, together with the natural and built environments, at the centre of everything we do.

Our department

Special note on Machinery of Government changes and its impact on data presented

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP). DELWP commenced operations on 1 January 2015 after Machinery of Government changes were implemented by the Victorian Government. Staff and functions from the former Department of Environment and Primary Industries (DEPI); the former Department of Transport, Planning and Local Infrastructure (DTPLI); and the former Department of State Development, Business and Innovation (DSDBI) were transferred to DELWP to support the ministerial portfolios of Environment, Climate Change and Water; Planning; and Local Government.

Some staff from the former DEPI were also transferred to the new Department of Economic Development, Jobs, Transport and Resources (DEDJTR) as part of its role of supporting the ministerial portfolio of Agriculture.

The impact of these changes and, in some instances, the prior Machinery of Government changes in 2013, does not always allow comparable trend data to be presented. Readers are alerted to comparability issues in the notes and analysis in each section and this should be considered when reading the information provided.

Our Ministers

Minister for Environment, Climate Change and Water



The Hon. Lisa Neville MP was elected as the Member for Bellarine in 2002.

Ms Neville was appointed as the Minister for Environment, Climate Change and Water in the Victorian State Parliament upon the election of the

Andrews Government in 2014. Under the previous Labor Government, Ms Neville served as the Minister for Mental Health, the first in Australia, and as Minister for Community Services and Senior Victorians from 2006-2010.

Minister Neville is determined to raise the profile of environmental issues, which are vital to the future of Victoria and the nation.

Minister Neville's work before being elected was in the community sector, including as Manager

of the SpringDale Neighbourhood Centre in Drysdale, President of the Board of Barwon Health and Chairperson of the Barwon Network of Neighbourhood Houses.

Minister for Planning



The Hon. Richard Wynne MP was appointed Minister for Planning upon the election of the Andrews Government in 2014.

Mr Wynne has been Victoria's Member for Richmond since 1999.

In previous Labor governments, Mr Wynne has served as the Minister for Housing, Aboriginal Affairs and Local Government.

His university studies and early career were in social work and criminology, and he also spent six years as a councillor with the City of Melbourne. Mr Wynne served as the Lord Mayor in 1991.

Minister Wynne's previous experience across government roles has given him a solid background for the challenges of the planning portfolio.

His main goal as the Minister for Planning is to bring back the people's voice to the planning process and make decisions based on Victoria's long-term economic and social needs.

Mr Wynne strives to create a legacy of planning for community and liveability as well as growth and progress.

Minister for Local Government



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

As a Minister for Local Government, Ms Hutchins brings her belief in a fairer distribution of resources across Victorian communities, and the experience and drive to get there.

Prior to the 2014 election, Ms Hutchins was the Shadow Minister for Ports, Freight and Logistics and the Shadow Minister for Industrial Relations from 2013.

Parliamentary Secretary for Environment



The Hon. Anthony Carbines MP was elected as the State Member for Ivanhoe in November 2010. Following re-election in 2014 he was appointed Parliamentary Secretary for the Environment in the

Andrews Labor Government.

Mr Carbines was an adviser and then Chief-of-Staff to Ministers in the Bracks and Brumby Governments. He also assisted people and organisations across Ministerial portfolios including Housing, Aged Care, Community Services, Community Building, Health and Education.

Our executive

Adam Fennessy

Secretary

Adam Fennessy commenced as Secretary of the new Victorian Government Department of Environment, Land, Water and Planning (DELWP) on 1 January 2015. Adam leads DELWP in protecting and enhancing Victoria's natural and built environments and heritage and supporting liveability and local government across the state, strongly influenced by decision-making at a regional and local level.

Adam is a member of the national Senior Officials Committee for Environment and Water. Adam leads the Loddon Mallee Regional Management Forum, is a member of and was made a Victorian Fellow of the Institute of Public Administration Australia in November 2013. Adam is also a Member of the Australian Institute of Company Directors and was recently appointed as a Victorian Male Champion of Change.

Prior to this, Adam was Secretary of the Department of Environment and Primary Industries (DEPI) from April 2013 to December 2014. Adam was Acting Secretary of the former Department of Sustainability and Environment (DSE), Deputy Secretary, Environment and Natural Resources within the former DSE, and Executive Director, Infrastructure and Economics in the Department of Premier and Cabinet. Adam has also worked as a Commonwealth Government policy and legal adviser in the areas of transport, communications and the arts.

Adam holds a Bachelor of Laws and a Graduate Diploma in Legal Practice.

Bernie O'Sullivan

Deputy Secretary, Regional Services

Bernie O'Sullivan was appointed to the role of Deputy Secretary in the former DEPI on 6 May 2013 and carried on this role following the commencement of DELWP on 1 January 2015.

Bernie has considerable leadership experience at a state and national level, including industry-based experience in primary industries.

Previous leadership roles include his role as General Manager of Agriculture for the Royal Agricultural Society of NSW, Executive Director of a livestock commodity council in the National Farmers' Federation in Canberra, and executive positions with the NSW Farmers Association.

Before being appointed Deputy Secretary, Bernie was Regional Director Loddon Mallee for the former Department of Primary Industries (DEPI). He built strong state wide relationships with stakeholders and established a new Regional Leadership Branch, aimed at enhancing DPI's engagement in country Victoria.

Bernie holds a Master of Public Affairs and studied Agricultural Science.

Christine Wyatt

Deputy Secretary, Planning

Christine Wyatt commenced her role as Deputy Secretary, Planning on 1 January 2015. Christine's role in DELWP continued on from her role in the former Department of Transport, Planning and Local Infrastructure, where she was appointed Deputy Secretary, Planning on 2 February 2014.

Christine has over 30 years significant 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, Christine held senior positions in global consulting firms AECOM and GHD Pty Ltd. Most recently she was GHD's Global Environment Market Leader, overseeing the strategic development of the environment business worldwide. She has also worked on numerous city-shaping projects throughout Melbourne and regional Victoria.

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

Emily Phillips

Deputy Secretary, Water and Catchments

Emily Phillips was Deputy Secretary, Water and Catchments from 1 January 2015 to 30 June 2015. Emily carried on her role in DELWP from her previous role in the former DEPI, where she was appointed Deputy Secretary for Water and Catchments on 28 October 2013.

Emily has broad executive leadership experience in driving policy reform and delivering programs across the Victorian Government and has previously led policy and program delivery in regional development, sustainable agriculture, catchment management, and industry and community engagement.

Prior to her role in DEPI and DELWP, Emily built and led the Rural and Resources Policy Branch at the former Department of Primary Industries and was Executive Director, Agriculture Policy in DEPI.

Emily has played a key role in leading national drought policy reform, delivering state drought support and establishing and driving the vision for the new Agriculture Productivity Group of boosting food and fibre across the state.

Emily holds a Bachelor of Arts with Honours and a PhD in Rural Sociology.

Kathryn Anderson

Deputy Secretary, Corporate Services

Kathryn was appointed Deputy Secretary, Corporate Services in April 2015.

Kathryn is responsible for the delivery of a range of corporate support and advisory services to DELWP, including people and culture, finance and planning, business operations, legal, information and communications services.

Kathryn joined the department in 2015. She has more than 20 years experience as a public servant, across Commonwealth, Queensland and Victorian jurisdictions, including six years with the Queensland Department of Premier and Cabinet. Kathryn has spent several years focused on work to address Aboriginal disadvantage, including working with the Cape York Institute for Policy and Leadership.

Kathryn holds a Bachelor of Arts and a Graduate Certificate in Business.

Bruce Thompson was Deputy Secretary, Corporate Services from 1 July 2014 to 31 December 2014.

Louise Hill was Acting Deputy Secretary, Corporate Services from 1 January 2015 to April 2015.

Paul Smith

Deputy Secretary, Land, Fire and Environment

Paul is the Deputy Secretary, Land, Fire and Environment. Paul commenced in this role on 1 January 2015, following on from his role in the former DEPI, where he was appointed Deputy Secretary for Land, Fire and Environment on 6 May 2013.

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

Prior to his current role, Paul acted as the Deputy Secretary for the Environment and Natural Resources group in the former DSE and was also Executive Director, Environmental Policy and Climate Change.

Paul has built successful relationships with DELWP's many environment and land portfolio partners and with Victoria's Networked Emergency 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 two years in both DELWP and the former Department of Transport, Planning and Local Infrastructure and has responsibility for the operations of Local Government Victoria, Land Victoria and Local Infrastructure Policy and Partnerships.

Terry has been a career public servant for 35 years and served in a number of 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 particular interests include policy development, community capacity building and regional development. More recently he has been closely associated with a number of major developments in Victoria, including the Channel Deepening Project, the development of the Port of Hastings and a variety of major road and rail developments across the state focused on increasing freight efficiency and capacity to support growth in the Victorian economy.

Terry served on the Board of the Museum of Victoria for nine years and is a Fellow of the Institute of Public Administration Australia (IPAA) and has been on the board for six years as Deputy President, IPAA Victoria.

Terry is a graduate of La Trobe University with a Diploma of Arts (General Studies) and a Graduate Diploma of Education (Secondary).

Our governance structure

The Secretary, as head of the department, is accountable to the Minister for Environment, Climate Change and Water, Minister for Local Government and Minister for Planning for the overall governance of the department.

The department's corporate governance arrangements include an executive decision-making body, the Senior Executive Team comprising the Secretary (Chair) and the Deputy Secretaries.

Procurement Governance: Accredited Purchasing Unit and Chief Procurement Officer

Up until 31 December 2014, the Accredited Purchasing Unit (APU) oversaw the department's purchasing policies and practices for general goods and services through delegated powers assigned by the Victorian Government Purchasing Board, and also over building and construction related procurement. In 2014-15, APU members were:

Anthony Connelly (Chair)	Executive Director, Business Operations, Corporate Services
John Johnstone (Deputy Chair)	Manager, Strategic Planning and Projects, Water and Catchments
Eleanora Georgiou (Deputy Chair)	Manager, Financial Reporting and Projects, Corporate Services
Michele FitzGerald	Manager, Procurement Policy and APU Support, Corporate Services
Stuart Baker	Manager, Procurement, Corporate Services
Phil Biggs	Business Manager, Agriculture Policy
Lina Ghantous	Business Manager, Major Projects Agriculture
Bronwyn Clarke	Business Manager, Regulation and Compliance

From 1 January 2015, under the Victorian Government procurement reform program, DELWP was accredited by the Victorian Government Purchasing Board to transition to a new procurement framework and governance structure. The Chief Procurement Officer, Anthony Connelly is now responsible for oversight of new departmental purchasing policies and processes.

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 bi-monthly or as determined by the Chair.

In 2014-15, Risk and Audit Committee members were:

John Rundell (Chair)	Independent member
Suzanne Evans	Independent member
Fiona Bennett	Independent member (to December 2014)
Kathy Grigg	Independent member (to December 2014)
Helen Thornton	Independent member (from March 2015)
Mark Peters	Independent member (from March 2015)
Mike Timpano	Regional Director Gippsland (to September 2014)
Luke Wilson	Chief Executive Officer, Office of Living Victoria (to September 2014)
Emily Phillips	Deputy Secretary, Water and Catchments (from October 2014)
Travis Dowling	Executive Director Office of the Secretary, (from October to December 2014)
Peter Betson	Executive Director, Environment and Landscape Performance (to December 2014)
Bruce Thompson	Deputy Secretary, Corporate Services (to December 2014)
Louise Hill	Deputy Secretary, Corporate Services (from January 2015 to March 2015)
Fiona Delahunt	Executive Director, Forward Policy & Business Strategy (from March 2015)
Graham Phelps	Regional Director, Loddon Mallee (from March 2015)
Kathryn Anderson	Deputy Secretary, Corporate Services (from May 2015)

Risk management framework and attestation

Preamble

As part of good governance and in accordance with the Victorian Government Risk Management Framework (VGRMF) and the Australian/New Zealand Risk Management Standard (ISO 31000:2009), the Department of Environment, Land, Water and Planning (DELWP) is committed to the ongoing development, implementation and continuous improvement of its risk management practices and processes.

DELWP maintains a risk management program that is overseen by the Risk and Audit Committee. The program focusses on continuously improving on:

- Internal compliance and improvement of the risk management framework
- Reporting of risks to senior management and the Risk and Audit Committee
- Active monitoring of risk treatment plans for identified strategic risks
- Fostering an appropriate risk culture, behaviours and attitudes
- Embedding risk management in significant operations and programs
- Supporting line management to improve internal controls around key risks through internal audits
- Implementing an organisation wide business continuity and resilience management program
- Understanding and managing fraud and corruption risk exposures

DELWP maintains risk registers at the strategic, operational and project levels. Risk registers are used to inform the development of the department's internal audit program.

The former Department of Environment and Primary Industries had a risk management framework and processes similar to DELWP's for the period July-December 2014.

Risk Management Attestation Statement

I, Adam Fennessy, certify that the former Department of Environment and Primary Industries (DEPI) for the period July-December 2014 and the Department of Environment, Land, Water and Planning (DELWP) had risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

The DELWP Risk and Audit Committee verifies this assurance and that the risk profile of DELWP has been critically reviewed in 2014-15.



Adam Fennessy, Secretary
Department of Environment, Land, Water and Planning

Date: 18 August 2015

Insurance attestation

Insurance Attestation

Department of Environment, Land, Water and Planning insurance attestation 2014-15

I, Adam Fennessy, certify that the Department of Environment, Land, Water and Planning, as well as the former Department of Environment and Primary Industries for the period July – December 2014, has complied with the insurance requirements under the Victorian Government Risk Management Framework.



Adam Fennessy
Secretary
Department of Environment, Land, Water and Planning

Date 18 August 2015

About DELWP

Our vision

The Department of Environment, Land, Water and Planning (DELWP) contributes to the Victorian Government's commitment to a stronger, fairer, better Victoria by promoting development and jobs while protecting our built and natural environments.

Our mandate

The DELWP mandate is to support Victoria's natural and built environment to ensure economic growth and liveable, sustainable and inclusive communities that are resilient to the impacts of climate change.

Our mission

The DELWP mission is to:

- create liveable, inclusive and sustainable communities by connecting metropolitan and regional community priorities and services to state planning for Victoria's growth and development
- care for and protect the environment and help to respond to climate change through risk mitigation and adaptation strategies
- protect, enhance and strengthen the resilience of our quality built and natural environments, assets and resources.

About us

DELWP employs almost 3,000 staff working across the state. DELWP is a key manager of Victoria's public estate. We advise and support the Hon Lisa Neville MP, Minister for Environment, Climate Change and Water, the Hon Richard Wynne MP, Minister for Planning and the Hon Natalie Hutchins MP, Minister for Local Government and the Hon Anthony Carbin MP, Parliamentary Secretary for the Environment.

Our outcomes

The department's strategic priorities are guided by six outcomes:

- Healthy, resilient and biodiverse environment
- Productive and effective land management
- Safe and sustainable water resources
- A quality built environment
- Sustainable and effective local governments
- Reduced impact of major bushfires and other emergencies on people, property and the environment.

High performing organisation

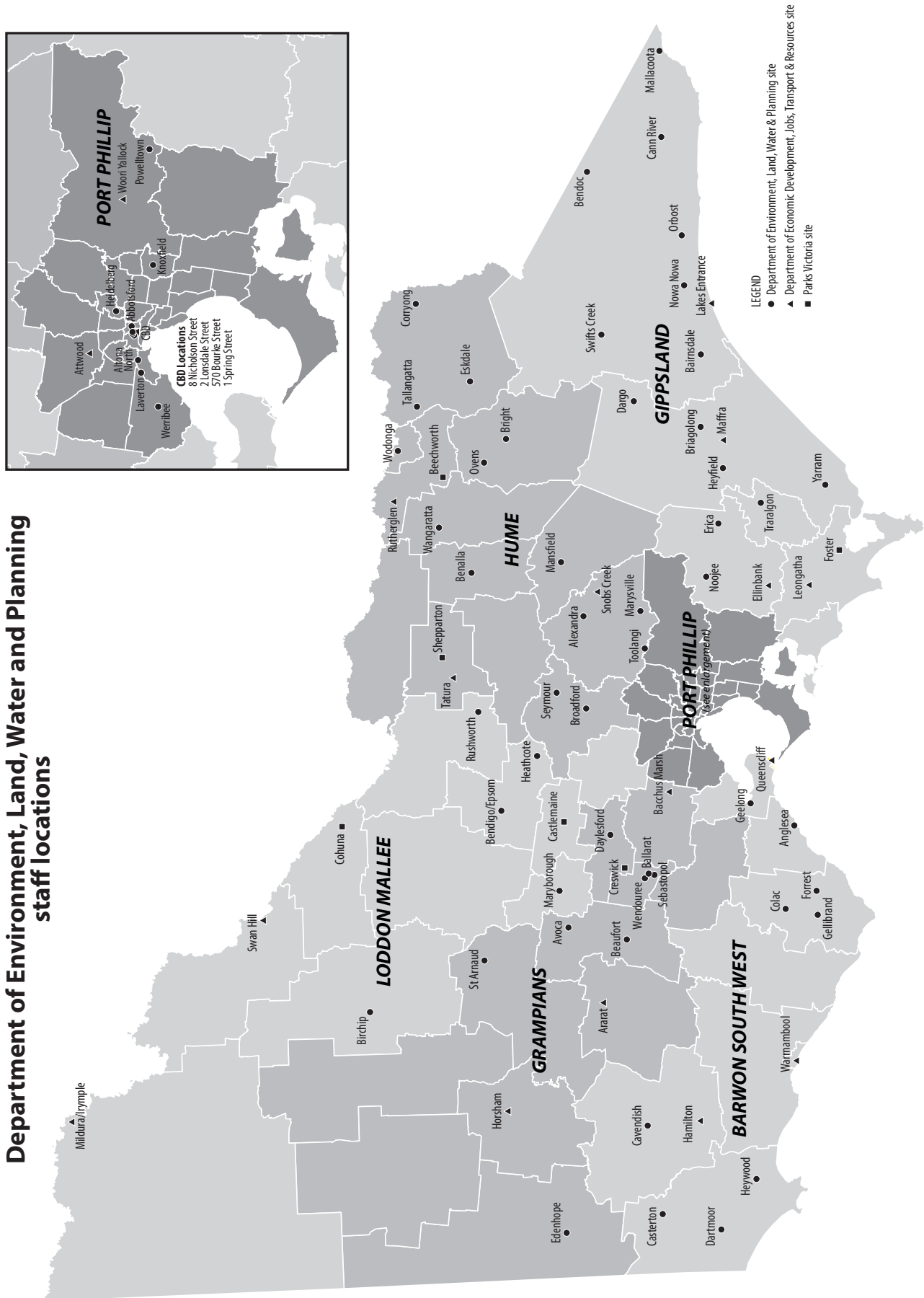
The department will achieve these outcomes by building a high performing organisation, including: developing our *Aboriginal Inclusion Plan 2015-20*; investing in developing gender equity and flexible roles; and in our Digital First approach to streamlining our services with stakeholders and customers.

Our regions

DELWP is strongly influenced by decision-making at a local level. DELWP uses its regional service delivery model to help achieve its objectives by delivering place-based, flexible and innovative solutions for Victoria's regional communities. We are focused on service delivery that is integrated, accessible and high-quality.

Our Regional Services team has strong relationships and partnerships with local communities and understands local issues, enabling us to find workable solutions to solve problems. We also provide valuable intelligence to decision makers on how policy and program design can be shaped to better meet the needs of the Victorian community. Our programs and services are delivered throughout the six regions shown in the map opposite: Barwon South West, Gippsland, Grampians, Hume, Loddon Mallee and Port Phillip.

Department of Environment, Land, Water and Planning staff locations



Our partners, clients and stakeholders

To achieve our outcomes, DELWP works closely with a wide range of partners, including:

- Aboriginal communities and organisations
- Alpine Advisory Committee
- Alpine resort management boards
- Alpine Resorts Coordinating Council
- Australian Property Institute
- Building industry and real-estate organisations
- Catchment management authorities
- Commissioner for Environmental Sustainability
- Committees of Management of Crown land reserves
- Commonwealth departments and agencies
- Cooperative research centres
- Country Fire Authority
- Emergency management agencies
- Emergency Management Victoria
- Environmental organisations
- Environment Protection Authority
- Flora and Fauna Guarantee Scientific Advisory Committee
- Heritage Council of Victoria
- Industry bodies
- Landcare
- Local Government Ministerial-Mayors Advisory Panel
- Municipal Association of Victoria
- National Parks Advisory Council
- Native Title Holders
- Office of the Emergency Services Commissioner
- Office of the Victorian Government Architect
- Parks Victoria
- Planning Institute of Australia
- Policy institutes
- Reference Areas Advisory Committee
- Regional coastal boards
- Residential Zones Standing Advisory Committee
- Royal Botanic Gardens
- State Planning Policy Framework Review Advisory Committee
- Surveyors Registration Board of Victoria
- Sustainability stakeholders
- Sustainability Victoria
- Tourism, sport and recreation groups
- Traditional Owner Land Management Boards and advisory bodies
- Trust for Nature
- Universities and CSIRO
- Urban Renewal Authority (Places Victoria)
- Victorian Adaptation and Sustainability Partnership
- Victorian Building Authority
- Victorian Coastal Council
- Victorian Environment Assessment Council
- Victorian Environmental Water Holder
- Victorian Government departments and agencies
- Victorian local governments
- Victorian Mineral Water Committee
- Victorian Water Trust Advisory Council
- Waste and Resource Recovery groups
- Water Supply Protection Area Consultative Committees
- Zoological Parks and Gardens Board.

Our 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 and agreed to a set of behaviours to bring to life our values of: Service Excellence, Teamwork, Ownership, and Wellbeing and Safety.

By living the values, we create a high performing, positive culture that makes DELWP a great place to work. As members of the Victorian Public Service, we also agree to work by the *Victorian Public Service Values* and *Code of Conduct*, which sets the expectations for how we behave as public servants.

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 that are made

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 be an active role model in how we treat ourselves and others

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

Service Excellence

We set clear objectives, be 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 the customer's and community's needs by stepping into their shoes

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.

Corporate Services – Provides business services and advice to support ministers, DELWP business groups and the wider DELWP portfolio to deliver on objectives.

Land, Fire and Environment – Provides 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 mutual outcomes. The group helps communities to prepare for, respond to and recover from natural disasters and other emergencies and leads the whole of government response to climate change.

Local Infrastructure – Works with local government to support the delivery of services and infrastructure and build stronger communities across the state. The group also provides administration and information services for the Victorian property industry and the wider community.

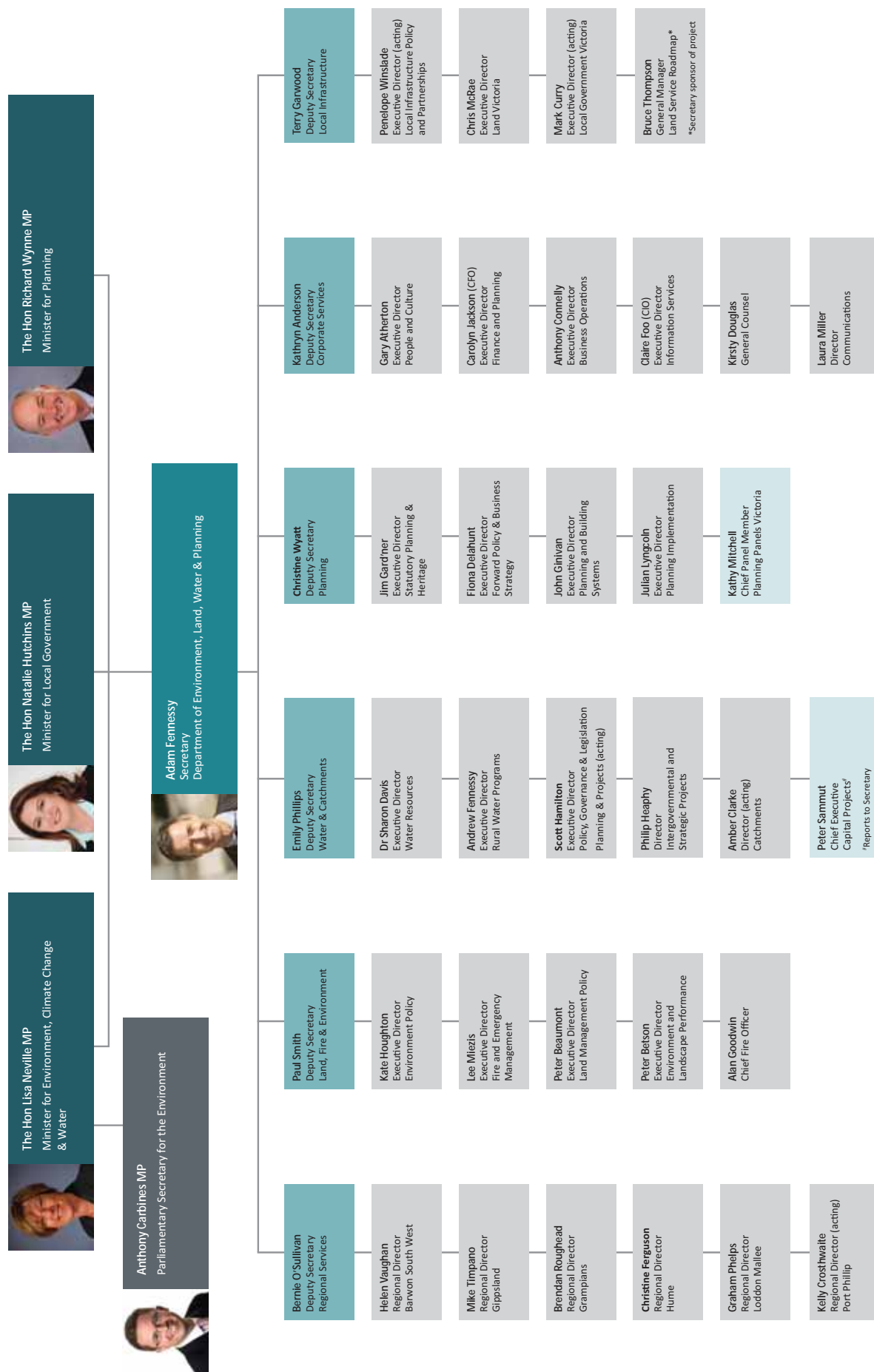
Planning – Manages the state's planning, building and heritage systems, including developing long-term, integrated land use strategies and policies, administering statutory responsibilities and facilitating urban development.

Regional Services – Delivers integrated and accessible departmental programs and services in partnership with local communities. The group also provides valuable intelligence to decision makers on how policy and program design can be shaped to achieve practical and sustainable outcomes, better meeting the needs of the Victorian community.

Water and Catchments – Manages Victoria's water resources to meet urban, rural and environmental needs. In partnership with water corporations and catchment management authorities, the group helps to deliver secure water supplies, for productive farms, liveable cities and towns, and healthy waterways and aquifers.

Organisational Structure

The organisational chart shows the department's structure and senior executives for delivery of functions as at 30 June 2015.



Financial review

Five-year financial summary

	2015 \$'000 (DELWP)	2014* \$'000 (DEPI)	2013* \$'000 (DEPI)	2012* \$'000 (DSE)	2011* \$'000 (DSE)
Income from government ¹	1,340,615	1,398,269	1,045,240	1,083,674	998,223
Total income from transactions	1,802,945	1,665,813	1,278,847	1,375,567	1,240,658
Total expenses from transactions	1,479,411	1,580,771	1,264,680	1,315,285	1,250,108
Net result from transactions ²	323,534	85,042	14,167	60,282	(9,450)
Net result for the period	326,533	69,342	243,820	12,621	23,666
Net cash flow from operating activities	311,435	88,996	46,255	127,780	19,369
Total assets	8,581,597	8,703,808	7,749,716	7,579,853	7,786,571
Total liabilities	295,858	672,102	295,157	283,242	367,412

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.

* Amended for impact of prior period errors and any changes in accounting policy.

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 2014-15, the Department of Environment, Land, Water and Planning (DELWP) recorded a net result from transactions of \$323.5 million, which was \$238.5 million higher than in 2013-14.

Notes on Machinery of Government changes

For comparison, 2014-15 marks the first results for the department that reflect the Machinery of Government administrative arrangements announced on 4 December 2014 and implemented on 1 January 2015. The 2013-14 results for the former Department of Environment and Primary Industries (DEPI) reflect the Machinery of Government Administrative Arrangements implemented on 1 July 2013.

The Machinery of Government Administrative Arrangements announced in 2014-15 resulted in the former DEPI relinquishing its Agriculture, Biosecurity, Sustainably Manage Fish and Forest resources outputs to the newly created Department of Economic Development, Jobs, Transport and Resources (DEDJTR). In addition, DELWP assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect, and Planning, Building and Heritage outputs from the former Department of Transport, Planning and Local Infrastructure (DTPLI), and part of the Regional Development (Planning) output from the former Department of State Development, Business and Innovation (DSDBI).

As part of Machinery of Government Administrative Arrangements implemented on 15 May 2015 DELWP, relinquished its Office of Victorian Government Architect output to the Department of Premier and Cabinet (DPC).

The prior Machinery of Government 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 2014-15, DELWP recorded a higher net result from transactions, due to an increase in total income from transactions of \$137.1 million and a reduction in expenditure of \$101.3 million.

The revenue increase was due to the department receiving a grant into trust of \$179.9 million from the Department of Treasury and Finance in relation to the *Goulburn-Murray Water Connections Project*, an increase in special appropriations of \$113.4 million also in relation to the same project and Growth Areas Infrastructure Contributions which came to DELWP as part of the 1 January 2015 Machinery of Government administrative arrangements. The increase for sales of goods and services of \$19.3 million mainly relates to Land Victoria revenue such as valuation services which also came to the department as part of the January 2015 administrative arrangements.

These increases in revenue are predominantly offset by a reduction in appropriation revenue of \$171.0 million in line with the 2014-15 budget estimates.

The expenditure reduction of \$101.3 million is primarily represented by a reduction in employee expenses of \$8.5 million representing a net reduction in staff numbers due to the changes in administrative arrangements. Depreciation reduced by \$12.7 million, and interest expense reduced by \$12.9 million largely due to the transfer of the Royal Melbourne Showgrounds and the Biosciences Research Centre finance lease assets out of the department following the Machinery of Government Administrative Arrangements. Similarly the Capital Asset Charge has reduced by \$9.9 million reflecting the transfer of assets and the revised 2014-15 budget for the department.

A large part of the reduction in purchases of supplies and services of \$58.8 million relates to a reduction within this category of \$52.4 million for net outputs transferred as part of the Machinery of Government changes.

Other economic flows increased by \$18.7 million largely due to inflows arising from the recognition of land parcels as a result of the department's ongoing whole of Victorian Government Crown Land Reconciliation.

Financial position – balance sheet

Total assets decreased by \$122.2 million to \$8,581.6 million primarily due to the net transfer of property, plant and equipment to and from DEDJTR, including the former DEPI's share of the Biosciences Research Centre, the Royal Melbourne Showgrounds and other property plant and equipment.

Total liabilities reduced by \$376.2 million primarily due to decreases in borrowings related to the

transfer of finance lease liabilities (Royal Melbourne Showgrounds and Biosciences Research Centre) and accrued payables.

Consequently DELWP's net assets increased by \$276.2 million or 3.4 per cent from last year to \$8,285.7 million.

Cash flows

DELWP's net cash inflow from operating activities increased by \$222.4 million to \$311.4 million. This increase in cash reflects the DELWP net result from transactions for the year, the impact of non-cash items such as depreciation and movements in financial assets and liabilities.

Subsequent events

Sustainability Fund

From 1 July 2015, amendments made to the *Environment Protection Act 1970* through the *Environment Protection and Sustainability Victoria Amendment Act 2014* legislates the transfer of management and administration of the Sustainability Fund from the Environment Protection Authority (EPA) to the department. The collection of landfill levy will be administered by the EPA, and the recording and distribution of the revenue will be managed by the department.

As a result of the legislative amendments, the cash balance of the Sustainability Fund will be transferred from EPA to the department on 1 July 2015. The transfer has resulted in a \$383.764 million increase in cash and investments (assets), a \$47.003 million increase in receivables (assets) and an increase in contributed capital (equity) of \$430.767 million.

Lancefield fire review

On Wednesday 30 September 2015, the department initiated a planned burn in the forest 10 kilometres North West of Lancefield. This fire jumped containment lines resulting in the loss of personal property. The Government's immediate priority has been to support the local communities most affected by the fire, including those in and around Lancefield, Benloc and Cobaw.

The Minister for Environment, Climate Change and Water announced an independent investigation into the escape of the fire, which will examine all aspects of the planned burn, including its timing, communication with the community and the factors involved in it getting out of control.

The independent investigation has yet to be finalised and the estimate of the financial effect, if any, cannot yet be determined. Further announcements, including any financial effect on the operations of the department will be made once the investigation is finalised.

Controlled expenses from transactions by output

Payments for outputs (controlled)	\$'000	%
Agriculture ¹	163,889	11.08%
Biosecurity ¹	36,322	2.46%
Environmental Policy	46,847	3.17%
Environmental Programs	70,168	4.74%
Effective Water Management and Supply	377,491	25.52%
Local Government ²	9,426	0.64%
Office of the Victorian Government Architect ³	474	0.03%
Planning, Building and Heritage ²	41,457	2.80%
Fire and Emergency Management	347,803	23.51%
Sustainably Manage Fish and Forest Resources ¹	41,789	2.82%
Management of Forests, Parks, and Public Land	298,850	20.20%
Land Victoria ²	44,885	3.03%
	1,479,411	100.00%

Note:

1. Outputs transferred to DEDJTR from 1 January 2015. Payments relate to the period between 1 July 2014 to December 2014.
2. Outputs transferred from the former DTPLI from 1 January 2015. Payments relate to the period between 1 January 2015 to 30 June 2015.
3. Output transferred from former DTPLI on 1 January 2015 before subsequently being transferred to DPC on 15 May 2015. Payments relate to the period between 1 January 2015 and 15 May 2015.

Financial governance

The department diligently exercises its various financial management obligations. The Minister for Finance has implemented various financial governance frameworks to ensure effective, efficient and responsible financial management of public resources, including the *Financial Management Compliance Framework* (FMCF). The FMCF governs compliance with the provisions of the *Financial Management Act 1994*, Taxation Compliance Rules, Purchasing Card Rules for Use and Administration and Thefts and Losses Rules.

The FMCF provides assurance that all public entities:

- have implemented appropriate systems for the effective, efficient and responsible financial management of public resources and provides a mechanism for government to monitor and review compliance with legislation
- are complying with legislation in relation to the major federal taxes including GST, FBT and PAYG
- have implemented efficient and effective use of purchasing cards
- report all instances of thefts and losses to the Minister for Finance on an annual basis.

The department's compliance with the *Direction Requirements* of the FMCF is formally assessed at 30 June each year and the tax compliance component is subject to an independent review.

The department also maintains a number of financial policies, procedures and guidelines to ensure 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 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*).

Governance of Financial Management training is provided online to all staff applying for the right to exercise financial delegations within the department. All financial delegates are required to repeat the training every three years.

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.

Budget portfolio outcome statements

A comparison of the budget portfolio outcome statements for the department, as published in the 2014-15 Budget Paper No. 5, and the actual results for the year can be found at Appendix 2.

Our people

The Department of Environment, Land, Water and Planning (DELWP) is a diverse organisation, operating across Victoria in over 100 locations. In 2014-15, the 2,960 DELWP staff implemented a range of outputs, projects and initiatives that were vital to the long-term health and prosperity of Victoria. As a mark of the importance of our staff, the new DELWP values established after the commencement of the new department in January 2015, includes Wellbeing and Safety as a key focus of what we do and how we do it.

This section of the annual report provides a report on how Wellbeing and Safety is being managed in DELWP and includes an overview of other complimentary initiatives and programs, such as: diversity, leadership, workplace relations and capability building.

All of this activity is aimed at making DELWP a constructive and supportive environment for DELWP staff to work and flourish.

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 safety and wellbeing of our people is fundamental to the successful delivery of our work programs and a critical factor in supporting our lead-agency role in public land and fire management compliance.

The department aims to demonstrate, through leadership, the commitment and importance placed on the physical and psychological wellbeing of employees, contractors, visitors and those affected by the work we do.

The department's policy urges all staff to *Think Safety and Work Safely* to ensure everyone returns home safely and in a good state of mind at the end of each work day. Our commitment to safety and wellbeing is based on four key pillars: Lead, Understand, Act and Improve, which are reflected in the *Safety and Wellbeing Strategy 2015–16*.

The aim is to build a culture that provides a working environment, resources and support to make safety and wellbeing everyone's responsibility and it empowers people to be proactive in eliminating and minimising risks and hazards to achieve the highest level of safety possible. The department continues to encourage a reporting ethos and insistence on compliance.

Safety advisors

Throughout 2014-15, DELWP's Safety Team engaged with staff at all levels of the organisation. This was achieved through both regular interaction with stakeholders, and the Audit and Inspection program. The Safety Team undertook more than 603 reported site and field audits across the state during 2014-15, generating more than 1,529 corrective actions.

Through the Departmental Consultative Structure and the Regional Safety and Wellbeing Governance Committee, the Safety Team has provided governance, led the Action Planning process and provided guidance and coaching to stakeholders on meeting their obligations for legislative compliance.

Safety management system

Our safety management system underpins the policy and includes:

- *Safety and Wellbeing Strategy*
- Role statements – for employees, managers, supervisors, executives and health and safety representatives
- Mandatory online Wellbeing and Safety induction for all new starters
- Wellbeing and Safety Action Plans developed by location
- Job Safety Planning – the process and tools used to plan jobs so they can be completed safely
- Safe Work Procedures – written instructions that describe how to perform a job safely
- Safe Operating Instructions – describe the procedure for safely using particular plant/machinery or equipment
- Safety Alerts and Safety Updates – providing up to date information about hazards or hazardous conditions in the workplace
- Infosafe – online chemical inventory system for recording hazardous substances and dangerous goods

- Wellbeing and Safety Intranet page - location for safety and wellbeing information
- Wellbeing and Safety Priority Training Program - addresses areas of skills, knowledge and awareness required within DELWP to manage Wellbeing and Safety Risks Safety advisors.

Safety programs

In 2014-15, a number of wellbeing and safety programs were developed and rolled out including: Volunteer Safety Management; Manual Handling, including slips, trips and falls; Driver safety; and Contractor Safety Management.

The project to respond to the emerging risk area around driver safety involved benchmarking against other organisations; analysis of incident and investigation data; gap analysis of driver training (4WD); and Defensive Driver and Safe Trailer training. Driver safety will continue to be a key focus of activity into 2015-16.

A project to strengthen the identification and management of manual handling, including slips, trips and falls, was commenced as a result of the high proportion (53%) of manual handling and slips, trips and falls in WorkCover claims in 2014-15. The project included the revision of systems; the assessment of manual handling risks with Safe Work procedures; development of a reward and recognition program for innovative controls of manual handling risks; and a training program that 49 DELWP staff attended. This program will continue in 2015-16 with 29 additional courses scheduled.

The implementation of the Infosafe substance management system, which included auditing stock holdings of hazardous substances and dangerous goods and hands-on training sessions, was completed across all DELWP sites.

Wellbeing programs

The wellbeing of our staff is supported through a comprehensive suite of programs that includes:

- The Peer Support Program - trained staff that are able to provide a first point of contact to facilitate access and information to the support resources available within the department
- The Workplace Conciliator - an independent, internal and confidential contact to support and coach staff through work or non-work related issues
- Health services providing vaccinations and health monitoring to ensure risks to health arising from work duties are proactively addressed and managed for our staff
- The Wellbeing Portal - an online resource accessible to all staff, which offers a wellness assessment to identify individual health risk areas and produce personalised health reports. HealthByte emails are generated fortnightly and provide health and wellbeing news, tips and recipes, as well as lifestyle programs and tools to motivate the adoption of healthy lifestyle changes and empower our staff to look after their health and wellbeing
- Targeted health and wellbeing programs – conducted throughout the year, focusing on physical activity, mental health, nutrition, smoking and drug and alcohol use. These have been established from de-identified data gathered through the online wellbeing portal wellness assessments. Wellbeing programs conducted include the DELWP *Walk Through Winter* challenge with 369 registrations and the annual Influenza program with 1,442 staff vaccinated
- The Employee Assistance Program (EAP) - a professional, independent counselling and coaching service that offers employees confidential, short-term and solution-focused support to staff and their immediate family
- The EAP phone service is available 24 hours a day, seven days a week and offers:
 - **Employee Assist** – short-term assistance to support staff in meeting the demands of work and personal life
 - **Career Assist** – professional and impartial career coaching to help staff make informed career decisions
 - **Manager Assist** – coaching for managers and supervisors for management-related issues such as team conflict, performance concerns and managing change and distressing events
 - **Executive Assist** – a tailored consulting service to support executives for personal or work related matters such as leadership strategies to support teams and maximise performance.

Key Achievements

DELWP's wellbeing and safety achievements for 2014-15 include the following:

Procedures and instructions:

- The DELWP Safety Team, in consultation with technical experts, continued to develop Safe Operating Instructions for the use of plant and equipment
- The DELWP Safety Team, in consultation with staff, continued to develop Safe Work Procedures and Safety and Wellbeing policies for working safely.

Web communications:

- Developed a new Wellbeing and Safety page on the DELWP intranet to ensure it is a portal for current information
- Developed a new Job Safety Planning page on the Emergency Management Portal in the Incident Management Team Toolbox to allow DELWP staff and our partner agencies to access Job Safety Planning, Safe Work Procedures and Safe Operating Instruction information.

Training:

- Established a panel of Wellbeing and Safety Training Providers to underpin the delivery of training in 2014-15
- Continued to adopt systematic approaches to training identification, prioritisation and scheduling of Wellbeing and Safety Training
- Continued safe storage and handling transport of hazardous Substances and Dangerous Goods. An additional 126 people were trained in 2014-15, bringing the total number of staff attending training since 2013 to 588. A project to translate the face- to-face training into an e-learning environment to provide flexible learning options is continuing
- Delivered a revised course in Volunteer Safety Management to 76 attendees in 2014-15 to support changes in the procedures for managing volunteers and volunteer groups. The supporting course for Volunteers, Job Safety Planning for volunteers, was also delivered to volunteer groups with seven volunteers attending

- Made training available in hearing conservation and noise awareness with 223 DELWP staff attending the training in 2014-15, bringing the total number to 407 persons trained since May 2014. Work commenced early in 2015 to translate the face-to-face training into an e-learning environment that will provide flexible learning options for staff
- Provided two training courses to improve the management of contractors:
 - The Contractor Safety Management Training supported the revised Contractor Safety Management procedures with 245 staff attending
 - The External Private Plant Panel Safety Inspection Training supported DELWP Regional Services staff to increase their knowledge and skills in managing Private Plant contractors with 117 participants attending this training
- Both courses developed the knowledge and skills of our people to manage safety and wellbeing aspects in both the procurement and contract management phases of projects, where heightened safety and wellbeing risks have been identified
- Completed a project to review Leading Wellbeing and Safety in DELWP. Building on the Victorian WorkCover Authority endorsed program, the program aims to provide managers and supervisors with the skills and knowledge to assist them to lead a culture of Wellbeing and Safety. The revised program was launched in June 2015 which 33 staff attended. It will continue to be implemented in 2015-16 with the aim of having all managers and supervisors attend
- Supported the review and delivery of the Medical Services Unit Training to ensure it aligns with the all-hazards, all-agency approach for emergency response
- In 2014-15, there were an overall 2,196 attendances across the full suite of Wellbeing and Safety Training.

Reviews and consultation:

- Provided an ongoing commitment to the Hazardous Trees Project, which has involved significant consultation across the state
- Supported the review of First Aid services and consumables tender
- DELWP Safety and Wellbeing Team participated in the Streamlining Medical Assessments in DELWP for Emergency Roles program.

Feedback

The DELWP Safety Team responded to feedback from staff received covering all aspects of safety from training, job safety planning, plant and equipment and health and wellbeing. This is supported by the feedback email: safety.feedback@delwp.vic.gov.au.

Incident Management and WorkCover

WorkCover: early intervention and return to work 2014-15

In 2014-15, the DELWP Injury Management Team focused on early intervention by conducting *Line Manager Responsibility* information sessions to over 30 DELWP sites and carrying out more than 70 basic ergonomic assessments for staff members.

Return to work performance: Of the 38 standard WorkCover claims open at the end of June 2015, 19 had less than 13 weeks lost time, five had more than 13 weeks lost time and 13 had more than 52 weeks lost time.

There were three stress-related WorkCover claims submitted in 2014-15, a reduction from the 12 submitted in 2013-14. There was also a reduction in standard claims, with the number decreasing from 76 in 2013-14 to 60 in 2014-15. The provision of additional education to DELWP Staff on *Return to work* and *Stay at work* policies may have contributed to these improvements.

Investigations

The DELWP Investigations Unit oversees all safety and behavioural investigations on behalf of the department as well as providing high level advice, mentoring and specialist training to staff and managers in relation to investigations. This allows staff to take a level of ownership of the incident investigation process and further highlights the benefits of undertaking thorough investigations.

Appropriate behavioural investigations

In 2014-15, the Investigations Unit assessed 44 matters for potential breaches of relevant appropriate behaviour policies or the *VPS Code of Conduct*.

Safety investigations

In 2014-15 the Investigations Unit co-ordinated 128 safety investigations as a result of incidents reported in the department's online reporting system (POSSUM). The causes of incidents were established and corrective actions assigned and implemented with the assistance of the Safety Team.

WorkSafe

The Investigations Unit provides the point of contact between the department and WorkSafe. For 2014-15 the unit reported 30 notifiable incidents to WorkSafe and managed the subsequent interaction with WorkSafe as a result of the notifications.

WorkSafe also undertook a number of proactive visits to sites across the state which required additional followup from the Investigations Unit, local management and DELWP health and safety representatives.

Fire agency reviews

The Investigations Unit managed and undertook a safety review of the interstate fire agencies that are a signatory to the *Forest and Fire Management Group Arrangement*. The review aimed to assess 14 key safety elements that will apply to DELWP employees when assisting with interstate emergency management requests. At the completion of the review a report and gap analysis was prepared; identifying differences in procedures and allowing risk mitigation strategies to be implemented where appropriate.

POSSUM

POSSUM (Personal and Organisational Safety System for U and Me) is the online database used to record, track, manage and report on all Wellbeing and Safety incidents and hazards. During the 2014-15 financial year it also became the repository for safety audits and inspections. POSSUM is compliant with the *Workplace Injury Disease Recording Standard in the Workplace* (AS: 1885:1) and the *Auditing Standards* (AS/NZS 4801:2001, OHSAS 18001:2007).

During the 2014-15 financial year, 544 of the 752 incidents and 79 of the 114 hazards recorded in POSSUM were successfully closed off after appropriate corrective actions were implemented.

Audits and actions

A program of dangerous goods and hazardous substances audits commenced in DELWP during 2014-15 with 80 per cent of all DELWP workplaces audited by 30 June 2015. It is expected that audits in the remaining workplaces will be completed in 2015-16.

Safety duty phone

The wellbeing and safety duty telephone is a central point of contact for all staff and managers when they require timely safety advice following an incident, or where WorkSafe Victoria are concerned.

The holder of the duty phone is the nominated Safety Duty Officer who has undertaken the necessary training and is the primary contact for initiating a response to an incident.

The safety duty phone runs from 1 November until 30 June each year and is a 24 hour service. During 2014-15, the safety and wellbeing duty phone received 104 calls seeking assistance.

Safety updates and safety alerts

The Investigations Unit uses findings and other information obtained through investigations to develop and distribute safety alerts and updates.

Safety alerts are used to inform staff of specific risks that require immediate action to address the issue. Safety updates are used to disseminate and share learnings from incident investigations, or to highlight other important incident trends.

During 2014-15, seven safety alerts and nine safety updates were released providing valuable and timely information to staff on safety and wellbeing issues.

Safety reporting

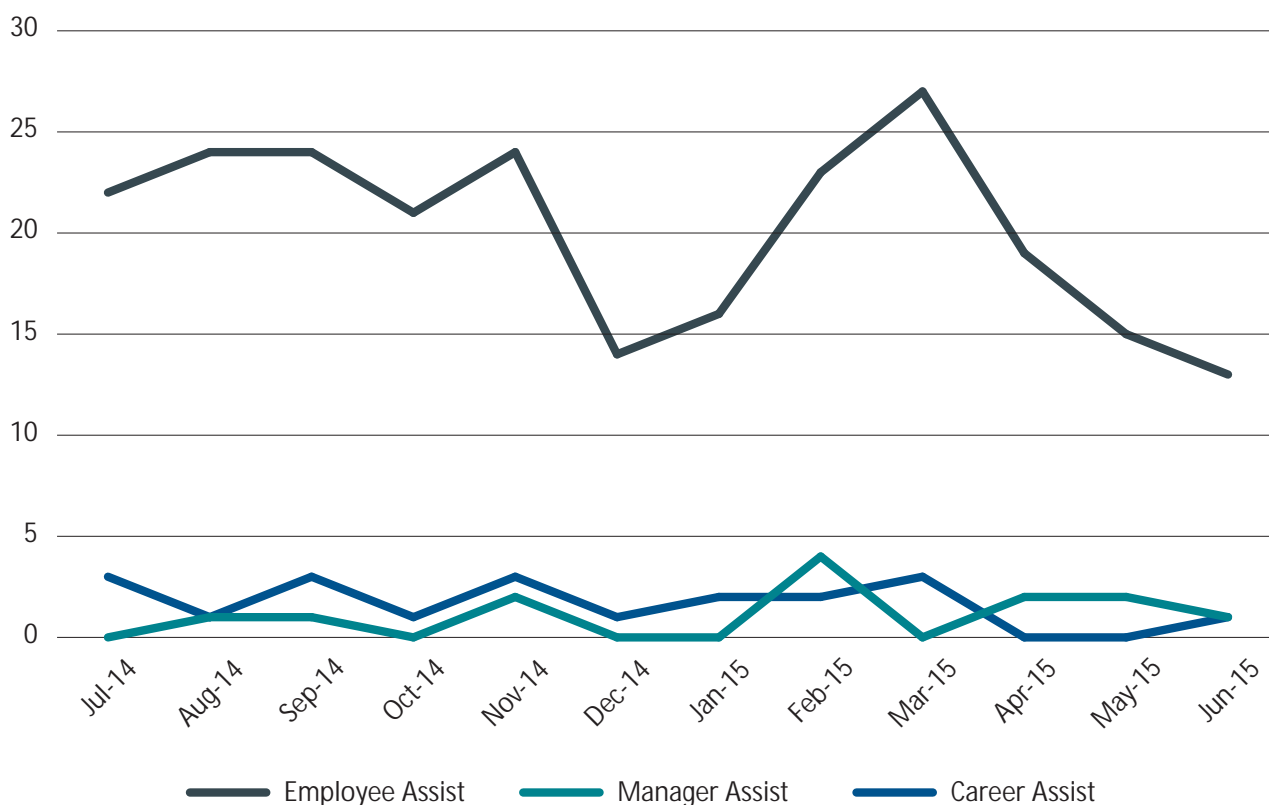
DELWP provides a range of safety reports to executives and managers. A *Wellbeing and Safety Report* is produced each month on incidents and hazards, investigations, Work Cover claims and usage of the department's Employee Assistance Program (EAP).

Ad-hoc reports are also generated upon request for DELWP divisions. During the fire season a *Fire Event Report* is generated via the POSSUM database to assist the fire management staff to track and manage fire events and related incidents and hazards.

Investigations training

During 2014-15, the Investigations Unit undertook refresher training for Safety Investigators, with 27 staff attending the sessions.

Employee Assistance Program: provision of phone services during 2014-15



OHS performance indicators ¹

Description	Performance indicator	2014–15
Incidents and hazards¹		
	Incidents	752 ²
	Lost time incidents	93
	Hazards	114
	Incident rate per 100 FTE	15.82 ³
WorkCover⁴		
Claims	Number of standard claims	60
	Rate per 100 FTE	1.49
	Standard claims with lost time	38
	Rate per 100 FTE	0.95
Fatalities	Number of fatalities	0
Claim costs	Average cost per claim (\$)	\$57,312
Return to work (RTW)	Percentage of RTW arrangements initiated for claims exceeding 20 days per 100 FTE	70.6%
Management commitment	Evidence of safety and wellbeing policy, strategy, regular reporting to senior management, safety criteria in purchasing guidelines	Achieved
Consultation and participation	Designated work group structure, health and safety representatives (HSR) and issue resolution procedure in place	Achieved
Risk management	Internal audits/inspections conducted as planned Reporting of incidents and injuries Investigation of incidents and corrective actions initiated	Achieved
Training	Safety and Wellbeing Induction Job Safety Planning HSR training Management training	Achieved

Note:

1. Data sourced from DELWP Safety Incident Management System (POSSUM) and Safety Max (DEDJTR).
2. Data also includes former DEPI employees from July 2014 to December 2014.
3. The incident and hazard rates based on 2014–15 FTE count represent March 2014 figures of 4,750.50 FTE and captures the majority of Project Firefighters.
4. The data is sourced from the Victorian WorkCover Authority. The 2014-15 rate is based on FTE count at 30 June 2015. This excludes external contractors/consultants and temporary staff employed by employment agencies.

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 that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

Workplace relations

The department recorded no industrial relations incidents that resulted in lost time in 2014-15.

Negotiations for the new *Field Staff Agreement 2015* commenced in the last quarter of the year and were continuing at the end of 2014-15. This agreement covers staff primarily involved in fire suppression, prescribed burning and forestry work.

Appropriate Workplace Behaviour workshops continued to be delivered, with over 730 staff attending throughout 2014-15.

The department processes portfolio statutory authorities' enterprise agreements through to government approval, and provides industrial advice and assistance as required. In 2014-15, 16 management logs and six settlement positions were processed through to government approval, as were 11 final agreements.

A change in government policy mid-year, removed the requirement to submit the settlement position. Portfolio agencies are now only required to submit the management log and final submission as part of the enterprise agreement approval process.

Grievances

In 2014-15, the department received 24 new grievances with seven existing grievances being carried over from 2013-14.

The table below shows grievances by outcome:

Outcome	Number
Withdrawn	6
Not substantiated	6
Partially substantiated	1
Substantiated	0
Rejected	2
No further action required	14
Open	2
Total	31

Leadership and management development

During 2014-15, DELWP continued to develop the capabilities of its leaders and managers.

Nineteen participants are enrolled in the Collaborative Leadership Program. They will complete the course over a two-year period. The program aims to strengthen the management and leadership skills of staff that are assessed as having the potential to move into more senior or more complex leadership positions in the next one to two years. The program will build a group of leaders who are comfortable with ambiguity and complexity and who collaborate effectively to achieve organisational outcomes.

DELWP supported staff to participate in a selection of external leadership programs including the Cranlana VPS Leaders Colloquium.

Coaching practices continue to be implemented at DELWP. Selected staff have completed accredited coaching programs to build internal capability, the Coaching Community of Practice has been further developed and strengthened and the Coaching Panel has continued to assist senior managers to lead during periods of change.

Graduate programs

The two-year DELWP Science Graduate Program recruited 20 new graduates in 2015 to accompany the 17 recruited in 2014. Graduates were placed in the following DELWP groups: Regional Services (11); Land, Fire and Environment (3); and six are now in DEDJTR. The graduates generally have three placements and are located across Victoria. Following the Machinery of Government changes that commenced on 1 January 2015, 11 of the 37 graduates, from both the 2014 and 2015 intakes have transferred to DEDJTR and the program is now a key partnership between DELWP and DEDJTR.

In 2015, DELWP recruited five graduates through the VPS Graduate Recruitment Program. From February 2015, graduate recruits were placed across the following DELWP groups: Local Infrastructure (3); Corporate Services (1); and Planning (1). As graduate recruits complete the one-year program, they are rotated across two other Victorian Government departments and participate in a specialised training program.

Supporting people through change

Significant assistance has continued to be provided to support our managers to lead people through change. A suite of support programs, toolkits and other initiatives have been developed and deployed to assist both staff and managers to more effectively respond to change, improve our culture and enhance DELWP's organisational performance.

DELWP Capability Strategy

The *DELWP Capability Strategy 2015-2018* has been developed in consultation with key stakeholders from across DELWP and other government departments. The focus of the strategy is the identification and development of individual, collective and organisational capability for DELWP.

The capability development areas in the strategy are: Leading and Performing in a Time of Change; Governing in Complex Systems; Strategic Financial Management; Commercial Acumen; Service Delivery; Digital Literacy; Engaging Asia; Science; Emergency Management; Public Policy; Programs; and Collaboration.

Diversity and Inclusion

The DELWP diversity and inclusion vision is to:

"...embrace individual differences in all forms and foster innovation and inclusion to build a vibrant workplace."

This vision is aimed at developing and maintaining a workforce that reflects the diversity of the communities in which we operate.

The department is a member of the Diversity Council of Australia and this allows us to access diversity advice and Australian research, publications, thinking and practice on the full range of diversity issues so we can continue to improve our internal program.

The department has continued to provide the language allowance, and has also promoted the carer's room and the prayer room at 8 Nicholson Street to ensure we support and encourage our diverse employees in their work.

Diversity events

Regular activities have been held to promote diversity and inclusion and raise awareness by celebrating significant events across the department. In 2014-15, activities included National Aboriginal and Islanders Day Observance Committee (NAIDOC) Week; Carers Week; International Day for People with a Disability; Human Rights Day; Cultural Diversity Week; International Women's Day; Reconciliation Week; and the Midsumma Festival.

Our events are promoted across DELWP work sites through posters and support materials and through links to the coordinating organisations and community web sites. In addition, all activities are promoted on the internet, on our Yammer site and through the DELWP Secretary's weekly message. A key innovation has been to live-stream some of our diversity events held in Melbourne so they are accessible in realtime by our staff and interested community members from anywhere in Victoria.

Awareness raising

Several diversity programs have been held to educate and inform employees on their responsibilities and support them managing in a way that creates a fair, balanced and flexible organisation. Our appropriate workplace behaviours program highlights responsibilities and obligations in creating a fair and equitable work environment. We are also developing unconscious knowledge and bias training for executives to support decision making.

Gender equity

A key focus area this year has been to develop a *Gender Equity Action Plan* to drive change across six areas of focus that include improving systems, increasing development opportunities for women and to provide additional support and sponsorship for women in their careers. This will be supported by developing workplace flexibility, sharing stories about what we have learned and building governance and measurement around our initiatives. To help drive and maintain change in this area, DELWP now has a target to achieve a 50 per cent representation of women in executive roles. At the end of 2014-15, 50 per cent of our deputy secretaries and 44 per cent of our executives were women.

Workplace flexibility

In March 2015, DELWP commenced a new initiative to focus on a 'business as usual' approach to workplace flexibility and it was announced that all DELWP roles can be flexible in some way. A toolkit is now available on the intranet and information sessions and *Leading Flexible Teams* workshops will be rolled out over the remainder of 2015.

Male Champions of Change

In April 2015, the DELWP Secretary, Adam Fennessy, was announced as one of *Victoria's Male Champions of Change* by Victoria's Equal Opportunity and Human Rights Commissioner, Kate Jenkins. This group of Victorian male leaders is committed to advancing gender equity by increasing women's representation in the workplace and getting more women into leadership positions.

"I am committed to gender equity and workplace diversity not only because they are the right things to do, but because they are the hallmarks of a high performing organisation."

Adam Fennessy, DELWP Secretary

As part of this program, the Secretary hosted *Listen and Learn* sessions with approximately 80 staff attending from across the department.

Women's mentoring

During 2014-15, a number of programs were conducted for women to support their career development, and further events are scheduled for the second half of 2015. For example, around 65 women have registered for the *My Mentor* program.

Women's networking

DELWP is also creating networking opportunities for women through the launch of the *DELWP Women's Networking Program*. Former Victoria Police Chief Commissioner, Christine Nixon, delivered the keynote address at both of the two launch events held for DELWP Melbourne and regional staff during 2014-15.

The *DELWP Women's Networking Program* supports women to come together, to share experiences and to generate ideas. DELWP plans to host a number of 'centralised' events each year both in the Melbourne CBD and regions. A very enthusiastic group of DELWP staff have volunteered to help run the program and build the web of local or specialised networks.

DELWP Aboriginal Inclusion Plan

Another key focus area has been the drafting of the *DELWP Aboriginal Inclusion Plan 2015-20*. The draft DELWP plan builds on the plans that were created for the former DEPI: *Meerreeng Wanga*, and the former DTPLI *Aboriginal Inclusion Plan*. The DELWP vision for Aboriginal inclusion is:

"...that by partnering with Aboriginal people, we will increase Aboriginal participation in land, water, natural landscape, the built environment and local government in ways that strengthen the cultural and economic wellbeing and prosperity of Aboriginal Victorians."

Work is continuing on implementing a number of actions that have been identified. This includes a consultation draft of the *DELWP Aboriginal Employment Plan*, completed in June 2015.

Additionally, the first meeting of the *DELWP Aboriginal Staff Network* took place in Ballarat in June 2015. The network was created to build linkages, encourage mentor relationships and to support capability and career development.

Another action completed was to review and strengthen arrangements for the existing *Aboriginal Cultural Awareness Training* run in partnership between DELWP and Aboriginal communities.

Parents and Carers' Network

The *DELWP Parents and Carers' Network* held two meetings during 2014-15 and now has a Yammer site where network members can engage online. The network meeting held in National Carers' Week focused on resilience, and the meeting held in May 2015 provided information about resources available to assist in flexible work in DELWP.

Pride Network

A Pride Network was created in 2014-15 with a goal to support DELWP becoming a more LGBTI friendly workplace. It is also a social network for LGBTI people and their supporters. The network has commenced actively working to support the development of a VPS-wide Pride Network.

Human rights

During 2014-15, whole of government reports were completed to identify departmental actions to support the ongoing delivery of our responsibilities under the *Charter of Human Rights and Responsibilities*, the *Victorian State Disability Plan* and for Multicultural Affairs.

Reward and recognition

DELWP understands the importance of motivating employees to reach their full potential, through recognising and acknowledging achievements and encouraging staff to continue to work in accordance with the organisation's values and behaviours. This can lead to better work practices, enhanced staff satisfaction and improved outcomes for those receiving DELWP services.

Comparative workforce data

Note on Machinery of Government changes and its impact on data presented

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP). DELWP commenced operations from 1 January 2015 after Machinery of Government changes were implemented by the Victorian Government. Some staff and functions from the former Department of Environment and Primary Industries (DEPI); the former Department of Transport, Planning and Local Infrastructure (DTPLI); and the former Department of State Development, Business and Innovation (DSDBI) were transferred to DELWP to support the ministerial portfolios of Environment, Climate Change and Water; Planning; and Local Government.

Some staff from the former DEPI were also transferred to the new Department of Economic Development, Jobs, Transport and Resources (DEDJTR) as part of its role of supporting the ministerial portfolio of Agriculture.

The impact of these changes and, in some instances, the prior Machinery of Government Changes in 2013, does not always allow comparable trend data to be presented. Readers are alerted to comparability issues in the notes and analysis in each section and this should be considered when reading the information provided.

Profile of the DELWP workforce: June 2015

As at 30 June 2015, DELWP employed 2,960 full time equivalent (FTE) staff across Victoria compared to 3,470 FTE in June 2014 as DEPI.

Table 1: FTE staffing trends 2011 to 2015

	2015	2014	2013	2012	2011
Department	DELWP	DEPI	DEPI	DSE	DSE
Total staff (FTE)	2,960	3,470	2,328	2,617	2,836

Table 2: Summary of employment levels in June 2014 and 2015

	Ongoing Employees				Fixed Term and Casual	Total Staff
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE	FTE
June 2015	2,836	2,376	460	2,684	276	2,960
June 2014	3,393	2,819	574	3,190	280	3,470

Table 3: Details of employment levels in June of 2014 and 2015

	2015			2014		
	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)
Gender						
Male	1,583	1,566	119	1,923	1,894	143
Female	1,253	1,118	157	1,470	1,296	137
Total	2,836	2,684	276	3,393	3,190	280
Age						
Under 25	41	41	16	62	61	30
25-34	494	475	103	640	612	119
35-44	806	732	83	1,030	932	63
45-54	713	680	50	946	900	35
55-64	607	590	20	653	629	32
Over 64	175	166	4	62	56	1
Total	2,836	2,684	276	3,393	3,190	280
Classification						
Field Staff	304	303	22	308	308	42
VPS 1	4	2	1	9	5	14
VPS 2	160	144	24	302	268	41
VPS 3	576	542	46	556	524	29
VPS 4	585	547	67	577	539	48
VPS 5	585	542	60	513	481	26
VPS 6	440	427	35	360	345	13
STS	22	22	2	17	17	1
Science Adaptives	54	52	8	620	578	59
Legal Adaptives	16	14	1	14	13	1
Executives	63	62	0	61	60	0
Other	27	27	10	56	52	6
Total	2,836	2,684	276	3,393	3,190	280

Note:

1. Data from 2014 and 2015 is not comparable. Readers should consider the note on Machinery of Government changes on page 29 when reading these tables.
2. 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.
3. FTE means full time staff equivalent and is rounded to the nearest whole number.
4. Employees reported with a classification of 'other' include the following categories: Principal Scientist, Trainee and Wild Dog Controllers.
5. All figures reflect employment levels during the last full pay period in June each year.
6. 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*.
7. Employees attached to the Commissioner for Environmental Sustainability are employees of the Department Secretary and are included in the above figures.
8. The Office of Living Victoria operated as an Administrative Office from 22 May 2012 until 30 June 2014. Its numbers are included the tables above for the 2015 disclosure.
9. The Environment Protection Authority (EPA) 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.

Profile of Sustainability Victoria workforce

As at June 2015, Sustainability Victoria (SV) employed 112 FTE staff across Victoria.

Table 1: Sustainability Victoria FTE staffing trends 2011 to 2015

2015	2014	2013	2012	2011
112	111	106	113	147

Table 2: Sustainability Victoria summary of employment levels in June 2015 and June 2014

	Ongoing Employees			Fixed Term and Casual	Total Staff
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2015	89	73	16	84	28
June 2014	95	70	25	89	22

Table 3: Sustainability Victoria details of employment levels in June 2015 and 2014

	2015			2014		
	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)
Gender						
Male	31	31	13	42	42	7
Female	58	53	15	53	47	15
Total	89	84	28	95	89	22
Age						
Under 25	0	0	2	0	0	0
25-34	15	15	10	15	15	10
35-44	41	38	11	42	38	10
45-54	21	19	3	23	22	1
55-64	11	11	2	14	13	1
Over 64	1	1	0	1	1	0
Total	89	84	28	95	89	22
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	0	0	0	0	0	0
VPS 3	3	3	1	3	3	1
VPS 4	33	30	7	33	30	10
VPS 5	38	35	14	38	36	9
VPS 6	14	15	1	16	15	2
STS	0	0	0	0	0	0
Executive	5	5	0	5	5	0
Total	89	84	28	95	89	22

Note:

1. Ongoing employees includes people engaged in 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.
2. FTE means full time staff equivalent and is rounded to the nearest whole number.
3. All figures reflect employment levels during the last full pay period in June of each year.
4. 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*.
5. Sustainability Victoria Workforce numbers are also included in the Sustainability Victoria Annual Report.

Executive officer data

An executive officer (EO) is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*. 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 Governor in Council appointments as statutory office holders.

The total group of executives is classified into two categories based on the following definitions:

- 'ongoing' executives are executives who are responsible for function or outputs that are expected to be ongoing at the end of the reporting period; and
- 'special projects' executives are executives who are employed for a specific project. These projects are generally for a fixed term period of time and relate to specific government priority.

The following tables disclose the executive officers of the department for 30 June 2015:

- Table 1 discloses the number of executive officers in the categories of 'ongoing' and 'special projects' and the total numbers of EOs for the Department;
- Table 2 provides a breakdown of EOs according to gender for the categories of 'Ongoing' and 'Special Projects';
- Table 3 provides a reconciliation of executive numbers presented between the report of operations and Note 41 'remuneration of executives' in the financial statement.

Tables 1 to 3 also disclose the variations (Var.) between the current and previous reporting periods. Current vacancies are shown in table 2.

Note on Machinery of Government changes and its impact on staff numbers

The Department of Environment, Land, Water and Planning (DELWP) commenced operations from 1 January 2015 after Machinery of Government changes were implemented by the Victorian Government. Associated staff from the former Department of Environment and Primary Industries (DEPI); the former Department of Transport, Planning and Local Infrastructure (DTPLI); and some staff from the former Department of State Development, Business and Innovation (DSDBI) were transferred to DELWP to support the ministerial portfolios of Environment, Water and Climate Change; Planning; and Local Infrastructure.

Some staff from the former DEPI were also transferred to the new Department of Economic Development, Jobs, Transport and Resources (DEDJTR) as part of its role of supporting the ministerial portfolio of Agriculture.

The impact of these changes and the prior Machinery of Government Changes in 2013, does not allow comparable trend data to be presented in the tables below. Readers are alerted to comparability issues in the notes and analysis accompanying each table and these should be considered when reading the data presented.

Profile of DELWP Executive Officers: June 2015

Table 1: Number of Executive Officers classified into 'ongoing' and 'special projects' (including vacancies)

Class	All		Ongoing		Special Projects	
	No.	Var.	No.	Var.	No.	Var.
Secretary	1	0	1	0	0	0
EO-1	2	1	2	1	0	0
EO-2	34	-2	34	-2	0	0
EO-3	26	3	26	3	0	0
Total	63	2	63	2	0	0

Table 2: Breakdown of Executive Officers into gender

Class	Male		Female		Vacancies	
	No.	Var.	No.	Var.	No.	Var.
Secretary	1	0	0	0	0	0
EO-1	1	0	1	1	0	0
EO-2	19	-7	15	5	3	3
EO-3	13	2	13	1	2	2
Total	34	-5	29	7	5	5

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 41(a) in the Financial Statements lists the actual number of and amount of remuneration paid to executive officers over the course of the reporting period. The Financial Statements note does not distinguish between executive levels, nor does it disclose separations, vacant positions, executives whose remuneration is below \$100 000, nor does it include the accountable officer. Separations are those executives who received more than \$100 000 in the financial year and have left the department during this year. To assist readers, these two disclosures are reconciled below.

Table 3: Reconciliation of executive numbers

	2015	2014
Executives with total remuneration over \$100,000	69	55
Executive employed with total remuneration below \$100,000	17	21
Add		
Vacancies (Table 2)	5	0
Accountable Officers (Secretary)	1	1
Less		
Separations from DELWP	7	11
Separations - MoG to DEDJTR	14	
Executives who moved to non-executive roles	1	5
Executive Officers commenced leave without pay	2	0
Total executive numbers	68	61

Note:

1. At 30 June 2015, the department employed 63 executive officers and had five vacancies.

Profile of Sustainability Victoria Executive Officers: June 2015

Table 1: Number of Sustainability Victoria Executive Officers into 'ongoing' or 'special projects' (including vacancies)

Class	All		Ongoing		Special Projects	
	No.	Var.	No.	Var.	No.	Var.
Secretary	0	0	0	0	0	0
EO-1	0	0	0	0	0	0
EO-2	0	0	0	0	0	0
EO-3	4	0	4	0	0	0
Total	4	0	4	0	0	0

Table 2: Breakdown of EOs into gender

Class	Male		Female		Vacancies	
	No.	Var.	No.	Var.	No.	Var.
Secretary	0	0	0	0	0	0
EO-1	0	0	0	0	0	0
EO-2	0	0	0	0	0	0
EO-3	3	1	1	-1	1	0
Total	3	1	1	-1	1	0

Table 3: Reconciliation of executive numbers

	2015	2014
Executives with total remuneration over \$100,000	4	4
Executive employed with total remuneration below \$100,000	0	0
Add		
Vacancies (Table 2)	1	0
Accountable Officers (Secretary)	0	0
Less		
Separations from SV	1	0
Executives who moved to non-executive roles	0	0
Executive Officers commenced leave without pay	0	0
Total executive numbers	4	4

Table 4: Executive numbers for the department's portfolio agencies

Organisation Name	June 2015			June 2014			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Architects Registration Board of Victoria	1	0	1	1	0	1	0	0	0
Barwon Coast Committee of Management	0	1	1	0	1	1	0	0	0
Barwon Region Water Corporation (Barwon Water)	3	14	17	3	12	15	0	2	2
Barwon South West Waste and Resource Recovery Group	1	0	1	0	0	0	1	0	1
Bellarine Bayside Foreshore Committee of Management Inc	0	1	1	0	1	1	0	0	0
Capel Sound Foreshore Committee of Management	1	0	1	0	0	0	1	0	1
Central Gippsland Region Water Corporation (Gippsland Water)	2	9	11	2	8	10	0	1	1
Central Highlands Region Water Corporation (Central Highlands Water)	1	4	5	1	5	6	0	-1	-1
City West Water Corporation	3	6	9	2	8	10	1	-2	-1
Coliban Region Water Corporation (Coliban Water)	1	6	7	1	6	7	0	0	0
Corangamite Catchment Management Authority	0	1	1	0	1	1	0	0	0
East Gippsland Catchment Management Authority	0	1	1	0	2	2	0	-1	-1
East Gippsland Region Water Corporation (East Gippsland Water)	0	5	5	0	5	5	0	0	0
Falls Creek Alpine Resort Management Board	0	3	3	1	2	3	-1	1	0
Gippsland & Southern Rural Water Corporation (Southern Rural Water)	0	4	4	0	4	4	0	0	0
Gippsland Ports Committee of Management Inc	0	1	1	0	1	1	0	0	0
Gippsland Waste and Resource Recovery Group	0	1	1	0	0	0	0	1	1
Glenelg Hopkins Catchment Management Authority	0	1	1	0	1	1	0	0	0
Goulburn Broken Catchment Management Authority	1	1	2	0	2	2	1	-1	0
Goulburn Valley Region Water Corporation (Goulburn Valley Water)	0	4	4	0	4	4	0	0	0

	June 2015			June 2014			Annual change		
Organisation Name	Female	Male	Total	Female	Male	Total	Female	Male	Total
Goulburn Valley Waste and Resource Recovery Group	0	1	1	0	0	0	0	1	1
Goulburn-Murray Rural Water Corporation (Goulburn-Murray Water)	2	4	6	3	6	9	-1	-2	-3
Grampians Central West Waste and Resource Recovery Group	0	1	1	0	0	0	0	1	1
Grampians Wimmera Mallee Water Corporation (GWM Water)	1	4	5	1	4	5	0	0	0
Great Ocean Road Coast Committee	0	1	1	0	1	1	0	0	0
Loddon Mallee Waste and Resource Recovery Group	1	0	1	0	0	0	1	0	1
Lower Murray Urban and Rural Water Corporation (Lower Murray Water)	1	7	8	1	7	8	0	0	0
Mallee Catchment Management Authority	1	0	1	1	0	1	0	0	0
Melbourne Water Corporation	16	35	51	15	35	50	1	0	1
Metropolitan Planning Authority	1	6	7	2	6	8	-1	0	-1
Metropolitan Waste and Resource Recovery Group	1	3	4	1	3	4	0	0	0
Mount Buller and Mount Sterling Alpine Resort Management Board	1	2	3	1	2	3	0	0	0
Mount Hotham Alpine Resort Management Board	0	1	1	0	1	1	0	0	0
North Central Catchment Management Authority	0	1	1	0	1	1	0	0	0
North East Catchment Management Authority	0	2	2	0	3	3	0	-1	-1
North East Region Water Corporation	1	4	5	1	4	5	0	0	0
North East Waste and Resource Recovery Group	1	0	1	0	0	0	1	0	1
Parks Victoria	9	9	18	6	9	15	3	0	3
Phillip Island Nature Park Board of Management	0	1	1	0	1	1	0	0	0
Port Phillip + Western Port Catchment Management Authority	0	1	1	0	1	1	0	0	0
Royal Botanic Gardens Board	1	5	6	1	5	6	0	0	0

Organisation Name	June 2015			June 2014			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
South East Water Corporation	4	22	26	6	20	26	-2	2	0
South Gippsland Region Water Corporation (South Gippsland Water)	0	4	4	0	4	4	0	0	0
Sustainability Victoria	1	4	5	2	3	5	-1	1	0
The Mint Incorporated	1	0	1	1	0	1	0	0	0
Trust for Nature (Victoria)	1	0	1	1	0	1	0	0	0
Urban Renewal Authority (Places Victoria)	3	15	18	1	11	12	2	4	6
Victorian Building Authority	3	6	9	1	6	7	2	0	2
Wannon Region Water Corporation (Wannon Water)	0	5	5	0	5	5	0	0	0
West Gippsland Catchment Management Authority	0	2	2	0	2	2	0	0	0
Western Region Water Corporation (Western Water)	3	3	6	3	3	6	0	0	0
Westernport Region Water Corporation (Westernport Water)	1	2	3	1	2	3	0	0	0
Wimmera Catchment Management Authority	0	1	1	0	1	1	0	0	0
Winton Wetlands Committee of Management	0	1	1	0	1	1	0	0	0
Yarra Valley Water Corporation	6	28	34	2	26	28	4	2	6
Zoological Parks and Gardens Board	4	3	7	6	3	9	-2	0	-2
Total	78	247	325	68	239	307	10	8	18

Note:

1. All figures reflect employment levels during the last pay full period in June of each year unless otherwise stated.
2. Excluded are those on leave without pay or absent on secondment, external contractors / consultants and temporary staff employed by employment agencies.
3. Growth Areas Authority changed its name to Metropolitan Planning Authority (effective from 9 October 2013).
4. City West Water Limited have reported two executives that they do not intend to report in their annual report.
5. South East Water Corporation have reported 18 executives that they do not intend to report in their annual report.
6. Capel Sound Foreshore Committee of Management has one executive that they do not intend to report in their annual report.
7. Yarra Valley Water Corporation have reported 26 executives that they do not intend to report in their annual report.
8. Urban Renewal Authority (Places Victoria) have reported 13 executives that they do not intend to report in their annual report.
9. All Waste Management Group became Waste and Resource Recovery Groups (effective from 1 August 2014).

Office-based environmental performance

Note on Machinery of Government changes and its impact on data presented

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP). DELWP commenced operations from 1 January 2015 after Machinery of Government changes were implemented by the Victorian Government. Staff and functions from the former Department of Environment and Primary Industries (DEPI); the former Department of Transport, Planning and Local Infrastructure (DTPLI); and the former Department of State Development, Business and Innovation (DSDBI) were transferred to DELWP to support the ministerial portfolios of Environment, Climate Change and Water; Planning; and Local Government.

Some staff from the former DEPI were also transferred to the new Department of Economic Development, Jobs, Transport and Resources (DEDJTR) as part of its role of supporting the ministerial portfolio of Agriculture and Food Security.

The impact of these changes and, in some instances, the prior Machinery of Government Changes in 2013, does not always allow comparable trend data to be presented. Readers are alerted to comparability issues in the notes and analysis in each section and this should be considered when reading the information provided.

In relation to DELWP's office based environmental impacts, the Machinery of Government changes to the reportable portfolio means that direct comparison of total unit data between the DEPI figures for 2013-14 and the DELWP figures for 2014-15 cannot be made as the portfolios are different. However, it is possible to compare indicators which use a m², full time equivalent (FTE) or a percentage based metric, and commentary has been provided for these indicators where possible.

Office based environmental impacts

DELWP's accommodation portfolio is spread across Victoria and includes:

- offices
- depots
- incident control centres
- a research centre (Arthur Rylah Institute)
- residences
- air bases.

DELWP exceeds statutory reporting obligations under Financial Reporting Direction 24C (FRD 24C) to report on the environmental impact of its office-based activities, by reporting on a wide range of its facilities and operations.

DELWP reports on 66 sites covering 83 per cent of FTE, which in 2014-15 was 2,450 FTEs (total DELWP was 2,960). The reportable site list excludes residences, air bases, sites where there are fewer than 10 FTE, and where DELWP staff are located within another department's facility. Non-DELWP staff co-located within a DELWP managed facility are counted towards the DELWP reported consumption figures as per FRD24C guidance.

Reportable sites are used for emergency response which can have significant impacts on resource use across the department. It should be noted that 2014-15 did not require significant emergency response activity and this will be reflected within the environmental data baseline for DELWP.

Key achievements

The key achievements for DELWP in 2014-15 include:

- 28 per cent reduction in reams of paper used per FTE as compared to the former DEPI
- Increased the recycling rate from 63 to 89 per cent as compared to the former DEPI
- Increased percentage of staff travelling by sustainable modes of transport in the central business district from 86 to 91 per cent
- Re-branded and re-invigorated the *Green Team Program* with approximately 100 volunteer champions contributing from across the department.

Green Team

The former *Eco Office Program* underwent a refresh and re-brand in 2014-15 to become the *Green Team Program*. The *Green Team Program* aims to promote 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

The data presented below was collected through energy retailer billing information and represents 85 per cent of FTE and 99 per cent of work area (m²) for DELWP's reported sites. This covers 143,848 m² for DELWP, in comparison to DEPI's reportable sites for energy consumption which covered 278,360 m².

Due to Machinery of Government changes, a direct comparison of total energy consumption (indicator E1), associated emissions (E2, E3) and megajoules (MJ) per FTE (E4) between 2013-14 and 2014-15 is not applicable.

However, MJ of office electricity per m² (E5) is based upon offices where consumption is separately metered, and as a subset of the portfolio, can be compared between years. In 2014-15 this metric covers 14 offices, 27 per cent of m² (39,051 m²) and 1,312 FTE of DELWP's reported sites.

The increase in MJ per m² (office area) between 2013-14 and 2014-15 is attributed to an increase in natural gas consumption at the Traralgon, Geelong and Colac offices, and small increases in electricity consumption across a number of sites. DELWP's performance however is still well under the Australian Government's recommended office building energy benchmark of 400 MJ/m².

Indicator		2014-15 DELWP				2013-14 DEPI			
		Electricity	Natural gas	LPG	Green power	Electricity	Natural gas	LPG	Green power
E1	Total energy usage segmented by primary source including GreenPower (MJ)	28,819,100	7,566,447	751,878	0	75,836,787	44,357,040	4,388,018	366,944
E2	Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ -e)	9,217	388	45	0	25,211	2,267	262	0

Indicator	2014-15 DELWP	2013-14 DEPI
E3 Percentage of electricity purchased as GreenPower (%)	0	0.3
E4 Units of energy used per full time employee (MJ/FTE)	12,311	35,903
E5 Units of energy used per unit of office area (MJ/m ²)	354	293

Note:

1. Australian Government (2015) Energy Efficiency in Government Operations (EEGO) Policy, Canberra.

Due to delays in receiving data, DELWP reports from April 1 – March 31 to allow for a full reporting year.

E1, E2, E3, E4 cover 143,848 m² and 2,091 FTE.

E5 covers 39,051 m² and 1,312 FTE.

Electricity data excludes 2 Lonsdale Street Melbourne due to data unavailability. This facility covers two per cent of the FTE of reportable sites.

1.7 per cent of electricity data has been estimated based on the previous year's consumption.

Conversion factors are taken from the National Greenhouse Accounts Factors July 2014.

Actions undertaken

During 2014-15 DELWP began implementation of an energy efficiency program including a series of Type 3 energy audits at a selection of properties that DELWP owns and leases. Twelve properties were audited as part of stage one from the Loddon Mallee, Grampians and Hume regions, with the agreed recommendations to be implemented in 2015-16. As well as energy and water, the auditors are investigating other sustainability opportunities such as indoor air quality, biodiversity and waste.

DELWP participated in the annual Earth Hour event by switching off all non-essential lighting on Saturday 28 March 2015, highlighting its commitment to reducing energy consumption across its portfolio.

Targets

The following targets have been set for 2015–16:

- Progressively reduce energy consumption across DELWP owned and managed facilities
- Continue implementing the energy efficiency program including Type 3 audits across the DELWP portfolio.

Waste

Waste generation is divided into three general classes – landfill, compost and recycling.

The data presented below is derived from waste audits conducted at nine sites covering non-hazardous solid waste material. DELWP's audits covered 49 per cent of FTEs which is above the FRD24C requirement of 30 per cent.

Due to Machinery of Government changes, a direct comparison of waste disposed of by destination (Ws1), per FTE (Ws2) and greenhouse gas emissions (Ws4) cannot be made, as the type and number of facilities that were audited are different.

However, DELWP's waste recycling rate (Ws3) can be compared to DEPI's recycling rate as it is based on a percentage of total waste collected at sampled sites. DELWP's recycling rate increased from 63 to 78 per cent between 2013-14 and 2014-15 which is predominately due to rectifying issues with recycling at 8 Nicholson Street in 2013-14.

Indicator		2014-15 DELWP			2013-14 DEPI		
		Landfill	Co-mingled recycling	Compost	Landfill	Co-mingled recycling	Compost
Ws1	Total units of waste disposed of by destination (kg)	34,755	80,565	4,665	110,295	181,192	4,001
Ws2	Units of waste disposed of per FTE by destination (kg/FTE)	23	54	3	31	51	1

Indicator		2014-15 DELWP	2013-14 DEPI
Ws3	Recycling rate (% of total waste by weight)	78	63
Ws4	Greenhouse gas emissions associated with waste disposal (tCO ₂ e)	73	140

Note:

The 2014-15 waste audits involved measuring general waste and recycling for contamination and composition, collected by the cleaners from a sample day. The audits were undertaken at the following locations:

- 8 Nicholson Street, East Melbourne
- Bairnsdale Office
- Ballarat Office
- Benalla Office
- Bendigo Office/ Depot
- Geelong Office
- Arthur Rylah Institute (Heidelberg)
- Orbost Office
- Traralgon Office.

The 2014-15 waste audits covered 1,448 FTE.

Waste data recorded during the site audits is extrapolated to represent a reporting years' waste at all reportable sites in kilograms.

Co-mingled recycling comprises a range of plastics, aluminium, glass, paper and cardboard, but excludes material collected as part of the Green Collect scheme and soft plastics trial.

Conversion factors are taken from the National Greenhouse Accounts Factors July 2014.

Due to Machinery of Government changes in 2015, a direct comparison of waste disposed of by destination and per FTE between 2013-14 and 2014-15 cannot be made, as the type and number of facilities that were audited are quite different.

Actions undertaken

DELWP undertook a state-wide review of waste practices across its facilities in 2014-15. Results have informed department-wide and site-based initiatives such as the installation of worm farms, increased recycling opportunities at sites and an upgrade of waste signage. Other initiatives included a soft plastics recycling program trial at 8 Nicholson Street, Bairnsdale and Geelong, and staff participation in *Clean Up Australia Day 2015*.

A stationery re-use initiative was undertaken at the Ballarat, Bendigo and 8 Nicholson Street offices which resulted in 12,300 envelopes re-labeled with the new DELWP logo, saving them from disposal.

The Bairnsdale Office implemented the *Green Team Book and Video Library* allowing staff to recycle books and DVDs by donating to the library.

In addition to the co-mingled recycling, DELWP diverted 1,739 kilograms of cork, metal, plastics, batteries, mobile phones and accessories, small e-waste and stationery through the *Green Collect recycling scheme*.

Targets

The following targets have been set for 2015–16:

- Progressively reduce total waste to landfill across DELWP facilities.
- Continue to implement current waste initiatives across all DELWP sites.

Paper

DELWP measures paper use by reams purchased across its offices. DELWP's preferred paper stock has a recycled content of 80 per cent.

The category 'Percentage 50-75% recycled content copy paper purchased (%)' comprises 50 per cent recycled content A4 paper sourced primarily to cover 'out of stock' periods of the preferred paper. The category 'Percentage 0-49% recycled content copy paper purchased (%)' is almost entirely comprised of A3 sized and coloured A4 papers, which are unavailable in higher recycled content.

Due to Machinery of Government changes in 2015, a direct comparison of total units of paper (reams) (P1) between 2013-14 and 2014-15 cannot be made.

However, reams per FTE (P2) and percentage of recycled content (P3) are comparable between years. DELWP reduced its paper consumption (reams per FTE) by 28 per cent between 2013-14 and 2014-15 and is likely attributed to the change in portfolio and department business.

Indicator		2014-15 DELWP	2013-14 DEPI
P1	Total units of A4 equivalent copy paper used (reams)	30,280	47,755
P2	Units of A4 equivalent copy paper used per FTE (reams/FTE)	10	14

Indicator		2014-15 DELWP			2013-14 DEPI		
		0-49%	50-74%	75-100%	0-49%	50-74%	75-100%
P3	Percentage of recycled content in copy paper purchased (%)	18	4	78	20	3	77

Note:

DELWP reports from April 1 – March 31 to allow for a full reporting year.

P1, P2 and P3 covers 2,960 FTE.

Due to Machinery of Government changes in 2015, a direct comparison of total units of paper (reams) between 2013-14 and 2014-15 cannot be made.

Actions undertaken

DELWP encourages practices such as defaulting computers to print duplex and in some locations employs secure printing which has been shown to reduce paper consumption through reducing unwanted printouts.

Targets

The following target has been set for 2015-16:

- Progressively reduce total units of A4 equivalent copy paper used (reams) per FTE.

Water

Water data was collected through water retailer billing information and represents 98 per cent of FTEs and 99 per cent of m² for DELWP's reported sites. This covers 143,848 m² for DELWP, in comparison to DEPI's reportable sites for water consumption which covered 278,360 m².

Water is used in offices (drinking, washing, toilet flushing), building heating and cooling and for vehicle wash-down. DELWP also utilises water from bores, local waterways and captures stormwater to subsidise its water use, which is not measured or reported.

Due to Machinery of Government changes in 2015, a direct comparison of total water consumed (W1) cannot be made.

However, kL of office water per FTE (W2) and m² (W3) is based upon offices where consumption is separately metered, and as a subset of the portfolio, can be compared between years. In 2014-15 this metric covers 12 offices, 32 per cent of m² (46,671 m²) and 1,231 FTE of DELWP's reported sites.

There was a 40 per cent reduction in office water used per m² and 50 per cent reduction in office water per FTE which resulted from small savings across a number of office locations, and significant savings at 8 Nicholson Street.

Indicator		2014-15 DELWP	2013-14 DEPI
W1	Total units of metered water consumed (Kl)	48,008	111,616
W2	Units of metered water consumed in offices per FTE (Kl/FTE)	8	16
W3	Units of metered water consumed in offices per unit of office area (Kl/m ²)	0.3	0.5

Note:

DELWP reports from April 1 – March 31 to allow for a full reporting year.

W1 covers 143,848 m² and 2,397 FTE.

W2 and W3 covers 46,671 m² and 1,231 FTE.

Water data excludes 2 Lonsdale Street Melbourne due to the unavailability of consumption data. This facility covers two per cent of the FTE of reportable sites.

4.4 per cent of water data has been estimated based on the previous year's consumption for relevant sites.

Due to Machinery of Government changes in 2015, a direct comparison of total water consumed and consumption in kilolitres (Kl) per FTE in 2013-14 and 2014-15 cannot be made.

Actions undertaken

During 2014-15, DELWP began implementation of a water efficiency program which includes water audits at a selection of owned and leased properties. Twelve properties were audited as part of stage one from the Loddon Mallee, Grampians and Hume regions, with the agreed recommendations to be implemented in 2015-16.

DELWP undertook a number of audits that identified major stormwater management upgrades at Casterton, Heywood and Powelltown. In 2014-15 construction began on a new drainage system and wash-down bay at Powelltown which is designed to significantly increase the quality of surface water run-off. Also, a 60,000 litre underground rainwater tank was installed at the Heywood facility and a 233,000 litre underground soakage pit was installed at Casterton. At both of these sites, the water captured will be reused for operational activities, reducing the utility water consumption.

Targets

The following targets have been set for 2015-16:

- Progressively reduce water consumption per FTE
- Continue implementing the water efficiency program across the DELWP portfolio.

Transport

Fleet

DELWP's fleet comprises 864 vehicles, 96 per cent of which are operational vehicles. The remainder is executive fleet. A significant proportion of the operational vehicles (36 per cent) are used for fire response, so total travel and associated greenhouse gas emissions are heavily influenced by the size and longevity of the fire season each year.

Of the operational fleet, two per cent are LPG, nine per cent are petrol, 83 per cent are diesel fuelled and seven per cent are hybrid. The executive fleet comprises 97 per cent petrol, LPG or diesel fuelled with three per cent hybrid vehicles.

Due to Machinery of Government changes in 2015, a comparison of fleet energy consumption and associated emissions (T1 – T4) between 2013-14 and 2014-15 cannot be made as the two departments reported differently (DELWP reports against fuel type whereas DEPI reported against vehicle type). As a result, 2013-14 DEPI data has been excluded from this report.

Indicator		2014-15 DELWP		
		Unleaded	LPG	Diesel
T1	Total energy consumption by vehicles segmented by vehicle type (MJ)	9,575,800	945,636	70,805,395
T2	Total vehicle travel associated with entity operations segmented by vehicle type (Km)	4,198,336	429,138	13,058,929
T3	Greenhouse gas emissions from vehicle fleet segmented by vehicle type (tCO ₂ -e)	641	57	4,943
T4	Greenhouse gas emissions from vehicle fleet per 1,000 kilometres travelled (tCO ₂ -e/100 km)	0.15	0.13	0.38

Note:

DELWP reports from April 1 – March 31 to allow for a full reporting year.

T1 – T4 covers 2,960 FTE.

Due to Machinery of Government changes in 2015, a comparison of fleet energy consumption and associated emissions between 2013-14 and 2014-15 cannot be made.

DELWP reports on all operational vehicles including those required to respond to emergencies. The data also includes usage from the Shared Services Provider.

DELWP reports against fuel type whereas DEPI reported against vehicle type.

Conversion factors are taken from the National Greenhouse Accounts Factors July 2014.

Air Travel

Air travel includes intrastate, interstate and overseas trips.

Due to Machinery of Government changes in 2015, a comparison of distance travelled (T5) between 2013-14 and 2014-15 cannot be made.

Indicator		2014-15 DELWP	2013-14 DEPI
T5	Total distance travelled by air (Km)	3,077,565	7,058,292

Note:

T5 covers 2,960 FTE.

Staff commuting

DELWP measures how staff travel to and from the workplace through an annual travel survey. In the 2014–15 financial year, 29 per cent of DELWP staff completed the survey (845 respondents). Fifty-five per cent of respondents were from the central business district (CBD), seven per cent from the metro area and 35 per cent from regional areas. Eighty-nine per cent of staff who responded from the CBD travelled by sustainable modes of transport including public transport, cycling, walking and carpooling; an increase from 86 per cent of CDB staff in 2013-14.

Indicator		2014-15 DELWP			2013-14 DEPI		
		CBD	Metro	Regional	CBD	Metro	Regional
T6	Percentage of employees regularly (>75 per cent of work attendance days) using public transport, cycling, walking, or carpooling to and from work or working from home, by locality type (%)	89	30	22	86	36	28

Note:

T6 covers 845 FTE.

Actions undertaken in relation to transport

DELWP continued to review its fleet mix as vehicles were scheduled for replacement. Replacement vehicles default to high environmental performance vehicles and alternative models are only considered where required for operational use.

The Bicycle Users Group organised free breakfasts for those staff riding to work at six of its major offices across the state as part of the annual Ride2Work event on Wednesday 15 October, 2014.

Targets

The following target has been set for 2015–16:

- Progressively reduce greenhouse gas emissions associated with the department's passenger vehicle fleet.

Greenhouse gas emissions

The emissions disclosed in the table below are taken from the previous sections and brought together here to show the department's carbon footprint.

Due to Machinery of Government changes in 2015, a comparison of greenhouse gas emissions (G1 – G4) between 2013-14 and 2014-15 cannot be made.

Indicator		2014-15 DELWP	2013-14 DEPI
G1	Total greenhouse gas emissions associated with energy use (tCO ₂ -e)	9,650	27,739
G2	Total greenhouse gas emissions associated with vehicle fleet (tCO ₂ -e)	5,641	8,262
G3	Total greenhouse gas emissions associated with air travel (tCO ₂ -e)	814	1,941
G4	Total greenhouse gas emissions associated with waste production (tCO ₂ -e)	73	140

Note:

Conversion factors are taken from the National Greenhouse Accounts Factors 2014.

Due to Machinery of Government changes in 2015, a comparison of greenhouse gas emissions between 2013-14 and 2014-15 cannot be made.

Actions undertaken

All of the actions undertaken in the previous sections help to reduce the department's impacts.

Targets

The following target has been set for 2015–16:

- Progressively reduce the department's carbon footprint.

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.

Departmental objectives, indicators and outputs

This section provides an overview of key activity associated with each departmental objective and reports on the delivery of the department's outputs, including performance results against the output measures set out in the 2014–15 Budget Paper No. 3 *Service Delivery* (BP3).

Structural changes to the department during 2014–15

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP). DELWP commenced operation on 1 January 2015 after Machinery of Government changes were implemented by the Victorian Government. Staff and functions from the former Department of Environment and Primary Industries (DEPI); the former Department of Transport, Planning and Local Infrastructure (DTPLI); and the former Department of State Development, Business and Innovation (DSDBI) were transferred to DELWP to support the ministerial portfolios of Environment, Climate Change and Water; Planning; and Local Government.

Changes to departmental objectives

Following the creation of the new department, a new set of DELWP departmental objectives were developed to reflect the role and purpose of the new department and aligned to outputs from the former DTPLI and the former DEPI. The table below shows the new DELWP objectives (with former objectives in italics), with the 2014-15 outputs aligned. Output performance in the following sections provide performance results for DELWP outputs.

DELWP departmental objectives (former published objective name – BP3 2014-15)	DELWP outputs	Former department
Healthy, resilient and biodiverse environment <i>(Effective environmental and adaptation policy, investment and regulation)</i>	Environmental Programs	DEPI
	Environmental Policy	DEPI
	Statutory Activities and Environmental Protection	DEPI
Productive and effective land management <i>(The community benefits from effective management of Victoria's land assets)</i>	Land Victoria	DTPLI
	Management of Forests, Parks and Public Land	DEPI
Safe and sustainable water resources <i>(Effective management of water resources to meet future urban, rural and environmental needs)</i>	Effective Water Management and Supply	DEPI
A quality built environment <i>(Plan for the future growth and transformation of cities and regions)</i>	Planning, Building and Heritage	DTPLI
Sustainable and effective local governments <i>(Deliver effective reform and governance of local government)</i>	Local Government	DTPLI
Reduced impact of major bushfires and other emergencies on people, property and the environment <i>(Reduced impact of major bushfires and other emergencies on people, infrastructure and the environment)</i>	Fire and Emergency Management	DEPI

Changes to outputs

As part of the Machinery of Government changes, outputs from the former DTPLI and the former DEPI transferred to DELWP. In May 2015, the Office of the Victorian Government Architect was transferred to the Department of Premier and Cabinet.

2014-15 outputs	Transferred from	Transferred to
Agriculture	DEPI	DEDJTR
Biosecurity	DEPI	DEDJTR
Sustainably Manage Fish and Forest Resources	DEPI	DEDJTR
Land Victoria	DTPLI	DELWP
Local Government	DTPLI	DELWP
Office of the Victorian Government Architect	DTPLI	DELWP (January-May 2015) Department of Premier and Cabinet (from May 2015)
Planning, Building and Heritage	DTPLI	DELWP
Environmental Programs	DEPI	DELWP
Environmental Policy	DEPI	DELWP
Statutory Activities and Environmental Protection	DEPI	DELWP
Management of Forests, Parks and Public Land	DEPI	DELWP
Effective Water Management and Supply	DEPI	DELWP
Fire and Emergency Management	DEPI	DELWP

New output names

At the commencement of 2014-15, the former DEPI made some changes to its output structure as shown in the table below:

2014-15 DEPI Outputs	Reason for change	2013-14 DEPI Outputs
Management of Forests, Parks and Public Land	The department consolidated these outputs to better reflect departmental service delivery functions	Forests and Parks Public Land
Fire and Emergency Management	The department renamed this output to better reflect departmental service delivery functions	Land and Fire Management

Departmental objective indicators

Departmental objective indicators have been published in Budget Papers since 2012-13. Results for departmental objective indicators were published in annual reports for the first time in 2013-14 and provide an indication of progress towards the achievement of the department's objectives. Commentary and trend information, where available, is included to demonstrate the department's efforts in regard to each 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.

The Department 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.

Context and performance trends

Victoria's natural ecosystems and landscapes support jobs, wildlife and our liveability, but are being eroded by the impact of climate change, human population growth and the demands of supporting human lifestyles. 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 well being of the environment and the economy.

In recent years, Victoria has also experienced devastating bushfires, heatwaves, reduced and changing rainfall patterns and floods. Our coastal communities are affected by storm surges and coastal erosion, impacts that are projected to increase with sea level rise. Climate projections tell us that Victoria will continue to experience increases in temperatures, heat related events and the frequency of hot days; reductions in snow cover and a decline in mean rainfall¹.

Climate Change

DELWP leads the whole-of-government response to climate change, including reviewing programs and legislation for the introduction of an emissions reduction target and developing policies and strategies for effective adaptation to climate change, for example developing the second Victorian Climate Change Adaption Plan. We support key stakeholders in state and local government, community and business to build Victoria's resilience to climate change impacts and drive action.

The objective indicator for *level of support from key stakeholders for environmental and adaptation policy development and implementation* achieved 100 per cent in 2014-15. It is projected to remain at or above the target of 90 per cent over the next few years.

Our Environment, Our Future

DELWP leads the implementation of *Our Environment, Our Future* via strategy development, regulation and investment in environmental and natural resource programs, and working with partners and local communities to deliver outputs across Victoria. These include environment protection, ecosystem resilience, native vegetation management, threatened species and land management practices. We deliver effective environment policy and programs, investment and regulation and we work proactively with portfolio partners and external stakeholders to develop effective, evidence-based policies, programs and regulatory responses for improved environmental outcomes across a range of areas.

We have increased the *reduction in pollutants from priority hotspots* to 48 per cent or above in the last financial year. Focusing especially on the industrial area of Brooklyn, in Melbourne's north-west, the Environment Protection Authority (EPA) has continued its focus on improving outcomes by working with local government, industry and the community and actively regulating industrial sources of dust. In 2014-15, there were just 17 days above the goal for MP10 in the Brooklyn Industrial Estate. This is the lowest number of days over the limit since targeted monitoring began in 2009. The result is particularly positive given the low amount of rainfall, which reduces dust, for the year.

¹ Source: <http://www.climatechange.vic.gov.au/>

Departmental objective indicators and progress

Indicator	Unit of measure	2013-14	2014-15
Participation in community based environmental programs (FTE days)	number	35 514	28 142
Participants contributed an estimated 28,142 full days to Landcare related community activities during 2014-15 based upon reports provided by Victorian Local Landcare facilitators. It should be noted that the figure is extrapolated from reports received from 58 of the 68 Landcare groups and networks at the time of reporting. The actual number of FTE days for 2014-15 will be provided in the 2015-16 DELWP Annual Report.			
Level of support from key stakeholders for environmental and adaptation policy development and implementation	per cent	90	100
Reduction in pollutants from priority hotspots	per cent	40	48

Performance against output performance measures

Environmental Programs

This output delivers investment, regulatory and research functions that support diverse and resilient natural ecosystems for a liveable, sustainable and prosperous Victoria.

Through this output, 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. DELWP also leads development of information systems and evidence-based decision making tools that support the systematic identification and public reporting of environmental benefits.

Output performance measures	Unit of measure	2014-15 actual	2014-15 target	Performance variation (%)	Result ¹
Quantity					
Area of revegetation protected or enhanced through DELWP supported Landcare activities	hectares	1 600	1 200 – 1 600	0	✓
The 2014-15 actual is an approximation with final results to be confirmed in December 2015 following the Spring growth season.					
Landcare members and community volunteers participating in Landcare activities	number	81 000	81 000	0	✓
Native vegetation credit trading agreements (which produce potential offsets to clearing of native vegetation) signed through the BushBroker program	number	101	60	68.3	✓
Performance has been higher than expected due to increased levels of demand for native vegetation credit trading agreements associated with increased landholder awareness and regulatory amendments.					
Quality					
Presentations made and scientific publications in peer reviewed journals	number	64	60	6.7	✓
Result reflects increased project activity during 2014-15.					
Timeliness					
Planning referrals relating to native vegetation processed within statutory timeframes	per cent	88	80	10.0	✓
Performance reflects an increased focus on timeliness and a lower proportion of major projects requiring assessment.					
Wildlife Licence renewals processed by target dates	per cent	99	96	3.1	✓
Cost					
Total output cost	\$ million	70.2	81.3	-13.7 ²	■
The lower 2014-15 actual primarily reflects the timing of payments under a range of environmental programs including Weeds and Pests Management and Supporting Landcare for the future.					

Note:

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

✓ Performance target achieved or exceeded.

○ Performance target not achieved – within 5 per cent variance.
- Corrects a calculation error in the printed report

Environmental Policy

This output, leads the development and implementation of strategic, whole of government environmental and adaptation policy. It provides responsive policy advice and direction to give effect to government priorities on waste, resource recovery and efficiency, ecosystem sustainability, adaptation and carbon management.

Through this output, DELWP also 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.

Performance measures	Unit of measure	2014-15 actual	2014-15 target	Performance variation (%)	Result ¹
Quantity					
Number of Victorian Local Sustainability Accord grant project evaluations and acquittals completed	number	12	19	-36.8	■
Twelve project acquittals were completed in 2014-15. Seven projects that were originally scheduled to be completed are expected to be completed in the first half of 2015-16.					
Percentage of Victorian schools accredited in the ResourceSmart Schools program	per cent	46	46	0	✓
Quality					
Completion of annual reporting and board appointment processes in accordance with legislation	per cent	92	100	-8.0	■
One departmental entity was unable to provide its 2013-14 annual report within the required timeframe. The department is working with the entity to finalise the report.					
Departmental stakeholder satisfaction with completed policy projects	per cent	100	100	0	✓
Departmental stakeholder satisfaction with technical economic analysis, advice and support	per cent	100	100	0	✓
Cost					
Total output cost	\$ million	46.8	32.0	46.3 ²	✓
The higher 2014-15 actual is primarily due to the timing of payments from the Sustainability Fund and increased focus on environmental policies in line with government priorities.					

Note:

- 1 ■ Performance target not achieved – exceeds 5 per cent variance.
✓ Performance target achieved or exceeded.
O Performance target not achieved – within 5 per cent variance.
- 2 Corrects a calculation error in the printed report

Statutory Activities and Environment Protection

This output protects and improves the environment to support a liveable and prosperous Victoria by effectively regulating pollution using statutory and non-statutory tools and settings, enforcing environmental goals and standards, and undertaking monitoring and research. These activities deliver clean air, healthy waterways, safe land, less waste and minimal disturbances from noise and odour for Victorians. Through collaboration, communication and information programs, this output enables greater community involvement in, and ownership of, environmental issues.

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Quantity					
Environmental condition research reports issued, improvement tools, guidelines, policies, systems and plans completed and issued	number	51	54	-5.6	■
A lower than expected number of publications were issued to allow for additional consultation to be undertaken.					
Increase in EPA notices issued for illegal dumping of waste	number	129	60	115.0	✓
EPA's focus on illegal dumping of waste continues to result in an increased number of notices being issued for illegal dumping of waste.					
Quality					
EPA prosecutions are successful, and conditions in enforceable undertakings (entered into under the <i>Environment Protection Act 1970</i>) are focused on improving the environmental performance of the offer	per cent	100	90	11.1	✓
EPA has been successful in all prosecutions determined in 2014-15 and successfully negotiated an Enforceable Undertaking with a duty holder.					
Land audits submitted by EPA appointed auditors are reviewed to ensure compliance with statutory requirements and guidelines	per cent	93	90	3.3	✓
Notices complied with by due date or escalation in line with Compliance and Enforcement policy	per cent	87	90	-3.3	O
Timeliness					
When a pollution incident is reported to EPA and follow-up contact is requested, the reporter receives this within three working days	per cent	86	75	14.7	✓
Performance reflects EPA's commitment to timely follow-up with pollution reporters.					
Works approvals and licences completed within required statutory timelines	per cent	99	96	3.1	✓
Cost					
Total output cost	\$ million	121.3	131.5	-7.8 ²	■
The lower 2014-15 actual relates to the payment of grant commitments under the HazWaste program.					

Note:

- Performance target not achieved – exceeds 5 per cent variance.
 - ✓ Performance target achieved or exceeded.
 - O Performance target not achieved – within 5 per cent variance.
- Corrects a calculation error in the printed report

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.

The department works with statutory agencies, committees and local government 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.

The department 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.

Context and performance trends

Victoria's public land - including its parks, forests, coasts and Crown land reserves – accounts for one third of the state's land area and has significant economic, environmental, cultural and recreational value. Our public land assets face several challenges, including: an increase in extreme climatic events; greater pressure from pest plants and animals, as well as the introduction of different pathogens; and population growth, which is driving increased tourism and recreational use. Effectively managing our public land assets is pivotal in protecting Victoria's environmental and biodiversity values.

Victoria's Public Land

DELWP and its portfolio agencies are responsible for managing all relevant transactions that impact on Victoria's 8.3 million hectares of public land assets, which includes 40,000 kilometres of roads and tracks, 4,000 bridges, as well as public toilets, picnic shelters, wharves, jetties, recreational facilities and firefighting facilities.

DELWP staff works collaboratively with community groups, including Traditional Owners, to deliver the Victorian Government's *Our Environment, Our Future* initiative. DELWP ensures that all visitors to our public land estate have access to safe and appropriate infrastructure, and that development, such as that along Victoria's coastline, is appropriate and takes full account of community, environmental, and economic values.

Performance against the objective indicators for *bay and park assets rated in average to excellent condition* improved over 2013-14 to 2014-15, with bay assets improving from 78 to 80 per cent and park assets improving from 85 to 87 per cent. During 2014-15, coastal works, including beach renourishment and repairs to sea walls to provide foreshore protection and increase public amenity were completed at a range of locations. Urgent works to repair the historic Blackrock seawall and the Brighton seawall, damaged during severe storms in June 2014, were completed in October and December 2014.

Parks Victoria recorded around 100.5 million visitors in 2014-15 against a target range of 93 to 97 million visitors. The *number of visits to the public land estate managed by the Parks Victoria* is anticipated to continue to increase over the next few years. From April 2015, camping fees were removed for more than 500 basic camping sites over 70 campgrounds in 19 parks throughout regional Victoria.

Also, during 2014-15, DELWP completed consultation with key stakeholders and the broader community to ensure that community aspirations for the establishment of the new Canadian Regional Park, near Ballarat, will be met. Community feedback and submissions are supportive of a park that provides for a wide range of recreation uses, including bush walking, mountain bike riding, picnicking, nature observation, orienteering, dog walking, horse riding, prospecting and environmental education.

Assisting with the protection of parks, the *National Parks Amendment (Prohibiting Cattle Grazing) Act 2015* received Royal Assent on 12 May 2015 fulfilling the government's election commitment to ban cattle from the Alpine and River Red Gum national parks. It reaffirms previous legislation in 2005 and 2009 and prohibits cattle grazing for any purpose in these national parks.

Land administration and information services

Through Land Victoria, DELWP supports economic development by providing land administration and information services to property buyers and sellers, developers, councils, conveyancers, surveyors and financial institutions. Land Victoria provides a wide range of property information to the public including title, survey and property sales data on a cost-recovery basis. The agency also protects property rights by maintaining the land and water registers to ensure that ownership changes and subdivisions are accurately recorded and registered.

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 2014-15. In total, 792,339 property transactions were lodged during 2014-15, which is an increase of 6 per cent compared to the previous year.

Departmental objective indicators and progress

Indicator	Unit of measure	2013-14	2014-15
Bay assets rated in average to excellent condition	per cent	78	80
Park assets rated in average to excellent condition	per cent	84.9	87
Number of visits to Parks Victoria managed estate	number (million)	95	98.5
Efficient provision of timely and authoritative land administration and property information services	per cent	100	100

Performance against output performance measures

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.

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.

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Quantity					
Crown land leases directly managed by the Department	number	687	684	0.4	✓
Crown land licenses directly managed by the Department	number (000)	44	43	2.3	✓
Maps generated on Land Channel	number	15 800	19 000	-16.8	■
The lower 2014-15 actual is due to the transfer of two applications from the Land Channel resulting in a drop in the number of maps generated on this platform.					
Number of activities undertaken by Coastcare Victoria participants	number	600	600	0	✓
Number of hectares treated to minimise the impact of pest plants, pest animals and overabundant native animals in parks managed by Parks Victoria	hectares (000)	1 700	1 100	54.5	✓
The higher 2014-15 actual mainly reflects the treatment of an additional 570,000 hectares as part of a new, large scale pest animal control program in the Murray Sunset National Park.					
Number of visits to Parks Victoria managed estate	number (million)	100 estimate	93 – 97	3.1	✓
Reports generated on Land Channel	number	3 290	1 800	82.8	✓
The higher 2014-15 actual reflects an increase in the level of demand for land reports.					
Threatened native species and communities for which specifically targeted conservation measures are in place at Royal Botanic Gardens	number	6	6	0	✓
Total area of estate managed by Parks Victoria	hectares (million)	4 106	4 106	0	✓
Visitors to Zoos Victoria at Melbourne, Werribee and Healesville	number (million)	2.29	1.95	17.4	✓
The higher 2014-15 actual reflects increased Zoos Victoria memberships resulting in repeat visitations.					
Quality					
Audited Vicmap digital map base not requiring correction	per cent	98	97	1.0	✓
Bay assets rated in average to excellent condition	per cent	80	70	14.3	✓
The higher 2014-15 actual reflects significant works undertaken during the year, including the reconstruction of the Mornington and Mordialloc piers and associated works.					
Foreshore protection assets around Port Phillip and Western Port bays rated as 'good' to 'very good' condition	per cent	55	55	0	✓

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Level of compliance with environmental regulatory framework for commercial timber operations as required by the Forest Audit Program	per cent	93	90	3.3	✓
Park assets rated in average to excellent condition	per cent	87	83	4.8	✓
Publicly elected committees of management that have a current statutory appointment	per cent	91	95	-4.2	0
Recreational facilities in state forests with a life expectancy greater than five years	per cent	79	60	31.7	✓
The higher 2014-15 actual reflects the improvement in life expectancy for recreational facilities and assets which were replaced following the 2009 bushfires and 2010-11 floods.					
Timeliness					
Rent reviews of Crown land leases undertaken within specified time frames	per cent	100	95	5.3	✓
Update transactions for the Vicmap digital map base processed within the required timeframes	per cent	99	98	1.0	✓
Cost					
Total output cost	\$ million	298.9	290.9	2.8 ²	✓

Note:

- 1 ■ Performance target not achieved – exceeds 5 per cent variance.
✓ Performance target achieved or exceeded.
0 Performance target not achieved – within 5 per cent variance.
- 2 Corrects a calculation error in the printed report

Land Victoria

This output delivers activities related to land administration including the registration of land titles under the Torrens system, General Law titles, and the status of Crown land.

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Quantity					
Planning certificates issued	number (000)	55.5	50	11.0	✓
The higher 2014-15 actual is due to an increased level of demand for property information.					
Property transfers, discharge of mortgages and registration of new mortgages	number (000)	792.3	700	13.2	✓
The higher 2014-15 actual reflects increased levels of activity in the property market.					
Proportion of title searches supplied (remotely) online	per cent	98	96	2.1	✓
Title searches supplied	number (000)	2 242	2 220	1.0	✓
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	95	4.2	✓
New Titles (subdivisions) created within three weeks	per cent	89	95	-6.3	■
The 2014-15 actual is lower than the 2014-15 target due to higher than anticipated levels of demand for service and more complex plans being lodged.					
Cost					
Total output cost	\$ million	82.7	77.3	7.0 ²	✓
The higher 2014-15 actual is due to the additional once-off funding provided for the Fire Services Property Levy implementation program and expenditure for electronic conveyancing.					

Note:

- 1 ■ Performance target not achieved – exceeds 5 per cent variance.
 ✓ Performance target achieved or exceeded.
 O Performance target not achieved – within 5 per cent variance.
- 2 Corrects a calculation error in the printed report

Safe and sustainable water resources

This objective ensures Victoria has safe and sustainable water resources to meet future urban, rural and environmental needs.

The department 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, sustainable, productive irrigation, healthy waterways and aquifers, and improves the capacity of our water management framework to respond and adapt to climate change, including extreme events such as droughts and floods.

Context and performance trends

Water is a public resource and is essential for the environment, community health and economic sustainability. The impact of climate change and a growing population and economy will continue to put pressure on water system services and our natural environments. Climate change means that the medium to long term outlook for Victoria is for a drier future with more variable weather patterns². A growing population and economy will increase demand for water services from industrial, residential and agricultural users. The community expects high quality water cycle services, including greener urban centres, improved public amenity, and healthier waterways and ecological systems, with minimum cost-of-living impacts. The combined impacts of climate change and rapid population growth projected for Melbourne and regional urban centres will put greater pressure on water system services, including increasing demand for drinking water and integrated management of water supply, stormwater and wastewater.

Urban water management

In relation to urban water, more than 22,470 rebates for water efficient products and appliances for use around the house and garden and small business were approved during 2014-15. Since the program started in 2011, more than 74,877 rebates have been approved to help households and small businesses purchase and install water efficient products to help save water and money on water bills. It is estimated that the program has achieved water savings of about 1,200 megalitres per year. Current rebates are available for products purchased and installed between 1 July 2012 and 30 June 2015.

In 2014-15, the *Proportion of new homes connected to an alternative water source* increased from 29 to 31 per cent. This is despite the decreasing ratio of growth, to infill area development, which has influenced this outcome by reducing the proportion of new homes being connected to third pipe schemes.

Rural water management

DELWP has a crucial role in working with the Commonwealth Government and other states in implementing the agreed Murray-Darling Basin Plan. DELWP continues to support a sustainable and productive irrigation sector through large scale irrigation modernisation projects, including the Goulburn-Murray Water Connections Program and the Macalister Irrigation District modernisation. 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 63 per cent over 2013-14 to 2014-15. This is slightly above the 2014-15 target of 60 per cent for the Goulburn-Murray Water's (GMW) modernisation program.

Waterway Health and Catchment Management

DELWP also works to improve the environmental condition of waterways through renewed state and regional strategies for waterway management, efficient management of environmental water and state-wide investment in on-ground works. In 2014-15, the *Number of river reaches/wetlands with maintained or improved environmental condition* has increased from around 343 to 346 over the 2013-14 to 2014-15 period.

² Source: <http://www.climatechange.vic.gov.au>

DELWP also works with Environment Victoria, catchment management authorities and Landcare groups to develop a strategy to improve our riparian land and river reaches. The regional catchment strategy (RCS) for Port Phillip and Westernport started operation on 6 November 2014, taking the total number of RCSs in place across Victoria to ten. The strategies, required under the *Catchment and Land Protection Act 1994*, have operated since 1997. They are developed by Catchment Management Authorities (CMAs) in consultation with regional communities.

In 2014-15, DELWP continued to improve the capacity of our water management framework to respond and adapt to a climate change, including extreme events such as droughts and floods. Public consultation on a revised Draft Victorian Floodplain Management Strategy re-opened in June 2015. DELWP also completed 30 flood risk assessments and some 200 upgrades to flood warning gauges and FloodZoom, the flood intelligence platform, is now ready for use as a complementary tool in flood response operations and planning.

Departmental objective indicators and progress

Indicator	Unit of measure	2013-14	2014-15
Proportion of new homes connected to an alternative water source	per cent	29	31
Proportion of properties directly connected to the modernised irrigation delivery system (in the GoulburnMurray and Macalister Irrigation District)	per cent	38	63
Number of river reaches / wetlands with improved environmental condition	number	343	346

Performance against output performance measures

Effective Water Management and Supply

Through this output, DELWP develops policies, provides strategic advice, and oversees regulatory systems and institutional arrangements to drive the effective management and efficient use of Victoria's water resources. This includes sustainable irrigation, river health, integrated water cycle management, water reuse and recycling, ground and surface water, water industry reform, governance and performance oversight and the availability of information to enable informed decision making.

Output performance measures	Unit of measure	2014-15 actual	2014-15 target	Performance variation (%)	Result ¹
Quantity					
Area of waterway vegetation works undertaken to improve instream health	hectares	5 153	1 800 – 2 000	157.7	✓
The 2014-15 actual is higher than the target due to successful community engagement which resulted in additional opportunities to work on private land. Additional works were also undertaken in two large sites in the Mallee.					
Compliance with the Murray-Darling Basin Agreement to maintain a balance in the Salinity Register such that the total of salinity credits is in excess of, or equal to, the total of salinity debits	number	33.8	>0	0	✓
Corporate plans submitted by Catchment Management Authorities are aligned with ministerial guidelines and templates, and meet the requirement of relevant Acts	per cent	100	100	0	✓

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Cumulative water savings (permanent reduction in irrigation distribution system delivery losses) realised through water recovery projects	megalitres	679 600 estimate	679 600	0	✓
The 2014-15 actual is an estimate based on water savings targets. A final result will be available following the completion of an annual audit process in late 2015.					
Melbourne's Water Future Actions implemented	per cent	23	35	-34.3	■
The 2014-15 actual reflects actions implemented prior to the review of the program in line with broader Victorian Government objectives and priorities for the water sector.					
Number of people engaged to increase the knowledge/capacity of water management	number	2 499	1 000 – 1 200	108.3	✓
The 2014-15 actual is higher than the target due to the success of three northern Catchment Management Authorities in attracting new community members to programs.					
Number of sites where works have been undertaken to improve instream health	number	72	40 – 47	53.2	✓
The 2014-15 actual is higher than the target as additional works were able to be delivered in the second half of the year.					
Number of sites with environmental water managed to meet environmental objectives	number	181	53	241.5	✓
The 2014-15 actual is higher than the target due to an improvement in the feasibility of watering additional sites and an increase in the volume of water available for environmental watering at both the state and Commonwealth level.					
Other Victorian retail water entitlements (including licences to take and use water and other miscellaneous entitlements) recorded in the water register	per cent	81.9	83	-1.3	0
Rebates approved for small business for improved water efficiency	number	1 354	1 500	-9.7	■
While slightly below target for this financial year, there has been a steady increase in the up take of these rebates since the program's commencement in 2011-12.					
Rebates approved to households for improved water efficiency in the house and garden	number	21 120	18 000	17.3	✓
The 2014-15 actual is higher than the 2014-15 target due to higher than expected up take as the program nears its end date.					
Victorian water shares (entitlements to a share of water in large rural storages) recorded in the water register	per cent	100	100	0	✓
Water information products delivered for greater accountability in sustainable water resource management	number	5	5	0	✓

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Quality					
Bulk water entitlements/ environmental entitlements being complied with to ensure security of supply, environmental flows and compliance with caps	per cent	100	100	0	✓
Timeliness					
Catchment Management Authority corporate plans submitted to the Minister by the prescribed date	number	9	10	-10.0	■
Nine Catchment Management Authority corporate plans were submitted to the Minister by 30 April 2015 with the remaining corporate plan submitted in early May 2015.					
Statutory obligations of Water Corporations complied with, including annual reports and audits, corporate plans, and exercises under the <i>Terrorism (Community Protection) Act 2003</i>	per cent	100	100	0	✓
Cost					
Total output cost	\$ million	377.5	452.8	-16.6 ²	■
The lower 2014–15 actual is primarily due to the timing of payments to Goulburn–Murray Water for the Goulburn–Murray Water Connections Project.					

Note:

- 1 ■ Performance target not achieved – exceeds 5 per cent variance.
 ✓ Performance target achieved or exceeded.
 O Performance target not achieved – within 5 per cent variance.
- 2 Corrects a calculation error in the printed report

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.

The department 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.

Context and performance trends

Long term planning for the future

Melbourne's population is projected to grow from 4.4 million in 2014 to 7.8 million in 2051, and Victoria's population is projected to grow from 5.8 million to 10 million over the same period³. This will stimulate economic growth, but will also intensify competition for natural resources such as land, water and energy. An effective planning system will accommodate Melbourne's housing supply challenges whilst maintaining the city's liveability and adapting to climate change.

DELWP will develop long-term state and regional strategies to provide for Victoria's future population growth and economic development that incorporate community values. As part of a refresh of *Plan Melbourne*, DELWP will also conduct a new round of consultation to ensure it reflects the vision and priorities of all Victorians. This will complement other strategies under development, such as the *Population and Economic Growth* to guide infrastructure provision and facilitate economic development in response to the challenges faced by Victoria's interface councils.

In May 2015, the Minister for Planning launched the *Better Apartments* discussion paper as part of a consultative process to improve apartment design and to work on a balance between liveability and affordability. Apartment approvals and construction are surging, with apartment developments making up 30 per cent of all new construction in Victoria during 2014-15. Discussion paper submissions will be considered in 2015 and community forums and industry roundtable events will be held. It is anticipated that an options paper will be developed by the end of 2015.

Heritage protection

A key role for DELWP is to provide leadership and advice on heritage protection and the built environment. The *Heritage Act 1995* is Victoria's principle legislation for the identification and management of heritage places and objects of State significance, historical archaeological sites and shipwrecks. With 2015 marking the 20th year of the Act's operation it is timely to review and modernise its scope. Public consultation on the review of the Act commenced in June 2015 and included a mail-out of information to more than 5,000 parties; public forums held in Melbourne and across regional Victoria; and targeted meetings with more than 50 key stakeholders.

The Victorian Heritage Database has been overhauled to provide the public with access to more information via a mobile-friendly site which works across smart phones, tablets and computers. The database is a research tool covering the state's official list of significant places and objects and also includes heritage assets, all known historic archaeological sites in Victoria, the heritage records of 24 local councils, the National Trust of Australia's Victorian listings and the Victorian Veterans Affairs' Victorian War Heritage Inventory. The new site, launched in April 2015, also includes a 'search near me' feature and capacity to build customised heritage tours.

Land use planning

DELWP also oversees land use planning and building regulations and facilitates strategic planning across council boundaries

In April 2015, changes to Victoria's wind farm planning laws were introduced as part of an election commitment to encourage investment in renewable energy. Amendment VC124 reduces the allowable distance of a turbine to a dwelling from two kilometres to one kilometre (consent is required from the

³ Source: Victoria in Future 2015 (www.delwp.vic.gov.au)

owner of a dwelling to locate a turbine closer than one kilometre to the dwelling) and makes the Minister for Planning the responsible authority for all new wind farm planning permits applications. In June 2015, additional changes were introduced to further streamline wind farm project approvals. The Minister for Planning will assess applications for wind farms and associated infrastructure together.

The objective indicator: *The vision for Victoria is reflected in the State Planning System* was successfully achieved in 2014-15, and, therefore, this indicator will be discontinued in 2015-16. Plan Melbourne and Regional Growth Plans provided a vision for Victoria and relevant objectives and directions were included in all planning schemes.

Departmental objective indicators and progress

Indicator	Unit of measure	2013-14	2014-15
The vision for Victoria is reflected in the State Planning System	N/A	N/A	N/A
Relevant objectives and direction from <i>Plan Melbourne</i> and Regional Growth Plans were included in all planning schemes. In 2015, the government announced a refresh of <i>Plan Melbourne</i> to address climate change, transport and affordable housing priorities.			
Satisfaction of key stakeholders with State Planning Strategies	N/A	N/A	N/A
Effective engagement with stakeholders is embedded in state planning and policy activities, this included: <ul style="list-style-type: none"> • In March 2015 the Minister for Planning announced a refresh of <i>Plan Melbourne</i> which will include a comprehensive community engagement process towards the second half of 2015. • In April 2015, the Minister for Planning announced a new plan for an expanded Fishermans Bend, focusing on people and jobs to underpin development over the next 30 years. The process will involve extensive consultation with local communities as well as councils. • In May 2015 the Minister for Planning launched the <i>Better Apartments</i> discussion paper as part of a consultative process to improve apartment design and to work on a balance between liveability and affordability. 			
Reforms implemented to increase the efficiency of Victoria's planning, building and heritage system	N/A	N/A	N/A
Reforms have been implemented to increase the efficiency of Victoria's planning, building and heritage systems. These include: <ul style="list-style-type: none"> • Commenced public consultation on the review of the <i>Heritage Act 1995</i> • Changes to Victoria's wind farm planning laws to: reduce the allowable distance of a turbine to a dwelling from two kilometres to one kilometre without the landowner's consent; and make the Minister for Planning the responsible authority for all new wind farm planning permit applications for the use and development of a wind energy facility. • Interim planning controls introduced in the expanded Fishermans Bend precinct to restore confidence in the planning process for the community. 			

Performance against output performance measures

Planning, Building and Heritage

This output provides programs to address the future growth and change in metropolitan and regional Victoria through:

- strategic land use planning for metropolitan and regional Victoria
- delivering urban development, design and renewal
- facilitating land supply in growth areas
- streamlining Victoria's regulatory framework for planning, building and heritage
- supporting heritage conservation and management
- administering the statutory responsibilities of the Minister for Planning
- providing a fair and transparent planning, building and heritage system.

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Quantity					
Number of local governments undertaking work to support strategic planning for coastal settlements and areas	number	9	9	0	✓
Places or objects assessed for the Victorian Heritage Register	number	44	45	-2.2	0
<i>Plan Melbourne</i> prioritised Planning's short term actions completed	number	7	54	-87.0	■
The 2014-15 actual reflects short term actions completed prior to the refresh of <i>Plan Melbourne</i> .					
Report annually on analysis of supply, consumption and adequacy of residential and industrial land	number	1	1	0	✓
Research published: demographic trends and residential land	number	5	5	0	✓
Quality					
Activities Area projects delivered against agreed project implementation documents, as set for the financial year	per cent	100	80	25.0	✓
The 2014-15 actual is higher than the target as all project implementation milestones were met.					
Community Works Program/Community Support Grant projects completed meet agreed project objectives	per cent	100	100	0	✓
Environmental effects statements, referrals and assessments completed in accordance with Ministerial Guidelines	per cent	100	100	0	✓
Heritage certificates issued accurately	per cent	100	100	0	✓
Timeliness					
Archaeological consents issued within 30 business days	per cent	100	100	0	✓
Average number of business days to decide a planning scheme amendment	days	56	40	-40.0	■
The higher 2014-15 actual is due to the large volume of activity throughout the year.					
Average number of business days to decide a planning scheme authorisation	days	9	10	10.0	✓
The lower 2014-15 actual is due to improved processes for managing planning scheme authorisations.					

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Community Works/Community Support Grant payments made within 21 days of completion of agreed milestones in funding agreement	per cent	100	95	5.3	✓
The higher 2014-15 actual is due to the timely approval of agreed milestones.					
Heritage permits issued within statutory timeframes	per cent	100	100	0	✓
Owners notified of accepted nominations to the Victorian Heritage Register within 14 days	per cent	100	100	0	✓
State population projections reviewed and updated	date	Feb 2015	Feb 2015	0	✓
Cost					
Total output cost	\$ million	83.5	109.3	-23.6 ²	■
The lower 2014-15 actual reflects the approved expenditure profile of the Growth Areas Infrastructure Contribution.					

Note:

- 1 ✓ Performance target achieved or exceeded.
O Performance target not achieved – within 5 per cent variance.
■ Performance target not achieved – exceeds 5 per cent variance.
- 2 Corrects a calculation error in the printed report

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.

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

Context and performance trends

A strong relationship with local government will be central to achieving the Government's economic, environmental and liveability outcomes. Melbourne's interface councils have rapidly growing populations, productive rural land and some of Victoria's most vulnerable conservation corridors. They also face some of Victoria's greatest infrastructure challenges. The government is committed to supporting these communities through improved transport connections, access to local health services, increased access to local jobs and improving the liveability and resilience of these communities.

Local Government Reform

Within the context of the Local Government Reform agenda, DELWP is delivering three reform pillars of: *integrity and good governance*; *capacity and performance*; and *delivering for communities*. These reform pillars will drive ongoing improvements in performance, sustainability, integrity, accountability and value for money within the local government sector.

Our *integrity and good governance* pillar involves clarifying the roles, responsibilities and accountabilities of local government and seeking better relationships with them. We are also reviewing the *Local Government Act 1989* and pursuing improvements to the councillor conduct provisions and electoral procedures.

Our *capacity and performance* pillar involves completing the rollout of the local government performance and reporting framework to facilitate sustainable business practices. We are also reducing the administrative burden for councils by designing and launching the *Know Your Council* website. This will enable inter-council performance comparison and accelerating the implementation of collaborative procurement and shared services.

Our *delivering for communities* pillar involves implementing a *Fair Go Rating System*, establishing an infrastructure fund to address the growth pressures faced by interface councils and encouraging increased workforce diversity across local government that better reflect their diverse communities.

The *Satisfaction with the performance of councils as measured through the Local Government Community Satisfaction Survey* was almost unchanged at 60 per cent in 2014-15⁴. The same result has been recorded every year since 2011-12, with the exception of 61 per cent in 2013-14. We anticipate maintaining, if not improving, on this performance. The *Community Satisfaction Survey* has been conducted annually since 1998. Telephone interviews with 28,316 residents in the 69 participating councils were conducted during February and March 2015. Measures from the survey also form part of the mandatory local government performance reporting framework. Highlights in the 2015 survey include that across the state, the highest rated individual service areas are: art centres and libraries; the appearance of public areas; and waste management, which all achieved very positive results relative to other service areas. On an unprompted basis, residents list the best things about their local council as: their parks and gardens; sporting and recreational facilities; and customer service.

Departmental objective indicators and progress

Indicator	Unit of measure	2013-14	2014-15
Satisfaction with the performance of councils as measured through the Local Government Community Satisfaction Survey	per cent	61	60

⁴ Source: <http://www.dtpli.vic.gov.au/local-government/publications-and-research/council-community-satisfaction-survey>

Performance against output performance measures

Local Government

This output delivers activities in partnership with the local government sector to develop sustainable service delivery and asset management policies and practices that maximise community value and accountability; encourage and support best practice and continuous development in local governance; administer programs that assist local government to deliver public library services and respond to and recover from natural disasters; and provide support to the Victoria Grants Commission.

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
Quantity					
Meetings held with Ministerial Mayors Advisory Panel	number	3	4	-25.0	■
Three of the four planned meetings were held during 2014-15 with one meeting rescheduled and held in July 2015.					
Percentage of grant payments made against completion of milestone deliverables under funding agreement: environmental sustainability plans	per cent	100	100	0	✓
Percentage of grant payments made against completion of milestone deliverables under funding agreement: public library services	per cent	100	100	0	✓
Percentage of identified councils who have met milestone criteria funded as part of the Vulnerable People in Emergencies Program	per cent	100	100	0	✓
Quality					
LGV's legislative and regulatory change considers stakeholder feedback and consultation with local government	per cent	100	100	0	✓
LGV's policy and program development considers stakeholder feedback and consultation with local government	per cent	100	100	0	✓
Timeliness					
Victoria Grants Commission allocations determined and consultation program completed within agreed timeframes	per cent	100	100	0	✓
Cost					
Total output cost	\$ million	60.8	59.7	1.8 ²	✓
The higher 2014-15 actual reflects additional grant funding provided for local community infrastructure.					

Note:

- 1 ✓ Performance target achieved or exceeded.
 O Performance target not achieved – within 5 per cent variance.
 ■ Performance target not achieved – exceeds 5 per cent variance.
- 2 Corrects a calculation error in the printed report

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

This objective delivers a risk based approach to preparing for and responding to fire and emergencies to reduce the impact of these events on people, property and the environment and to improve community and ecosystem resilience.

The department works with its agency partners and the community to further improve preparation and response to bushfire and other emergencies and implement new systems to support an all hazards approach to emergency management.

Context and performance trends

In recent years, bushfire, heatwave and flood events have severely impacted Victorian communities, businesses and the environment. Changing and more unpredictable weather, due to climate change and a growing population will continue to increase the risk of natural disasters and other emergencies in Victoria⁵. Effective management of these and other emergencies requires the State Government, emergency services, local government, businesses and communities to work together. The state has adopted an 'all-hazards, all agencies' approach to preparing for, responding to and recovering from emergencies, and to build the resilience of Victorian communities and the environment.

Fire and emergency events

DELWP is one of several Victorian government departments and agencies with responsibilities for emergency management. Our emergency responsibilities include the management of: fire on public land; dam safety; whale and dolphin stranding or entanglement; and the impacts of emergencies on the environment. DELWP's emergency management capabilities span prevention, preparedness, response and recovery functions and are critical to our government's *all-hazards, all-agencies* approach to emergency management. DELWP ensures that all staff, with an emergency management role, receive the appropriate support, equipment and training they need, and we engage with communities to ensure our actions are focused on protecting the things that they value most.

During the 2014-15 summer season, the department attended 1,149 fires on public and private land, impacting 57,250 hectares. Weather conditions leading in to the summer season concerned fire agencies with the real possibility of major campaign fires before Christmas. Lightning during December 2014 and January 2015 caused many fires, including several large fires in the Wimmera, Mallee and Hume regions. A number of grass fires occurred close to the southern Melbourne metropolitan area. Through aggressive first attack, fire agencies put out many fires before they could impact communities and the environment. Supporting this approach was the continued expansion of the rapid aircraft dispatch system using 21 aircraft in 15 separate geographic areas. Two additional Large Air Tankers were available over a 12-week period to increase aviation resources. Key Victorian incident management staff and specialist firefighters were also deployed to assist South Australia and Western Australia with campaign fires during January and February 2015.

The objective indicator for *Fires controlled at first attack to suppress fires before they become established, minimising impact* has improved from 74 to 83 per cent over the 2013-14 to 2014-15 period. The objective indicator for *Fires controlled at less than five hectares, to suppress fires before they become established, minimising impact* has improved from 79.5 to 87 per cent over 2013-14 to 2014-15. Performance in this area is subject to the conditions in the annual fire season and can fluctuate. The *Area of public land treated through planned burning* increased from around 82,000 to 234,614 hectares over 2013-14 to 2014-15, against a target of 275,000 hectares in both years. The department took every opportunity to conduct burning operations over 2014-15 with 85 per cent of the 275,000 hectares target area treated. The early onset of cooler conditions, particularly in the Mallee and far South West, limited opportunities, but the North East (Hume Region) was able to take advantage of favourable conditions and significantly exceeded their regional target.

⁵ Source: <http://www.climatechange.vic.gov.au>

The *Area of public land prepared for planned burning* in 2014-15 of 507,773 hectares was over 185 per cent of the planned burn target (275,000 hectares). The relatively high level of preparation and planning in 2014-15 provided the department with multiple options for planned burning implementation, as weather conditions allowed, to facilitate better achievement against our planned burn target.

Departmental objective indicators and progress

Indicator	Unit of measure	2013-14	2014-15
Fires controlled at first attack to suppress fires before they become established, minimising impact.	per cent	74.2	83.0
Fires controlled at less than five hectares, to suppress fires before they become established, minimising impact.	per cent	79.5	87.0
Area of public land treated through planned burning	hectares	82 022	234 614
Adoption of consistent systems across DELWP to support efficient and effective emergency management*	per cent	NA	100
Percentage of agreed DELWP emergency management obligations met on time and to standard*	per cent	NA	100

* New departmental objective indicator for 2014-15.

Performance against output performance measures

Fire and Emergency Management

This output covers activities under an integrated management framework, for the effective planning and management of fire and other emergencies to reduce the impact of major bushfires and other emergencies on people, infrastructure and the environment.

Through this output, DELWP delivers a planned burning program to reduce bushfire risk to people, property and the environment; engages with the community; ensures its workforce is effectively trained and prepared; and maintains a road network capable of facilitating fire and emergency related activities, and providing access to tourists, the general public and the timber industry.

Output performance measures	Unit of measure	2014-15 actual	2014-15 target	Performance variation (%)	Result ¹
Quantity					
Bushfire fuel management completed to protect key assets	hectares (000)	235	275	-14.5	■
The 2014-15 actual is lower than the target due to unfavourable weather conditions, particularly in the Mallee and far South West, which limited opportunities to undertake bushfire fuel management. Planning and preparation activities across the state reached 185 per cent of the annual target which assisted the department in maximising opportunities to undertake burning operations when conditions allowed.					
Community engagement plans developed and implemented in accordance with the statewide strategy for bushfire management engagement	number	6	6	0	✓
Personnel with accreditation in a fire and emergency management role	number	2 221	1 800	23.4	✓
The 2014-15 actual reflects a higher than targeted number of personnel currently accredited to perform in a fire role as of June 2015. Maintaining these high numbers of personnel with fire role accreditation enables a more efficient response to fire events.					

Output performance measures	Unit of measure	2014–15 actual	2014–15 target	Performance variation (%)	Result ¹
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	✓
Strategic engagement forums held to enhance stakeholder and community understanding of bushfire management	number	15	12	25.0	✓
Additional engagement sessions were held to gather community and stakeholder input as part of the review of performance targets related to bushfire fuel management.					
Quality					
Agreed DELWP emergency management obligations met on time and to standard	per cent	100	100	0	✓
Fires controlled at less than 5 hectares to suppress fires before they become established, minimising impact	per cent	87	80	8.8	✓
A total of 1,002 bushfires were controlled at less than 5 hectares during 2014-15. A significant proportion of the 146 bushfires that were over 5 hectares in size were started by lightning.					
Personnel accredited to serve in a senior capacity (level 2 or 3) in a fire and emergency management role	number	295	300	-1.7	0
Timeliness					
Assessment of model of cover completed prior to fire season to assess resources available and requirement for the upcoming fire season	date	Dec 2014	Dec 2014	0	✓
District fire operations plans completed	date	Oct 2014	Sep 2014	0	✓
Fires controlled at first attack to suppress fires before they become established, minimising impact	per cent	83	80	3.8	✓
Readiness and response plans completed prior to fire season	date	Dec 2014	Dec 2014	0	✓
Cost					
Total output cost	\$ million	347.8	357.6	-2.7 ²	0

Note:

- 1 ■ Performance target not achieved – exceeds 5 per cent variance.
✓ Performance target achieved or exceeded.
0 Performance target not achieved – within 5 per cent variance.
- 2 Corrects a calculation error in the printed report

Legislative and other information

Major entities

Environment, Climate Change and Water

- Alpine Advisory Committee
- Alpine Resorts Coordinating Council
- Barwon Region Water Corporation
- Barwon South West Waste and Resource Recovery Group ¹
- Border Groundwater Agreement Review Committee
- Budj Bim Council
- Central Coast Regional Coastal Board
- Central Gippsland Region Water Corporation
- Central Highlands Region Water Corporation
- City West Water Corporation
- Coliban Region Water Corporation
- Commissioner for Environmental Sustainability
- Committees of management ²
- Corangamite Catchment Management Authority
- Director of National Parks
- Dhelkunya Dja Land Management Board ³
- East Gippsland Catchment Management Authority
- East Gippsland Region Water Corporation
- Environment Protection Authority
- Environment Protection Board
- Falls Creek Alpine Resort Management Board
- Gippsland and Southern Rural Water Corporation
- Gippsland Lakes and Coast Regional Coastal Board
- Gippsland Waste and Resource Recovery Group ¹
- Glenelg Hopkins Catchment Management Authority
- Goulburn Broken Catchment Management Authority
- Goulburn Valley Region Water Corporation
- Goulburn Valley Waste and Resource Recovery Group ¹
- Goulburn-Murray Rural Water Corporation
- Grampians Central West Waste and Resource Recovery Group ¹
- Grampians Wimmera Mallee Water Corporation
- Gunaikurnai Traditional Owner Land Management Board
- Lake Mountain Alpine Resort Management Board
- Loddon Mallee Waste and Resource Recovery Group ¹
- Lower Murray Urban and Rural Water Corporation
- Mallee Catchment Management Authority
- Melbourne Water Corporation
- Metropolitan Waste and Resource Recovery Group ¹
- Ministerial advisory committees (various)
- Mount Baw Baw Alpine Resort Management Board
- Mount Buller and Mount Stirling Alpine Resort Management Board
- Mount Hotham Alpine Resort Management Board
- National Parks Advisory Council
- North Central Catchment Management Authority
- North East Catchment Management Authority
- North East Region Water Corporation
- North East Waste and Resource Recovery Group ¹
- Parks Victoria
- Port Phillip and Westernport Catchment Management Authority
- Reference Areas Advisory Committee
- Royal Botanic Gardens Board Victoria
- Scientific Advisory Committee
- South East Water Corporation
- South Gippsland Region Water Corporation
- Sustainability Fund Advisory Panel ⁴
- Sustainability Victoria
- Trust for Nature (Victoria)
- Trustees for Crown land reserves ⁵
- Victorian Catchment Management Council
- Victorian Coastal Council
- Victorian Environmental Assessment Council
- Victorian Environmental Water Holder
- Victorian Mineral Water Committee
- Wannon Region Water Corporation
- West Gippsland Catchment Management Authority
- Western Coast Regional Coastal Board

- Western Region Water Corporation
- Westernport Region Water Corporation
- Wimmera Catchment Management Authority
- Yarra Valley Water Corporation
- Yorta Yorta Joint Body ⁶
- Yorta Yorta Traditional Owner Land Management Board
- Zoological Parks and Gardens Board.

Planning

- Architects Registration Board of Victoria
- Building Advisory Council
- Building Appeals Board
- Building Practitioners 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
- Metropolitan Planning Authority (Growth Areas Authority)
- Places Victoria (Urban Renewal Authority Victoria)
- Planning Panels Victoria
- Plumbing Advisory Council
- Surveyors Registration Board of Victoria
- Victorian Building Authority.

Local Government

- Panels of Administrators (Wangaratta and Brimbank)
- Local Government Ministerial Mayors Advisory Panel
- Local Government Panel (Sunbury)
- Victoria Grants Commission.

Note:

1. Metropolitan Waste Management Group was renamed the Metropolitan Waste and Resource Recovery Group on 1 August 2014 and its area of responsibility expanded to include the former Mornington Peninsula Waste Management Group. Twelve Regional Waste Management Groups were consolidated into six new Waste and Resource Recovery Groups effective 1 August 2014
2. 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, The Mint, and Winton Wetlands Committee of Management
3. The Dhelkunya Dja Land Management Board was established by Determination published in the Government Gazette on 17 July 2014
4. The Sustainability Fund Advisory Panel was abolished on 1 July 2015
5. There are approximately 60 trustees for Crown land reserves, including Caulfield Racecourse Reserve Trustees
6. By agreement with the Yorta Yorta Nation Aboriginal Corporation, there have been no members appointed to the Yorta Yorta Joint Body since August 2012.

Acts administered

Environment, Climate Change, and Water

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

Climate Change Act 2010

Coastal Management Act 1995

Commissioner for Environmental Sustainability Act 2003

Conservation, Forests and Lands Act 1987

Parts of the Act 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 administered by other Ministers and the Assistant Treasurer.

Cultural and Recreational Lands Act 1963

Dental Hospital Land Act 2011

Environment Protection Act 1970

Flora and Fauna Guarantee Act 1988

Except section 5 and Parts 3 and 5 and Division 1 and 2 of Part 6, which are jointly administered with the Minister for Agriculture.

Forests Act 1958

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

Geelong Lands (Steampacket Place) Act 1996

Geelong Market Site Act 1983

Groundwater (Border Agreement) Act 1985

Heritage Rivers Act 1992

Land Act 1958

Except for certain specified areas of land managed by other agencies such as the Office of Corrections, Courts Services and the Department of Health.

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 2012

Land (Revocation of Reservations) Act (various years)

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 remaining provisions are administered by the Minister for Tourism and Major Events and the Premier.

Melbourne (Yarra Park) Land Act 1980

Murray-Darling Basin Act 1993

National Environment Protection Council (Victoria) Act 1995

National Parks Act 1975

Parks and Crown Land Legislation (Mount Buffalo) Act 2010

Parks Victoria Act 1998

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

Except in so far as it relates to declaring, managing and enforcing public safety zones for the purposes of timber harvesting operations, as those matters are jointly and severally administered with the Minister for Agriculture.

South Melbourne Land Act 1986

Southgate Project Act 1994

State Owned Enterprises Act 1992

Division 2 of Part 2 insofar as it relates to the Victorian Plantations Corporation; Division 2 of Part 2 insofar as it relates to the Water Training Centre.

The Act is otherwise administered by the Premier, Minister for Finance, Minister for Multicultural Affairs 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 Environment Assessment Council Act 2001

Victorian Plantations Corporation Act 1993

Water Act 1989

Water (Commonwealth Powers) Act 2008

Water Efficiency Labelling and Standards Act 2005

Water Industry Act 1994

Wildlife Act 1975

Except Part 1 (except section 4B), Parts III, IIIA, VIII and IX, section 16, 35, 41-44, 47D, 48-48C, 5358B, 86-86C, 87 (in so far as it relates to the effective management of hunting, including preserving good order among hunters of wildlife. These provisions are jointly administered with the Minister for Agriculture); Part IIIB (in so far as it relates to the hunting of game); and sections 58C, 58D and 58E, as these provisions are administered by the Minister for Agriculture).

Zoological Parks and Gardens Act 1995

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 Finance and the Minister for Consumer Affairs, Gaming and Liquor Regulation).

City of Greater Geelong Act 1993

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

Docklands Act 1991

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 Finance, the Minister for Employment and the Premier.

Property Law 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.

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). These provisions 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

In so far 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.

Urban Renewal Authority Victoria Act 2003

Valuation of Land Act 1960

Except Divisions 1 and 2 of Part III, Divisions 4 and 5 of Part III (insofar as they relate to the determination of appeals by a Land Valuation Division of the Victorian Civil and Administrative Tribunal), and Part IV (in so far as it relates to the administration of the above provisions). These provisions are administered by the Attorney-General.

Local Government

City of Greater Geelong Act 1993

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

City of Melbourne Act 2001

Libraries Act 1988

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

Local Government Act 1989

Except sections 44-46, 48 and 49 (these sections are administered by the Attorney-General); section 243 (in so far as it relates to municipal electoral tribunals, this section is administered by the Attorney-General); schedule 4 (this Schedule is administered by the Attorney-General); sections 223A, 223B and 223C (these sections are administered by the Special Minister of State); section 243 (in so far as it relates to the inspectors of municipal administration, this section is administered by the Special Minister of State); clauses 4 and 9(3) of Schedule 11 and section 123 (in so far as it relates to the revocation of local laws made pursuant to the powers conferred by those clauses by reason of section 207 of the Act). These provisions are administered by the Minister for Roads and Road Safety.

Local Government (Brimbank City Council) Act 2009

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

Implementation of the Victorian Industry Participation Policy (VIPP)

The *Victorian Industry Participation Policy Act 2003* 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 2014-15, DELWP commenced 18 contracts totalling \$131.8 million in value to which the VIPP applied. The contracts commenced included five in metropolitan Melbourne with a total value of \$28.4 million, ten in regional Victoria with a total value of \$21.3 million and three state-wide with a total value of \$82.1 million.

The number and percentage of 'local content' committed under the contracts that commenced in 2014-15 where a VIPP Plan was not required (due to nil to limited contestability) was split by:

- i) four contracts with a local content of 100 per cent that are local by nature; and
- ii) one contract with a local content of 5 per cent that are international by nature.

There are 36 small and medium sized businesses that prepared a VIPP Plan for contracts which commenced in 2014-15.

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

- i) metropolitan based - four contracts with a local content between 71 per cent and 93 per cent
- ii) state-wide/regionally based - nine contracts with a local content between 71 per cent and 97 per cent

The commitments by contractors under VIPP as a result of these contracts included 324 Annualised Employee Equivalent (AEE) position and 61 apprentices / trainees AEE. There are many benefits to the Victorian economy from these commitments in terms of skills and technology transfer increases including:

- First aid
- Scaffolding
- Site management
- Site inductions
- Occupational health and safety
- Research and development activities
- Production innovations
- Project management
- Contract management.

Contracts completed

During 2014-15, DELWP completed 18 contracts totalling \$65 million in value to which VIPP applied. The contracts included two in metropolitan Melbourne with a total value of \$9.4 million, 13 in regional Victoria with a total value of \$40.3 million and three statewide with a total value of \$15.3 million.

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

VIPP Plan was not required:

- i) regionally based - one contract that was local by nature with a 100 per cent local content.

VIPP Plan was required:

1. metropolitan based - two contracts with a local content of 100 per cent
2. regionally based - 12 contracts with a local content between 73 per cent and 100 per cent
3. statewide based – three contracts with a local content of 100 per cent.

The achieved outcomes reported by contractors under VIPP include 470 AEE and 64 apprentices / trainees AEE.

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

- Site management
- Communication
- Occupational health and safety
- Contract management
- Maintenance and modification of aircraft
- Radio installations
- Smart phone integration
- Aerial firefighting operations and maintenance
- Repairing of firebombing aircraft
- Bridge construction
- Site training
- Laser levelling
- Crane and excavator operation
- Structural concrete construction
- Carpentry
- Steel reinforcement handling and tying
- Barrier installation
- Project management
- Piling and alternative footing construction
- Methodology and solutions in Agile, CRM dynamics and Geospatial processing
- Waste treatment in fire prone area.

DELWP did not award any grant or design contract that meets the VIPP threshold in 2014-15.

Consultancies and contractors

In 2014-15, there were 56 consultancies where the total fee payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2014-15 in relation to these consultancies is \$3.102 million (incl. GST). Details of individual consultancies can be viewed at DELWP's website.

In 2014-15, there were 12 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2014-15 in relation to these consultancies is \$0.066 million (incl. GST).

Disclosure of major contracts

During 2014-15, the department entered into three contracts greater than \$10 million in value. Details of the contracts were published on the Victorian Government's contracts publishing system and can be viewed online (<http://www.tenders.vic.gov.au>)

Disclosure of government advertising expenditure

Planned Burning

The department implemented an external communications campaign focused on alerting communities to the planned burning work program and how to seek further information about where and when planned burns were taking place. The campaign included advertisements, media placements, improved notification methods, roadside signage and social media. Advertisements also informed people about actions to take to reduce the health impacts of smoke. Information was also distributed through health networks and in partnership with the Department of Health and Human Services.

Campaign name	Start and end date	Advertising (media) 2014-15 (ex GST)	Creative and campaign development 2014-15 (ex GST)	Research and evaluation 2014-15	Print and collateral 2014-15 (ex GST)	Other campaign expenditure 2014-15 (ex GST)
Planned burning	12 October 2014 to 31 May 2015	\$423,919	\$16,335	\$71,000	\$28,323	\$409

Right Water

Right Water was a brand campaign by the former Office of Living Victoria to encourage Victorians to use more alternative water sources. The campaign was aimed at householders with gardens who had yet to take meaningful water-saving action. It encouraged householders to capture and use rainwater from their roof.

Campaign name	Start and end date	Advertising (media) 2014-15 (ex GST)	Creative and campaign development 2014-15 (ex GST)	Research and evaluation 2014-15	Print and collateral 2014-15 (ex GST)	Other campaign expenditure 2014-15 (ex GST)
Right Water	22 September 2014 to 3 November 2014	\$670,095.89	\$27,883	\$30,000	\$40,964.07	\$79,446

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 9637 8186.

FOI requests have to be made in writing. A request can be submitted using the website FOI Online (<http://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 VIC 3002

In 2014-15, the application fee was \$26.50. From 1 July 2015, the application fee to make an FOI request is \$27.20. 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.

Note on Machinery of Government changes and its impact on data presented

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP). DELWP commenced operations from 1 January 2015 after Machinery of Government changes were implemented by the Victorian Government. Staff and functions from the former Department of Environment and Primary Industries (DEPI); the former Department of Transport, Planning and Local Infrastructure (DTPLI); and the former Department of State Development, Business and Innovation (DSDBI) were transferred to DELWP to support the ministerial portfolios of Environment, Climate Change and Water; Planning; and Local Government.

Staff from the former DEPI were also transferred to the new Department of Economic Development, Jobs, Transport and Resources (DEDJTR) as part of its role of supporting the ministerial portfolio of Agriculture and Food Security.

The impact of these changes and, in some instances, the prior Machinery of Government changes in 2013, does not always allow comparable trend data to be presented. Readers are alerted to comparability issues in the notes and analysis in each section and this should be considered when reading the information provided.

In relation to DELWP's Freedom of Information data, the Machinery of Government changes mean that except where otherwise noted, data for 2014-15 is based upon DEPI performance from 1 July 2014 to 31 December 2014 and DELWP performance (including Planning and Local Government portfolios) from 1 January 2015 to 30 June 2015.

1 July 2014 – 31 December 2014 (DEPI)

For the six month period from 1 July 2014 to 31 December 2014, the former DEPI received 34 new FOI requests, from sources shown below:

	Number	Per cent
Individuals	11	32
Lawyers	12	35
Journalists	5	15
Members of Parliament	0	0
Community groups	4	12
Companies	2	6

For the same period, the former DEPI made decisions on 20 requests. Five of these requests were received during the previous financial year. The outcomes were:

	Number	Per cent
Full access granted	6	30
Partial access granted	9	45
Access denied	3	15
No relevant documents found	2	10

The processing time for the FOI requests is shown below, with an average of 31 days.

	Number	Per cent
0 – 45 days	20	100
46 – 90 days	0	0
91+ days	0	0

DEPI also responded to an additional 13 requests, including six received during the previous financial year, with the outcomes shown below.

	Number
Request not processed *	10
Transferred	3

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

1 January 2015 – 30 June 2015 (DELWP)

For the six month period from 1 January 2015 to 30 June 2015, DELWP received 72 new FOI requests, from sources shown below:

	Number	Per cent
Individuals	36	50
Lawyers	10	14
Journalists	6	8
Members of Parliament	9	13
Community groups	6	8
Companies	5	7

For the same period, the department made decisions on 49 requests. Twenty-one of these requests were received prior to DELWP during the previous six months. The outcomes were:

	Number	Per cent
Full access granted	12	24
Partial access granted	28	57
Access denied	2	4
No relevant documents found	7	14

The processing time for the FOI requests is shown below, with an average of 45 days.

	Number	Per cent
0 – 45 days	37	76
46 – 90 days	5	10
91+ days	7	14

The department also responded to an additional 26 requests, including two received during the previous financial year, with the outcomes shown below.

	Number
Request not processed *	9
Transferred	17

Freedom of Information Commissioner

Reviews

1 July 2014 – 31 December 2014 (DEPI)

Notification of one request for a review of an FOI decision made by DEPI was received from the Freedom of Information Commissioner (FOI Commissioner) between 1 July and 30 December 2014. The FOI Commissioner affirmed DEPI's decision.

Four reviews were carried over from the previous year. All four reviews were completed by the FOI Commissioner and all decisions were affirmed.

1 January 2015 – 30 June 2015 (DELWP)

Notification of three requests for a review of an FOI decision were received from the FOI Commissioner between 1 January and 30 June 2015. The applicant withdrew one request for a review and the remaining two were outstanding.

One review was carried over from the previous department. Advice of the outcome is pending.

Complaints

1 July 2014 – 31 December 2014 (DEPI)

DEPI was advised by the FOI Commissioner's office of two complaints made about its processing of applicants' FOI requests, or decisions that no relevant documents were identified. Both complaints were closed with no action required by the department.

Three complaints were carried over from the previous year. The FOI Commissioner's office advised the department of the closure of one. Advice of outcomes of the other two is pending.

1 January 2015 – 30 June 2015 (DELWP)

The department was advised by the FOI Commissioner's office of one complaint made about the processing of an applicant's FOI request, or decisions that no relevant documents were identified. The FOI Commissioner dismissed the complaint.

Eight complaints were carried over from the previous departments. The FOI Commissioner's office advised the department of the closure of one. Advice is pending about the others.

Freedom of Information - Victorian Civil and Administrative Tribunal

1 July 2014 – 31 December 2014 (DEPI)

One application for review of an FOI decision was made to the Victorian Civil and Administrative Tribunal (VCAT). The matter was struck out by VCAT as the applicant did not provide sufficient information.

One application that was made to VCAT in the previous reporting period was withdrawn by the applicant.

1 January 2015 – 30 June 2015 (DELWP)

One application for review of an FOI decision was made to VCAT. The matter was struck out by VCAT as the applicant did not provide sufficient information.

One application that was made to VCAT in the previous reporting period was withdrawn by the applicant.

Protected Disclosure Act 2012

The department did not directly receive any Protected Disclosures during 2014-15.

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

Jennifer Berensen

Protected Disclosure Coordinator
Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne VIC 3002
Telephone: (03) 9637 8697

Deputy Protected Disclosure Coordinator

Deidre Egan

Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne VIC 3002
Telephone: (03) 9637 8575

Heritage Victoria permit applications and Victorian Heritage Database

Publicly advertised permit applications and decisions can be viewed online at: <http://www.dtpli.vic.gov.au/heritage>

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 contribution 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*, administering statutory planning responsibilities and facilitating urban development.

There is an extensive amount of information available on the DELWP website. All Victorian planning schemes are published at *Planning Schemes Online* and approved and exhibited planning scheme amendments can be viewed at *Planning Scheme Amendments Online*. The *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.

DELWP also provides online services for access to planning information, forms and news through the Planning Services Directory.

Compliance with the Carers Recognition Act 2012

The department has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012* to ensure our staff have an awareness and understanding of the care relationship principles set out in the Act.

The department has a carer's leave policy that allows staff to take leave to care for immediate family members. This includes spouses, children, siblings, parents and grandparents. A number of staff take Carer's leave when needed to care for others. New staff are made aware of the policy as part of the induction program.

The Parents and Carers' Network established in December 2013 continued to hold regular meetings and has a Yammer site where network members can engage online. Two meetings were held this year with one delivered on resilience as part of National Carers' Week activities and one in May 2015 that provided information about resources available to assist in flexible work in DELWP. An awareness raising program about the Act is run as part of the promotion for Carers Week, at all network meetings and with information on the Yammer site.

A training program is under development on making flexible work happen. This program will provide support to managers so they can effectively assess and implement workplace flexibility and support the needs of those with caring responsibilities.

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 Municipal Building Surveyor or a Registered Building Surveyor Practitioner, is obtained for new facilities or for upgrades to existing facilities.

Major works projects commenced or completed in 2014–15 include:

- Altona depot radio workshop and pump test facility
- Noojee office and depot redevelopment
- Ellinbank calorimeters shed*
- Erica crew facilities
- Swifts Creek office and depot redevelopment
- Broadford office and depot redevelopment
- Mitta Valley office and depot redevelopment

- Orbost North depot redevelopment
- Rushworth depot redevelopment
- Attwood office redevelopment
- Knoxfield office and depot redevelopment
- Beaufort office and depot redevelopment
- Forrest office and depot redevelopment
- Gellibrand office and depot redevelopment
- Warrnambool office redevelopment*
- Bundoora glasshouse*
- Hamilton Shearing shed*.

* Indicates sites now managed by the Department of Economic Development, Justice, Transport and Resources following Machinery of Government changes implemented on 1 January 2015.

Maintenance of buildings in a safe and serviceable condition

DELWP's leased portfolio is managed by the Department of Treasury and Finance's Shared Service Provider. DELWP also has a facilities management contract with 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. Five D 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 2013–14

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 or regional library was late in submitting its annual report for 2013–14.

Budgets 2014–15

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.

No council or regional library was late in submitting its adopted budgets for 2014–15.

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. Government data is progressively published in a machine-readable format on the Victorian Government Data Directory (<http://www.data.vic.gov.au>) to minimise access costs and maximise use and reuse.

DELWP has released more than 1,200 datasets and web mapping services under the Policy.

This includes the Vicmap suite of products such as Address, Property, Transport, as well as Crown Land Tenure, Ecological Vegetation Classes, Coastal Inundation Datasets, Conservation Areas, and Land Use.

Consistent with the DataVic Access Policy, the financial statements, performance statements and tables included in this Annual Report will be available at <http://www.data.vic.gov.au> in machine 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) to monitor and report annually on the progress made against ongoing Victorian Bushfires Royal Commission (VBRC) 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 five actions it has accountability for:

22(k) Fire Agencies to develop and enhance fire information systems and upgrade existing tools such as FireWeb

Three projects were developed to complete this action:

- An infrastructure project that will support the delivery of the new systems and tools. This project is due for completion in November 2015.
- The eWeb project that will replace the FireWeb platform after the 2015-16 summer season.
- The Fuel Management System that will support the expanded planned burning program. The initial release of this system is scheduled for late 2015, with subsequent releases throughout 2016.

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

It is expected that during 2015-16, DELWP will provide options for the Minister for Planning on how to best address the VBRC recommendation.

Implementation of this action will be considered in the context of the other planning and building changes that have been implemented since 2012. Analysis will determine if the problem this action was designed to address still exists, and if it does, to what extent, and how it should be approached.

56(d) Increased planned burning to 390,000 ha

DELWP has implemented a range of reforms and improvements to processes to facilitate the delivery of an increased planned burning program that will achieve the annual targets. DELWP's planned burning target for 2015-16 is 275,000 ha. In the 2014-15 financial year, DELWP treated 233,769 ha, which was 85 per cent of the annual target.

Please note: This figure was accurate as at the time of reporting to IGEM. Subsequent end of year reconciliation resulted in the actual final figure being slightly higher.

56(f) Identify changes required to effectively and efficiently achieve the target planned burn

The department has developed a strategic, risk based approach to bushfire management that targets fuel management where it delivers the greatest bushfire risk reduction. DELWP has published three *Strategic Bushfire Management Plans* for priority, bushfire risk areas of the state – Barwon Otways, West Central, and East Central. The remaining four plans are due for completion in the second half of 2015.

59(b) Amend operational manuals and guides and advise all staff

DELWP has six manuals that relate to this action. The response manual has been completed, and the preparedness, prevention and fuel management manuals are due for completion by the end of 2015. The recovery manual is scheduled for 2016, and work on the OH&S manual has not yet started.

Compliance with the Planning and Environment (Growth Areas Infrastructure Contribution) Act 2010

The *Planning and Environment (Growth Areas Infrastructure Contribution) Act 2010* which amended the *Planning and Environment Act 1987* (the Act) came into effect on 1 July 2010. Information in relation to the Growth Areas Infrastructure Contribution (GAIC) may be located on the Metropolitan Planning Authority (MPA) website <http://www.mpa.vic.gov.au>.

There have been two additional legislative amendments to the Act relating to GAIC: the *Planning and Environment Amendment (Growth Areas Infrastructure Contribution) Act 2011*; and the *Planning and Environment Amendment (Schools) Act 2012*.

The MPA is responsible under the Act to notify the State Revenue Office (SRO) and the Registrar of Titles of the properties that fall within the GAIC Area.

The SRO retains a record of those properties that are liable for GAIC, and for determining and collecting any GAIC liability.

The Registrar of Titles is responsible for placing a GAIC notice on each affected property and will not allow any land dealings, in relation to those properties, without receipt of an appropriate GAIC certificate and notice, as issued by the State Revenue Office.

The MPA also investigates any planning and zoning anomalies that may be raised as they relate to GAIC, and in progressing stage payment enquiries and applications from landowners conducting subdivisions in Melbourne's growth areas.

The MPA provides secretarial support to the GAIC Hardship Relief Board (the Board). The Board meets when required to consider applications for hardship relief. During the year ended 30 June 2015 the Board made no decisions on hardship applications. As at 30 June 2015, there were no active applications before the Board.

Under section 45 of the *Financial Management Act 1994* and section 201VC of the Act, the MPA and the department are required to report annually on the operation of the GAIC.

The amount of GAIC triggered and received in the 2014-15 financial year is shown below. The amounts received by the State Revenue Office is paid into the Consolidated Fund in accordance with the Act and then paid equally into two GAIC funds, the Building New Communities Fund and the Growth Areas Public Transport Fund. These funds are held by, and financially reported on by, DELWP.

GAIC rates per hectare of contribution area

Land type	Year ended 30 June 2015	Year ended 30 June 2014
Type A	\$88,770	\$86,580
Type B1, B2 & C	\$105,420	\$102,810

Summary of GAIC transactions for the year ended 30 June 2015

	Number of transactions for the year ended 30 June 2015	Transaction value for the year ended 30 June 2015	Number of transactions for the year ended 30 June 2014	Transaction value for the year ended 30 June 2014
GAIC receipts ¹	78	\$40,370,936	57	\$18,872,282
GAIC refunds ²	0	0	0	0
GAIC deferred ³	23	\$13,305,381	23	\$65,991,661
Staged payment arrangements agreed ⁴	21	\$64,212,166	8	\$22,688,629
Net staged payments outstanding ⁵	57	\$74,621,911	25	\$39,560,885

Notes to Summary of GAIC transactions for the year ended 30 June 2015

1. The GAIC receipts by the SRO of \$40,370,936 include interest received and refunds made, and have been paid into the Consolidated Fund as per section 201SZJ of the Act.
2. There were no GAIC refunds for the financial year ended 30 June 2015.
3. 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.
4. The Minister for Planning, or the Chief Executive Officer of the MPA under delegated authority, approves staged payment arrangements. The SRO processed approved staged payment arrangements in relation to twenty-one GAIC events during the year ended 30 June 2015. The value of the staged payment arrangements processed for the year ended 30 June 2015 was \$64,212,166.
5. The outstanding amounts in relation to approved staged payments arrangements are to be progressively reduced in accordance with the agreed payment arrangements. The total outstanding staged payments that had been approved by 30 June 2015, and were due for payment after 30 June 2015 amount to \$74,621,911. Fifty-seven staged payment arrangements were still current as at 30 June 2015.

GAIC receipts made in each growth area

Growth area	GAIC receipts to 1 July 2014 \$	GAIC receipts for year ended 30 June 2015 \$	Total GAIC receipts for each growth area as at 30 June 2015 \$	Total paid out of contributions received for each growth area as at 30 June 2015 \$	Proportion paid out of contributions received for each growth area ¹ %
Casey ²	24,796,304	14,299,955	39,096,259	1,800,544	4.6
Cardinia ²	-	-	-	-	-
Hume	19,151,283	9,388,671	28,539,954	1,932,717	6.8
Melton	20,370,590	8,521,792	28,902,382	1,125,657	3.9
Mitchell	626,704	-	626,704	21,075	3.4
Whittlesea	-	-	-	-	-
Wyndham	3,356,822	8,150,517	11,507,339	1,070,201	9.3
Total	\$68,301,703	\$40,370,935	\$108,672,638	\$5,950,195	5.5

Note:

1. Reported under section 201VC(b) of the Act.
2. Combined Casey – Cardinia Growth Area

GAIC Works-In-Kind

A work-in-kind agreement is an agreement entered into by a person liable to pay the GAIC and the Minister, under which the liable person agrees 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. The GAIC works-in-kind legislative amendments were gazetted on 29 June 2011, and the GAIC works-in-kind Guidelines and Model Agreements were released in February 2014 to be available for progressing applications.

No GAIC works-in-kind arrangements were in place as at 30 June 2015.

GAIC Funds

The amounts received by the SRO are paid into the consolidated fund in accordance with section 201SZJ of the Act. The amounts collected for the 2014–15 financial year are reported on the next page.

Periodically the GAIC revenue that has been collected and paid into the consolidated fund is transferred to the two GAIC Funds, net of any GAIC refunds made. The two funds are the Building New Communities Fund and the Growth Areas Public Transport Fund.

In the 30 June 2015 year no refunds were made. For the financial year ended 30 June 2015, an amount of \$12,521,213 has been transferred to each of the funds to make a combined total of \$25,042,426. The amount that has been paid out of the GAIC Funds for the year ending 30 June 2015 is \$1,932,428 out of the Building New Communities Fund, and \$596,715 out of the Growth Areas Public Transport Fund. This comprises a total of \$2,529,143 for the year ending 30 June 2015.

It will be noted that when the amounts received are split between the two funds and reported by growth area municipality, that the quantity available for allocation to each growth area from each fund is reasonably small.

Building New Communities Fund by Growth Area for the year ended 30 June 2015

Growth Area	Opening Fund Balance as at 1 July 2014 \$	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 2014 \$
Casey ¹	11,502,562	131,090	4,531,864	1,000,000	15,165,516
Cardinia ¹	-	-	-	-	-
Hume	8,072,343	91,998	2,877,223		11,041,564
Melton	9,049,478	103,133	2,818,664	32,428	11,938,847
Mitchell	271,658	3,096	28,923		303,677
Whittlesea	-	-	-	-	-
Wyndham	1,675,301	19,093	2,264,539	900,000	3,058,933
Total	30,571,342	348,410	12,521,213	1,932,428	41,508,537

Note:

1. Combined Casey-Cardinia Growth Area

Building New Communities Fund Projects by Growth Area for the year ended 30 June 2015

Allocated to	Growth Area	Purpose	Original Amount Allocated ¹ \$	Amount Paid to 30 June 2014 \$	Amount Paid in Year Ended 30 June 2015 \$	Amount Not Yet Paid as at 30 June 2015 ² \$
Public Transport Victoria	Casey	Berwick Station Park and Ride Upgrade	1,100,000	100,000	1,100,000	-
Roads Corporation of Victoria	Casey	Upgrade of intersection South Gippsland Highway and Craig Road	1,000,000	-	-	1,000,000
Hume City Council	Hume	Upgrade of intersection Mickleham Rd, Greenvale Gardens and Dellamore Boulevard	1,400,000	-	1,400,000	-
Hume City Council	Hume	Car parking and public open space at Hume Regional Tennis and Community Centre	1,000,000	-	-	100,000
Roads Corporation of Victoria	Melton	Traffic signals at Ferris Road interchange intersection	1,500,000	556,212	32,428	911,360
Wyndham City Council	Wyndham	Upgrade to bus facilities, car parking, and public space of Events, Aquatic and Leisure Centre	900,000	-	900,000	-
Roads Corporation of Victoria	Mitchell	Lithgow Street Interchange	100,000	-	-	100,000
Total			\$7,000,000	\$2,056,212	\$1,932,428	\$3,011,360

Note:

- These payments are made net of GST.
- The net amount of allocations made out of the Building New Communities Fund not yet paid as at 30 June 2015 is \$3,011,360. Therefore, the Building New Communities Fund balance on hand at 30 June 2015 of \$41,508,537 has a commitment against it of \$3,011,360, reducing the balance available for allocation to \$38,497,177.

Growth Areas Public Transport Fund by Growth Area for the year ended 30 June 2015

Growth Area	Opening Fund Balance as at 1 July 2014	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 2015
Casey ¹	11,099,143	120,522	4,531,864	211,527	15,540,002
Cardinia ¹	-	-	-	-	-
Hume	9,082,684	98,627	2,877,223	138,772	11,919,762
Melton	9,181,410	99,699	2,818,664	125,945	11,973,828
Mitchell	250,167	2,717	28,923	-	281,807
Whittlesea	-	-	-	-	-
Wyndham	1,622,728	17,621	2,264,539	120,471	3,784,417
Total	\$31,236,132	339,186	12,521,213	596,715	43,499,816

Note:

1. Combined Casey-Cardinia Growth Area

Growth Areas Public Transport Fund Projects by Growth Area for the year ended 30 June 2015

Allocated to	Growth Area	Purpose	Original Amount Allocated ¹ \$	Amount Paid to 30 June 2014 \$	Amount Paid in Year Ended 30 June 2015 \$	Amount Not Yet Paid as at 30 June 2015 ² \$
Public Transport Victoria	Hume	Craigieburn Railway Station bus interchange and Park and Ride	4,200,000	-	-	4,200,000
Public Transport Victoria	Mitchell	Wallan Station Parkiteer Bike Cage	100,000	-	-	100,000
Public Transport Victoria	Whittlesea	South Morang Park and Ride	3,000,000	-	-	3,000,000
Total			7,300,000	-	-	7,300,000
Payment to SRO for the year			1,963,029	1,366,314	596,715	-
TOTAL EXPENDITURE FOR THE YEAR			9,263,029	1,366,314	596,715	7,300,000

Note:

- These payments are made net of GST.
- The net amount of allocations made out of the Growth Areas Public Transport Fund not yet paid as at 30 June 2015 is \$7,300,000. Therefore the Growth Areas Public Transport Fund balance on hand at 30 June 2015 of \$43,499,816 has a commitment against it of \$7,300,000 reducing any balance available for allocation to \$36,199,816.

Water Resource Assessment Program

Under Section 22 (1) of the *Water Act 1989* (the Act), 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*.

The *Victorian Water Accounts (VWA)* 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. 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* 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 *Victorian Water Register* 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)* and are available at <http://data.water.vic.gov.au/monitoring.htm>. The WMIS replaced the *Victorian Water Resources Data Warehouse* in late 2013, significantly improving the accessibility and useability of Victorian groundwater and surface water information.

As well as these reporting tools, there are a number of 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 826 sites that were monitored in 2014-15 through three regional water monitoring partnerships. These partnerships comprise 38 public and private organisations that procure their monitoring requirements under this program. The partnerships include state government departments, water corporations, catchment management authorities, 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 water quantity are available on the *Water Measurement Information System* and the *Monthly Water Report* on the DELWP website: <http://www.delwp.vic.gov.au>.

Groundwater

Groundwater basins and catchments are now part of Victoria's management framework, allowing for groundwater systems to be managed as part of a broader water system. Groundwater strategies, statutory management plans and local management plans have been prepared covering almost all groundwater catchments. The strategies and plans explain the current understanding of the resource, objectives of management and the management tools including caps on allocation (permissible consumptive volumes), trading rules, carryover, rules for the introduction of restrictions, metering requirements, monitoring, reporting and the plan review period. In all cases, strategies and plans are developed in consultation with local stakeholders including groundwater users, environmental representatives and relevant government departments.

Nearly all useable groundwater resources are capped. In northern Victoria, caps are set in the Murray Darling Basin Plan. In other parts of Victoria caps are set as permissible consumptive volumes made by the Minister for Environment, Water and Climate Change. 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. While the potential to trade is significant, as groundwater use is low compared to the total volume licensed for use, groundwater markets in Victoria are still in the early stages of development.

The introduction of groundwater basins and catchments to the management framework is expected to increase economic activity for the state mainly through improved opportunities for licences to be traded allowing groundwater to be put to higher value uses. Productive use of the groundwater resource will support the development needed to stimulate local and regional economies. To achieve this outcome, state-wide policies are being prepared to facilitate trade and existing management areas are being reviewed, in consultation with stakeholders, with the aim of removing barriers to trade and reducing costs.

Victoria monitors more than 2,400 bores on a quarterly basis to understand groundwater level trends. Additionally, rural water corporations conduct monthly monitoring of about 500 bores. Accurate monitoring data is crucial for sustainable management of groundwater resources and helps with the resolution of management issues, questions or disputes raised by groundwater users. A review of the monitoring network is being completed to ensure monitoring requirements remain relevant and that the required baseline monitoring of aquifer behaviour catchment-wide is both efficient and effective.

All groundwater data, including data collected during 2014-15, is available via 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*.

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

Under *Ministerial Reporting Direction 03*, 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 and sustainable and resilient water services systems. 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 environmental 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.

The majority 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 catchment management authorities and Melbourne Water. The VEWH then commits water throughout the year via seasonal watering statements which authorise waterway managers to use environmental water.

The operation of the VEWH is overseen by the Minister for Environment, Climate Change and Water. 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 2014-15, the Wimmera and Glenelg Rivers Environmental Entitlement 2010. The amendment was required to apply recommendations from the Bulk Entitlements and Operations Review 2014. At 30 June 2015, the VEWH Water Holdings comprised 22 entitlements and a number of water shares, totalling a long-term average of approximately 649,000 ML.

During 2014-15, environmental water was managed to meet environmental objectives at 124 Index of Stream Condition river reaches and 57 wetlands including:

- Thomson, Macalister, Latrobe and Snowy rivers and the lower Latrobe Wetlands in Gippsland
- Yarra, Tarago, Werribee and Moorabool rivers and Jacksons Creek in central Victoria
- Wimmera, MacKenzie and Glenelg rivers and Burnt and Mount William creeks in western Victoria
- Twenty-three wetlands in the Wimmera-Mallee wetland complex
- Lower Barwon River wetlands (Hospital Swamps and Reedy Lake)
- Goulburn, Campaspe and Loddon rivers and Broken and Gunbower creeks
- Living Murray Icon sites – including Gunbower Forest, Hattah Lakes Wallpolla Island (Horseshoe Lagoon) and Mulcra Island
- Twenty-three northern wetlands and floodplains.

Full details of 2014-15 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 2014-15, 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 Mulcra Island using newly constructed infrastructure funded under the Living Murray program
- finalising 28 environmental water management plans for wetlands and rivers in Northern Victoria
- beginning implementation of Chapter 8 of the *Murray-Darling Basin Plan (Basin Plan Environmental Watering Plan)*
- finalised co-investment with North East Water to optimise environmental flows in the Ovens River.

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

All urban water corporations are required to report on wastewater disposals, as part of the report of operations in their annual reports. The performance report includes indicators related to financial, service delivery and environmental performance. Specific wastewater indicators are prepared for reliability of collection services, quality of disposal and management. The annual reports are tabled in Parliament and available on water corporation websites.

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 *Revised Draft Victorian Flood Management Strategy* was released on 3 June 2015 for targeted consultation. The revised draft provided a further opportunity for key stakeholders and the community to comment on the direction of floodplain management in Victoria. The revised draft strategy was informed by submissions and feedback to the draft strategy, released on 24 June 2014. A final *Victorian Floodplain Management Strategy* will set out the proposed policy framework for managing floodplains in Victoria over the next 10 years.

DELWP assists catchment management authorities and municipalities to improve their knowledge of areas of flood risk and ensure that new development is compatible with the flood risk. Some 10 local flood risk studies were completed by Catchment Management Agencies (CMAs) and local governments. These flood risk assessments explore measures to reduce flood risks. Five regional flood mapping projects were commenced to support land-use planning, community awareness and flood emergency planning.

To strengthen Victoria's flood warning gauge network, DELWP, through the Regional Water Monitoring Partnerships, funded 55 upgrades to gauge instrumentation.

The FloodZoom – Flood intelligence platform was further developed and is available to support flood response in conjunction with current flood intelligence resources.

e) Drainage and waterway management

The implementation of waterway management actions is the responsibility of CMAs across Victoria and Melbourne Water in the Port Phillip and Western Port region under the *Water Act 1989*. In 2014–15, the Victorian Government invested funding into improving the health of Victoria's waterways. As the caretakers of river health, catchment management authorities invest these funds according to agreed works programs and at the end of the year report their achievements. The delivery of projects and services through these agreed works programs is tracked and reported annually through performance reports. These reports are consolidated to demonstrate the statewide effort to maintain and improve the health of Victoria's waterways.

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.

f) Water quality (including salinity)

Water quality monitoring was conducted at 355 partnership sites across the state in 2014-15. 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', for details regarding the in-stream use of water.

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 2014-15 accounts are due to be completed in the first half of 2016, 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 relatively high in 2014-15 with seasonal allocations reaching 100 per cent of high-reliability water shares in all of Victoria's regulated systems except for the Werribee system which reached 70 per cent. In addition, there were seasonal allocations made to Low Reliability Water Shares (LRWS) in the following regulated systems: the Broken and Bullarook systems both reached 100 per cent of LRWS, and the Thomson/Macalister system reached 20 per cent of LRWS.

Surface water use in Victoria's regulated systems (systems that have water shares) totalled 2,800 gigalitres (GL) in 2014-15. Of this the majority, approximately 77 per cent, was used for irrigation, while about 3 per cent was used by urban customers and about 20 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 2014-15, two Groundwater Management Units were subject to restrictions on groundwater use. As per the previous year, Katunga WSPA received a seasonal allocation of 70 per cent in all zones, while Neuarpur sub-zone 1 (part of the West Wimmera GMA) received an 84 per cent seasonal allocation.

gb) Current and historic condition of waterways and aquifers

Waterway condition in Victoria is measured using a number of integrated monitoring tools known as the *Index of Stream Condition* (ISC) and the *Index of Wetland Condition* (IWC). These assessments are carried out every eight years and they measure statewide condition and the long-term effectiveness of the river health rehabilitation programs. The results of the third and most recent ISC assessment were released during 2013 and are available at the Index of Condition System (ICS): <http://ics.water.vic.gov.au>. The results from the first statewide wetland assessment that looked at 827 wetlands are also available at: <http://ics.water.vic.gov.au>.

Sustainable Water Strategies

Regional Sustainable Water Strategies (SWSs) 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 317 actions were identified in the four SWSs to enable the objectives of each strategy to be achieved. Progress in implementing these actions has been documented in previous departmental annual reports, as required under section 22J of the *Water Act 1989*.

The actions cover a broad cross-section of water priorities including (but not limited to) infrastructure scoping and construction, rural and urban water security, water resource planning, licencing, water markets, entitlements, groundwater, climate change, environmental water and water quality.

Most key actions in the Northern Region, Western Region, Gippsland Region and Central Region SWSs have now been implemented or have been superseded by more recent government priorities, policies and initiatives. Implementation of a number of outstanding actions proposed in these strategies was absorbed into government programs such as compliance with the Murray-Darling Basin Plan and the Victorian Waterway Management Strategy.

Key areas of achievement for implemented actions include:

- improved approaches to groundwater management
- water conservation programs for homes, schools and communities
- infrastructure construction and/or upgrade
- water cycle management and resource planning
- environmental water recovery and management
- improved water markets
- Victorian and regional water management strategies development.

Where appropriate, actions from the SWSs that are ongoing or longer term in nature have been built into the work programs of the government or other relevant government initiatives.

The Department is currently completing a stocktake on the status of actions identified in the SWSs. Further detail on the status of individual actions will be 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 to the relevant ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable).

- 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.
- g) 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:

Carolyn Jackson

Executive Director, Finance and Planning

Department of Environment, Land, Water and Planning

8 Nicholson Street

East Melbourne Victoria 3002

Telephone: (03) 9637 8696

Email: carolyn.jackson@delwp.vic.gov.au

Department of Environment, Land, Water and Planning

Financial Statements 30 June 2015

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These financial statements cover the Department of Environment, Land, Water and Planning as an individual entity and are presented in the Australian currency.

The Department of Environment, Land, Water and Planning is a Government department of the State of Victoria. 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.

These financial statements were authorised for issue by the Secretary – Mr Adam Fennessy and the Executive Director Finance and Planning – Ms Carolyn Jackson on 15 October 2015.

For queries in relation to our financial reporting please call 13 61 86, or visit our website (www.delwp.vic.gov.au).

Accountable Officer's and Chief Finance and Accounting Officer's declaration

The attached financial statements for the Department of Environment, Land, Water and Planning have been prepared in accordance with Standing Directions 4.2 of 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 2015 and financial position of the department at 30 June 2015.

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 15 October 2015.



Adam Fennessy
Secretary

Department of Environment, Land, Water
and Planning

Melbourne
15 October 2015



Carolyn Jackson
Executive Director Finance and Planning

Department of Environment, Land, Water
and Planning

Melbourne
15 October 2015

Auditor General's report



INDEPENDENT AUDITOR'S REPORT

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

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Department of Environment, Land, Water and Planning which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Secretary's Responsibility for the Financial Report

The Secretary of the Department of Environment, Land, Water and Planning is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Auditor General's report

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department of Environment, Land, Water and Planning as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.



MELBOURNE
21 October 2015

Dr Peter Frost
Acting Auditor-General

Comprehensive operating statement for the financial year ended 30 June 2015

	Notes	2015 \$'000	2014 ⁽ⁱ⁾ \$'000
Income from transactions			
Output appropriations	1(g), 27	1,225,193	1,396,229
Special appropriations	1(g), 27	115,422	2,040
Interest	1(g), 4(a)	6,867	5,112
Sale of goods and services	1(g), 4(b)	78,495	59,196
Metropolitan Parks Improvement Rate	1(g), 4(c)	152,564	150,983
Grants	1(g), 4(d)	212,999	46,087
Fair value of services received free of charge or for nominal consideration	1(g), 4(e)	64	0
Other income	1(g), 4(f)	11,341	6,166
Total income from transactions		1,802,945	1,665,813
Expenses from transactions			
Employee expenses	1(h), 5(a)	(369,741)	(377,593)
Depreciation	1(h), 5(b)	(56,759)	(69,481)
Interest expense	1(h), 5(c)	(11,994)	(23,837)
Grants and other transfers	1(h), 5(d)	(461,437)	(460,117)
Capital asset charge	1(h)	(102,392)	(112,310)
Supplies and services	1(h), 5(e)	(470,478)	(529,975)
Other operating expenses	1(h), 5(f)	(6,610)	(7,458)
Total expenses from transactions		(1,479,411)	(1,580,771)
Net result from transactions (net operating balance)		323,534	85,042
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	1(i), 6(a)	7,370	(14,621)
Net loss on financial instruments	1(i), 6(b)	(36)	(21)
Share of net losses of associates, excluding dividends	1(i), 6(c)	(2,985)	0
Other losses from other economic flows	1(i), 6(d)	(1,330)	(1,058)
Total other economic flows included in net result		3,019	(15,700)
Net result		326,553	69,342
Other economic flows – other comprehensive income			
Items that will not be classified to net result			
Changes in physical asset revaluation surplus	26	111,647	5,750
Share of change in associate's contributed capital	10	155	0
Total other economic flows – other comprehensive income		111,802	5,750
Comprehensive result		438,355	75,092

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

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.

Balance sheet as at 30 June 2015

	Notes	2015 \$'000	Restated 2014 ⁽ⁱ⁾ \$'000	As at 1 July 2013 ⁽ⁱ⁾ \$'000
Assets				
Financial assets				
Cash and deposits	1(l), 25(a)	587,537	317,829	249,976
Receivables	1(l), 8	265,470	266,768	204,618
Investments and other financial assets	1(l), 9	20,100	26,813	20,143
Investments accounted for using the equity method	1(l), 10	9,199	0	14,412
Total financial assets		882,306	611,410	489,149
Non-financial assets				
Inventories	1(m), 12	18,817	15,015	12,875
Non-financial physical assets classified as held for sale	1(m), 13	2,273	770	574
Property, plant and equipment	1(m), 14	7,573,395	7,914,139	7,203,508
Biological assets	1(m), 15	0	1,845	0
Intangible assets	1(m), 16	27,042	55,803	11,594
Prepayments	1(m)	77,764	82,623	9,813
Total non-financial assets		7,699,291	8,070,195	7,238,364
Total assets		8,581,597	8,681,605	7,727,513
Liabilities				
Payables	1(n), 17	126,946	220,729	144,617
Borrowings	1(n), 18	28,871	287,300	27,535
Unearned income	1(n)	2,254	4,860	270
Deposits repayable	1(n)	31	8	0
Provisions	1(n), 19	137,756	159,205	122,735
Total liabilities		295,858	672,102	295,157
Net assets		8,285,739	8,009,503	7,432,356
Equity				
Accumulated surplus/(deficit)		309,201	(17,352)	(86,694)
Share of associate's contributed capital		155	0	0
Physical asset revaluation surplus	26	5,762,465	5,650,818	5,645,068
Contributed capital	1(p)	2,213,918	2,376,037	1,873,982
Net worth		8,285,739	8,009,503	7,432,356
Commitments for expenditure	1(q), 22			
Contingent assets and contingent liabilities	1(r), 23			

The balance sheet should be read in conjunction with the notes to the financial statements.

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.

Statement of changes in equity for the financial year ended 30 June 2015

	Notes	Accumulated surplus/ (deficit) \$'000	Share of associate's contributed capital \$'000	Physical asset revaluation surplus \$'000	Contributions by owner \$'000	Total \$'000
Balance at 1 July 2013		10,443	0	5,645,068	1,890,904	7,546,415
Net effect of correction of errors ⁽ⁱ⁾	35	(97,137)	0	0	(16,922)	(114,059)
Restated balance at 1 July 2013 ⁽ⁱ⁾		(86,694)	0	5,645,068	1,873,982	7,432,356
Net result for the year ⁽ⁱ⁾		69,342	0	0	0	69,342
Other comprehensive income for the year ⁽ⁱ⁾	26	0	0	5,750	0	5,750
Capital appropriations	27(c)	0	0	0	148,139	148,139
Capital contributions of non-financial assets		0	0	0	(40,343)	(40,343)
Administrative restructure – net assets received	34	0	0	0	538,525	538,525
Administrative restructure – net assets transferred	34	0	0	0	(31,149)	(31,149)
Net capital contributions transferred to portfolio entities ⁽ⁱ⁾		0	0	0	(113,117)	(113,117)
Restated balance at 30 June 2014		(17,352)	0	5,650,818	2,376,037	8,009,503
Net result for the year		326,553	0	0	0	326,553
Other comprehensive income for the year	9, 26	0	155	111,647	0	111,802
Capital appropriations	27(c)	0	0	0	110,663	110,663
Capital contributions of non-financial assets		0	0	0	(16,953)	(16,953)
Administrative restructure – net assets received	34	0	0	0	293,927	293,927
Administrative restructure – net assets transferred	34	0	0	0	(474,415)	(474,415)
Net capital contributions transferred to portfolio entities		0	0	0	(75,341)	(75,341)
Balance at 30 June 2015		309,201	155	5,762,465	2,213,918	8,285,739

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.

Cash flow statement for the financial year ended 30 June 2015

	Notes	2015 \$'000	2014 ⁽ⁱⁱ⁾ \$'000
Cash flows from operating activities			
Receipts			
Receipts from government		1,628,439	1,461,117
Receipts from other entities		238,036	235,816
Goods and Services Tax recovered from the ATO ⁽ⁱ⁾		42,435	68,570
Interest received		5,626	5,169
Total receipts		1,914,536	1,770,672
Payments			
Payments of grants and other transfers		(484,146)	(495,306)
Payments to suppliers and employees		(1,004,555)	(1,050,205)
Capital asset charge payments		(102,392)	(112,310)
Interest and other costs of finance paid		(12,008)	(23,855)
Total payments		(1,603,101)	(1,681,676)
Net cash flows from operating activities	25(c)	311,435	88,996
Cash flows used in investing activities			
Payments for investments		(14,092)	(6,670)
Payments to joint operations		(1,301)	(2,916)
Purchases of non-financial assets		(111,323)	(108,895)
Sales of non-financial assets		24,527	27,373
Net cash flows used in investing activities		(102,189)	(91,108)
Cash flows from financing activities			
Cash received from activity transferred in – MOG changes	34	80,451	68,147
Cash transferred on activity transferred out – MOG changes	34	(52,164)	0
Owner contributions by State Government	27(c)	110,663	148,139
Payments of capital contributions		(75,341)	(113,117)
Repayments of finance leases		(5,381)	(28,604)
Proceeds from/(repayments of) advances		2,234	(4,600)
Net cash flows from financing activities		60,462	69,965
Net increase in cash and cash equivalents		269,708	67,853
Cash and cash equivalents at the beginning of the financial year		317,829	249,976
Cash and cash equivalents at the end of the financial year	25(a)	587,537	317,829

Non-cash financing and investing activities are disclosed in Note 25(b).

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.
- (ii) Refer to Note 35. *Correction of prior year errors* for details.

Notes to the financial statements for the year ended 30 June 2015

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Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Department of Environment, Land, Water and Planning (the department) for the period ended 30 June 2015.

The purpose of the report is to provide users with information about the department's stewardship of resources entrusted to it.

On 1 January 2015, the department's name changed from the Department of Environment and Primary Industries to the Department of Environment, Land, Water and Planning as a consequence of Machinery of Government administrative changes announced on 4 December 2014. Refer to Note 34. *Restructure of administrative arrangements* for more information.

(a) Statement of compliance

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 this report, please refer to Note 37. *Glossary of terms and style conventions*.

These annual financial statements were authorised for issue by the Executive Director Finance and Planning and the Secretary of the department on 15 October 2015.

(b) Basis of accounting preparation and measurement

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.

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 3. *Administered (non-controlled) items*, Note 10. *Investments accounted for using the equity method* and Note 11. *Investments in joint operations*.

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 1(m) *Non-financial assets*)
- the impairment of non-financial assets (refer to Note 1(i) *Other economic flows included in the net result*)
- the estimated useful lives over which non-financial assets are depreciated
- the estimation of amounts required to be provisioned or disclosed as 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 1(n) *Liabilities*).

These financial statements are presented in Australian dollars, and have been prepared in accordance with 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;

Note 1. Summary of significant accounting policies (continued)

- productive trees in commercial native forests which are recognised at their fair value less costs to sell;
- livestock which are recognised at their fair value; and
- the fair value of any other asset is generally based on its depreciated replacement value.

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

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

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

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

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

The Valuer-General Victoria (VGV) is the department's independent valuation agency.

The department, in conjunction with VGV, monitors changes in the fair value of each asset through relevant data sources to determine whether revaluation is required.

A fair value assessment is conducted annually to ensure that property, plant and equipment reflects the fair value at the end of the year. The assessment considers all fair value indicators, including land and building indices, the highest and best use indicators and other relevant indicators.

In the event that the assessment triggers a change in value, adjustments are made to reflect the fair value of the asset.

(c) Reporting entity

The financial statements cover the department as an individual reporting entity.

The department is a government department of the State of Victoria (the State), established pursuant to an order made by the Premier under the *Administrative Arrangements Act 1983*.

Its principal address is:

Department of Environment, Land, Water and Planning
8 Nicholson Street
East Melbourne Victoria 3002

The department is an administrative agency acting on behalf of the Crown.

The financial statements include all the controlled activities of the department.

The following administrative offices of the department, for the purpose of this report, are included in the reporting entity:

- The Office of the Victorian Government Architect was established under section 11 of the *Public Administration Act 2004*. The Office was established to provide leadership and strategic advice to government about architecture and urban design and promotes an awareness about how good design can make great living places and urban environments.
- Local Government Investigations and Compliance Inspectorate (LGICI) is an administrative office established under section 11 of the *Public Administration Act 2004*. LGICI was established to assess compliance with the *Local Government Act 1989*.

Note 1. Summary of significant accounting policies (continued)

The administrative offices transferred to the department on 1 January 2015 as a consequence of the Machinery of Government administrative changes announced on 4 December 2014. The Office of the Victorian Government Architect was subsequently transferred out of the department on 15 May 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information.

The following statutory bodies are excluded from the department's reporting entity:

- The Commissioner for Environmental Sustainability was established by the Victorian Government in November 2003 under the *Commissioner for Environmental Sustainability Act 2003* to provide an independent voice that audits and reports on environmental sustainability. The Commissioner for Environmental Sustainability is designated as a separate reporting entity and is excluded from the department's financial report.
- The Victorian Environmental Water Holder was established by the Victorian Government in July 2011 under the *Water Amendment (Victorian Environmental Water Holder) Act 2010* to manage the state's environmental water holdings. The Victorian Environmental Water Holder is designated as a separate reporting entity and is excluded from the department's financial report.
- The Alpine Resorts Co-ordinating Council was established by the Victorian Government in October 1998 under the *Alpine Resorts (Management) Act 1997* to address issues of broad concern to alpine resort stakeholders and government. The Council is designated as a separate reporting entity and is excluded from the department's financial report.
- The Heritage Council was established by the Victorian Government in 1995 under the *Heritage Act 1995* to identify and protect places and objects of cultural heritage significance to the State of Victoria. The Council is designated as a separate reporting entity and is excluded from the department's financial report. The Council transferred to the department on 1 January 2015 as a consequence of the Machinery of Government administrative changes announced on 4 December 2014.

- The Yorta Yorta Traditional Owner Land Management Board was established by the Victorian Government on 11 July 2013 under the *Conservation, Forests and Lands Act 1987* to manage the Barmah National Park. The Board is designated as a separate reporting entity and is excluded from the department's financial report.
- The Dheulkunya Dja Land Management Board was established by the Victorian Government on 17 July 2014 under the *Conservation, Forests and Lands Act 1987* to jointly manage a number of parks and reserves in central Victoria. The Board is designated as a separate reporting entity and is excluded from the department's financial report.

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

Objectives and funding

The department's objectives are effective environmental and adaption policy, investment and regulation; effective management of water resources to meet future urban, rural and environmental needs; reduced impact of major bushfires and other extreme events on people, infrastructure and the environment; deliver benefits for the community through effective management of Victoria's land assets; deliver effective reform and governance of local government; and plan for the future growth and transformation of cities and regions.

The department is predominantly funded by accrual based parliamentary appropriations for the provision of outputs that are further described in Note 2. *Departmental (controlled) outputs*. It provides, on a fee for service basis, various goods and services.

Outputs of the department

Information about the department's output activities, and the income, expenses, assets and liabilities which are reliably attributable to those output activities is set out in the output activities schedule (Note 2. *Departmental (controlled) outputs*). Information about income, expenses, assets and liabilities administered by the department are given in the schedule of administered income and expenses and the schedule of administered assets and liabilities (Note 3. *Administered (non-controlled) items*).

Note 1. Summary of significant accounting policies (continued)

As a consequence of Machinery of Government administrative changes announced on 4 December 2014, the financial statements of the department reflect the actual period of responsibility for the outputs, being 1 July to 31 December 2014 for the transferred outputs and from 1 January to 30 June 2015 for the received outputs.

Details of assets and liabilities transferred in and out of the department and other information relating to Machinery of Government changes are reflected in Note 2, Note 3 and Note 34. Comparatives for the prior year have not been adjusted.

(d) Basis of consolidation

Consolidated financial statements have not been prepared as the department does not control any other entities under AASB 10 *Consolidated Financial Statements*.

Administered items

Certain resources are administered by the department on behalf of the state. While the department is accountable for the transactions involving administered items, it does not have the discretion to deploy the resources for its own benefit or the achievement of its objectives. Accordingly, transactions and balances relating to administered items are not recognised as departmental income, expenses, assets or liabilities within the body of the financial statements.

The department is administering the desalination plant 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 titles 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.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for recognition of the departmental items in the financial statements. Both controlled and administered items of the department are consolidated into the financial statements of the state.

Disclosures related to administered items can be found in Note 3. *Administered (non-controlled) items*.

Funds held in trust

The department receives monies in a trustee capacity for various purposes and holds it in a number of trust funds.

Trust funds where the department has discretion to deploy the resources for its own benefit or the achievement of its objectives are controlled trust funds. Controlled trust funds are recognised in these financial statements.

Trust funds where the department does not have the discretion to deploy the resources for its own benefit or the achievement of its objectives are administered trust funds. These transactions and balances are reported in Note 3. *Administered (non-controlled) items*.

The department does not hold any trust funds on behalf of third parties external to the Victorian Government.

Disclosures related to trust fund transactions and balances can be found in Note 30. *Trust account balances*.

(e) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions', 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the two represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

This classification is consistent with the whole-of-government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Refer to Note 37. *Glossary of terms and style conventions*) for the definition of 'transactions included in net result', 'other economic flows included in net result' and 'other economic flows – other comprehensive income'.

Note 1. Summary of significant accounting policies (continued)

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the department does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

The net result is equivalent to profit or loss derived in accordance with AASs.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Please refer to the end of Note 37. *Glossary of terms and style conventions* for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

(f) Changes in accounting policies

Subsequent to the 2013-14 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact disclosed below.

AASB 10 Consolidated Financial Statements

AASB 10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of all three criteria for control to exist over an entity for financial reporting purposes:

- The investor has power over the investee;
- The investor has exposure, or rights to variable returns from its involvement with the investee; and
- The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, the department has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. The department has concluded that there are no additional entities that the department controls.

AASB 11 Joint Arrangements

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

The department has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11. It has concluded that the arrangements are joint operations accounted for using the proportionate consolidation method. As a result, no adjustments have been made to the financial statements. Refer to Note 3 and Note 11 for details of the investments in joint operations.

Note 1. Summary of significant accounting policies (continued)

AASB 12 Disclosure of Interests in Other Entities

AASB 12 *Disclosure of Interests in Other Entities* prescribes the disclosure requirements for an entity's interests in subsidiaries, associates, joint arrangements and extends to the entity's association with unconsolidated structured entities.

The department has disclosed information about its interests in associates in Note 10 and joint operations in Note 11, including any significant judgements and assumptions used in determining the type of joint arrangement in which it has an interest.

The department has also reviewed its current contractual arrangements to determine if there are any unconsolidated structured entities that the department has involvement with. It has not identified any unconsolidated structured entities during the assessment.

AASB 2015-7 Amendments to Australian Accounting Standards

The Australian Accounting Standards Board issued an amending accounting standard AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value disclosures of Not-for-Profit Public Sector Entities* on 13 July 2015. In accordance with FRD 7A *Early adoption of authoritative accounting pronouncements*, the Minister for Finance has approved the option for Victorian not-for-profit public sector entities to early adopt the amending accounting standard to enable them to benefit from some limited exemption in relation to fair value disclosures for the 2014-15 reporting period. The limited exemption is available to those entities whose assets are held primarily for their current service potential rather than to generate net cash inflows.

The department meets the criteria specified in AASB 2015-7 to benefit from the reduced disclosure requirements, so it has chosen to early adopt the amendments to Fair Value disclosure of Not-for-profit-public sector entities. Please refer to Note 14 for further detail.

(g) Income from transactions

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.

Appropriation income

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 relevant appropriations act. Additionally, 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. Examples of receipts which can form part of a section 29 agreement are Commonwealth specific purpose grants, municipal council special purpose grants and the proceeds from the sale of assets.

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 in the schedule of administered income and expenses (see Note 3. *Administered (non-controlled) items*). Income is recognised for each of the department's major activities as follows:

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.

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 1. Summary of significant accounting policies (continued)

Interest

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.

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

Sale of goods and services

Income from the supply of services

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 (refer to Note 1(n) *Unearned income*).

Unearned income

Income from the sale of goods

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 transaction will flow to the department.

Sale of goods and services includes regulatory fees which are recognised at the time the regulatory fee is billed.

Metropolitan Parks Improvement Rate

In accordance with AASB 1004 the Metropolitan Parks Improvement Rate is recognised as income when it is received.

Grants

Income from grants (other than contributions by owners) is recognised when the department obtains control over the contribution.

Where such grants are payable into the Consolidated Fund, they are reported as administered income (refer to Note 1(d) *Basis of consolidation* and (j) *Administered income*). For reciprocal grants (i.e. equal value is given back by the department to the provider), the department is deemed to have assumed control when the department has satisfied its performance obligations under the terms of the grant. 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.

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. Commonwealth grants are disclosed as income in Note 3. *Administered (non-controlled) items*.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use.

Note 1. Summary of significant accounting policies (continued)

Other income

User fees and charges

The department recognises controlled and administered user fees and charges at the time an invoice is issued for the goods or services provided, or cash is received where no invoice supports the goods or service provided. The exceptions are receipts for Land Titles services, and a portion of log sales, which are invoiced monthly based on an annual royalty, averaged over 12 months. Where the provision of goods and 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.

Other income

Other income includes non-property rental, forgiveness of liabilities and bad debt reversals.

The department does not recognise dividends received or receivable from its associates as income. Instead, dividends from associates are adjusted directly against the carrying amount of the investments using the equity method (refer to Note 1 (l) *Financial Assets*).

Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes.

All other amounts of income over which the department does not gain control are disclosed as administered income in the schedule of administered items (see Note 3. *Administered (non-controlled) items*).

(h) Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Employee expenses

Refer to the section in Note 1(n) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

The amount recognised in the comprehensive operating statement 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 Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the state as the sponsoring employer, 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.

Depreciation

All items of property, plant and equipment that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made, where appropriate.

The following estimated useful lives for the different asset classes 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
Historic and cultural assets	99 years
Buildings leasehold improvement	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

An assessment of useful lives is conducted on an annual basis. The impact of the reassessment of useful lives in 2014–15 is outlined in Note 7.

Revision of accounting estimates.

Where assets have separately identifiable components, those components are assigned useful lives distinct from the item of plant and equipment to which they relate and depreciated accordingly.

Note 1. Summary of significant accounting policies (continued)

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a systematic straight-line basis over the asset's useful life. Depreciation 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.

On the other hand, the consumption of intangible non-produced assets with finite useful lives is not classified as a transaction, but as amortisation. Consequently, the amortisation is included as an other economic flow in the net result.

All intangible assets with indefinite useful lives are not depreciated or amortised, but are tested for impairment by comparing its recoverable amount with its carrying amount:

- annually; and
- whenever there is an indication that the intangible asset may be impaired (refer to Note 1(i)).

Interest expense

Interest expense represents costs incurred in connection with borrowings. It includes interest components of finance lease repayments, and amortisation of discounts in relation to borrowings.

Interest expense is recognised in the period in which it is incurred. Refer to Note 37. *Glossary of terms and style conventions* for an explanation of interest expense items.

Grants and other transfers

Grants and other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, other transfer payments made to state-owned agencies, local government and community groups. Refer to Note 37. *Glossary of terms and style conventions* for an explanation of grants and other transfers.

Capital asset charge

The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

Supplies and services

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Other operating expenses

Other operating expenses generally represent other day-to-day running costs incurred in normal operations. Refer to Note 5(f) for expenditure type.

Fair value of assets and services provided free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(i) Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

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

Refer to Note 1(m) *Non-financial assets*.

Impairment of non-financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

Note 1. Summary of significant accounting policies (continued)

All other assets are assessed annually for indications of impairment, except for:

- inventories (refer Note 1(m) *Non-financial assets*)
- non-financial physical assets held for sale (refer Note 1(m) *Non-financial assets*)
- biological assets (refer Note 15. *Biological assets*).

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

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

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

Refer to Note 1(m) *Non-financial assets* in relation to the recognition and measurement of non-financial assets.

Gain/(loss) arising from fair value change of biological assets

Biological assets are measured at fair value, and the resultant gain/(loss) is reported as an other economic flow.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(k) *Financial instruments*)
- disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

Refer to Note 1(k) *Financial instruments*.

Share of net profits/(losses) of associates, excluding dividends

The department recognises its share of the associate's profit or loss as other economic flows.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in bond interest rates; and
- re-measurement of other provisions.

(j) Administered income

The department does not gain control over assets arising from administered income, 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 in the schedule of Administered Items (see Note 3. *Administered (non-controlled) items*).

Appropriations – Payments on behalf of the State

Appropriation income is recognised on an accrual basis for the provision of outputs delivered through Payments on Behalf of the State (POBOS).

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.

Land titles income

Income for the provision of land titles data is recognised on behalf of the state on an accrual basis when services are provided.

Note 1. Summary of significant accounting policies (continued)

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 in the schedule of Administered Items (refer to Note 3).

Income from leases and licences of Crown land is recognised on an accrual basis in accordance with the terms of the relevant agreements.

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. Refer to Note 1(g) *Income from transactions* for the accounting of grants.

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 in the schedule of Administered Items (refer to Note 3).

Donations and other miscellaneous income is recognised when received.

(k) Financial instruments

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. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

Loans and 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, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(l) *Financial assets*), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at

Note 1. Summary of significant accounting policies (continued)

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 rate method (refer to Note 37. *Glossary of terms and style conventions*).

Financial instrument liabilities measured at amortised cost include all of the department's contractual payables, deposits held and advances received, interest-bearing arrangements other than those designated at fair value through profit or loss, but not statutory payables.

(I) Financial assets

Cash and deposits

Cash and deposits, recognised on the balance sheet, 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 readily convertible to known amounts of cash with an insignificant risk of changes in value.

Receivables

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables (refer to Note 1(o) *Leases*)
- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(k) *Financial instruments* for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified (refer to Note 1(l) *Impairment of financial assets*).

Investments and other financial assets

Investments are classified as loans and receivables.

Any interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Investments accounted for using the equity method

An associate is an entity over which the department exercises significant influence, but not control.

The investment in the associate is accounted for in the financial statements using the equity method. Under this method, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise the department's share of the profits or losses of the associate after the date of acquisition. The department's share of the associate's profit or loss is recognised in the department's net result as other economic flows. The share of post-acquisition movements in revaluation surpluses and any other reserves is recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment, including dividends received or receivable from the associate.

Refer to Note 10 for the disclosure of the department's interests in associates.

Investments in joint operations

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 11 for the disclosure of the department's investments in joint operations.

Note 1. Summary of significant accounting policies (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; or
- 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; or
- 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; or
 - (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 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 amount of 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*.

(m) Non-financial assets

Inventories

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.

Cost includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

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.

Non-financial physical assets classified as held for sale

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 regarded as met only when:

- the asset is available for immediate use in the current condition; and
- 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 1. Summary of significant accounting policies (continued)

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a Machinery of Government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 14 *Property, plant and equipment*.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(o) *Leases*) 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.

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

The fair value of plant and equipment, is normally determined by reference to the asset's depreciated cost.

Certain assets are acquired under finance leases, which may form part of a service concession arrangement. Refer to Notes 1(o) *Leases* and 1(q) *Commitments* for more information.

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 variable and fixed overheads.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(i) *other economic flows included in the net result*.

The department capitalises expenditures on individual items of \$5,000 (2014: \$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.

Crown land

The department Crown land holdings include the following Crown land categories.

National parks

The area of public land set aside as national 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 values 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.

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.

Historic and cultural assets

During the reporting period, the department also held historic and cultural assets and other non-financial physical assets (including Crown land and infrastructure assets) that the department intends to preserve because of their unique historical, cultural or environmental attributes.

The fair value of those assets is measured at market approach.

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:

Note 1. Summary of significant accounting policies (continued)

- 5A Primary roads: all-weather road, predominantly two lane 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.

Leasehold improvements

The cost of leasehold improvements is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Revaluations of non-financial physical assets

Non financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Direction (FRD) 103F *Non-Current Physical Assets*. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Roads and crossings are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of FRD 103F.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

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

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

Recognition and derecognition of land

Land is recognised under the categories set out at Note 14. *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. Gains or losses on the recognition or derecognition of land are recognised in the net result (other economic flows).

Third party transfers

Land transferred to third parties is treated as a return of equity via administered expenses as per the requirements of FRD 117 *Contributions of Existing Non-Financial Assets to Third Parties*.

Note 1. Summary of significant accounting policies (continued)

Biological assets

Productive trees in commercial native forests and breeding livestock are recognised as biological assets. These biological assets are measured at fair value less costs to sell and are revalued at 30 June each year.

For productive trees, revaluation to fair value is determined using a discounted cash flow method based on expected net future cash flows, discounted by a current market determined rate.

For breeding livestock, fair value is based on the amount that could be expected to be received from the disposal of livestock with similar attributes.

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as an other economic flow.

Intangible assets

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the department.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation and impairment.

Currently, intangible assets reported by the department are software related. Where expenditure exceeds \$300,000 (2014: \$300,000) on the development of databases, the department recognises databases as assets, at the value of the total expenditure on the development of the database.

Refer to Note 1(h) *Depreciation* and Note 1(i) *Impairment of non-financial assets*.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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.

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which 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.

The balance includes advance payments to Goulburn Murray Water for the Connections Project and is unwound based on the percentage of completion of works.

(n) Liabilities

Payables

Payables consist of:

- Contractual payables, such as accounts payable, statutory payables and accruals. Accounts payable represent liabilities for goods and services provided to the department prior to the end of the financial year that are unpaid, and arise when the department becomes obliged to make future payments in respect of the purchase of those goods and services
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(k) *Financial instruments*). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Note 1. Summary of significant accounting policies (continued)

Advances from the Public Account are made pursuant to section 37 of the FMA 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.

Borrowings

Borrowings primarily related to motor vehicles leased through the VicFleet finance lease facility.

All interest bearing liabilities are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(o) *Leases*). The department classifies its interest bearing liabilities as financial liabilities at amortised cost.

Unearned income

Unearned income consists of amounts received in advance from customers for goods and services that are to be delivered or provided by the department after the reporting date.

Deposits repayable

Deposits repayable consist of amounts received from customers as a form of security. Deposits are repayable to the customer once their obligations have been fulfilled.

Provisions

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 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 a reliable estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits, 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; and
- present value – if the department does not expect to wholly settle within 12 months.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements 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:

- nominal value – if the department expects to wholly settle within 12 months; and
- 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 noncurrent LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of noncurrent 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 1(i) *Other economic flows included in net result*).

Note 1. Summary of significant accounting policies (continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. 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 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.

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

Onerous contracts

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to factors including the overall capital management /prudential supervision framework in operation, the protection provided by the state government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the department in the event of default.

The value of loans and other amounts guaranteed by the Treasurer is disclosed in Note 23. *Contingent assets and contingent liabilities*.

Derecognition of financial liabilities

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

(o) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. For service concession arrangements (refer to Note 1(s)), the commencement of the lease term is deemed to be the date the asset is commissioned. All other leases are classified as operating leases.

Note 1. Summary of significant accounting policies (continued)

Finance leases

Department as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest income and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Department as lessee

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 lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the department will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and 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.

Operating leases

Department as lessee

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Equity

Contributions by owners

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.

Transfers of net assets to third parties are treated as a return of equity via administered expenses, as required under FRD 117 *Contributions of Existing Non-Financial Assets to Third Parties*.

(q) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 22. *Commitments for expenditure* and Note 3. *Administered (non-controlled) items*) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Note 1. Summary of significant accounting policies (continued)

(r) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 23. *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(s) Service concession arrangements

The department sometimes enters into certain arrangements with private sector participants to design and construct or upgrade an asset used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either Public Private Partnerships (PPPs) or Service Concession Arrangements (SCAs).

The department pays the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment. The remaining components are accounted for as commitments for operating costs and capital expenditure which are accounted for in the comprehensive operating statement and balance sheet as they are incurred.

The department classifies PPPs as controlled or administered items in accordance with AASB 1050 *Administered Items* and the Victorian Government's business rule, BFMG 60 *Administered Items*. Key indicators of control are where a PPP contributes to the achievement of the department's outputs, or where controlled sources of income are used to fund obligations to the operator.

Refer to Note 3(c) for a description of the administered PPP and Note 11 *Investments accounted for using the proportionate consolidation method* for a description of the controlled PPPs.

(t) Accounting for the 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 taxation authority 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.

(u) Foreign currency balances/transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows and accumulated in a separate component of equity, in the period in which they arise.

(v) Events after the reporting period

Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

(w) 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 is also disclosed. If the reclassification affects an item on the balance sheet, a third statement of financial position is also presented.

Note 1. Summary of significant accounting policies (continued)

The department has reviewed its financial statements and determined to split general expenses under supplies and services to better explain the nature of the expenditure. The category of insurance expenses has been created. \$21.008 million has been reclassified from general expenses to insurance expenses in 2014. Refer to Note 5(e).

(x) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2015 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 2015, 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 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model 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	Not applicable as the department has no available for sale assets. While the preliminary assessment has not identified any impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 <i>Revenue from Contracts with Customers</i>	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 2017 (Exposure Draft 263 – potential deferral to 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. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening retained earnings if there are no former performance obligations outstanding.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on public sector entity financial statements
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to: <ul style="list-style-type: none"> • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 January 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i> [AASB 1, AASB127 & AASB128]	Amends AASB 127 <i>Separate Financial Statements</i> to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	The assessment indicates that there is no expected impact as the department will continue to account for associates using the equity method.
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> [AASB 10 & AASB 128]	AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates</i> to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: <ul style="list-style-type: none"> • a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and • a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1 January 2016	The assessment has indicated that there is limited impact. AASB 10 is not applicable to the department as it does not control any entities.

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on public sector entity financial statements
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i>	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. Guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 January 2016	The amending standard will result in extended disclosures on the department's responsible persons and executives, and the related party transactions.
[AASB 10, AASB 124 & AASB 1049]			

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014-15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on the department. Below are applicable amending standards to the department.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

Note 2. Departmental (controlled) outputs

A description of departmental outputs performed during the year ended 30 June 2015, and the objectives of these outputs, are summarised below.

Create productive and competitive agricultural industries

Objective

This objective creates conditions for increased productivity and access to markets for Victoria's agricultural industries.

Agriculture

This output sets policies and manages legislation for a productive and responsive agricultural sector in Victoria.

Biosecurity

This output delivers services that enable Victoria's primary industries to maintain access to markets.

These outputs transferred from the department to the Department of Economic Development, Jobs, Transport and Resources on 1 January 2015.

Effective environmental and adaption policy, investment and regulation

Objective

This objective delivers 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.

Environmental Policy

This output leads the development and implementation of strategic, whole of government environmental and adaption policy. It provides responsive policy advice and direction to give effect to government priorities on waste, resource recovery and efficiency, ecosystem sustainability, adaption and carbon management.

Environmental Programs

This output delivers investment, regulatory and research functions that support diverse and resilient natural ecosystems for a liveable, sustainable and prosperous Victoria.

Effective management of water resources to meet future urban, rural and environmental needs

Objective

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 a safe, reliable and effective supply of water to meet future urban, rural and environmental needs.

Effective Water Management and Supply

This output develops policies, provides strategic advice, and oversees regulatory systems and institutional arrangements to drive the effective management and efficient use of Victoria's water resources. This includes integrated water cycle management, water reuse and recycling, ground and surface water, water industry reform, governance and performance oversight, sustainable irrigation, river health and availability of information to enable informed decision-making.

Investing in local infrastructure

Objective

This objective invests in and provides support to communities, builds community infrastructure and strengthens governance and leadership; and encourages and supports good practice and continuous improvement in local governance.

Local Government

This output delivers activities in partnership with the local government sector to develop sustainable service delivery and asset management policies and practices that maximise community value and accountability; encourage and support best practice and continuous development in local governance; administer programs that assist local government to deliver public library services and respond to and recover from natural disasters; and provide support to the Victoria Grants Commission.

This output transferred from the former Department of Transport, Planning and Local Infrastructure to the department on 1 January 2015.

Note 2. Departmental (controlled) outputs (continued)

Leadership, advocacy and advice on the quality of architecture and the built environment

Objective

This objective provides advocacy and strategic advice to government and key stakeholders to support high-quality architectural and built environment outcomes, improve whole of government procurement processes and build on Victoria's reputation for design excellence.

Office of the Victorian Government Architect

This output provides strategic leadership and advice to government and key stakeholders on architecture and the built environment.

This output transferred from the former Department of Transport, Planning and Local Infrastructure to the department on 1 January 2015. On 15 May 2015, the output transferred from the department to the Department of Premier and Cabinet.

Metropolitan and regional planning and development

Objective

This objective addresses future growth and change and creates new prosperity, more opportunity and a better quality of life in metropolitan, regional and rural Victoria. It also supports the department's objective of leadership, advocacy and advice on the quality of architecture and the built environment.

Planning, Building and Heritage

This output provides programs to address the future growth and change in metropolitan and regional Victoria through:

- Strategic land use and planning for metropolitan and regional Victoria;
- Delivering urban development, design and renewal;
- Facilitating land supply in growth areas;
- Streamlining Victoria's regulatory framework for planning, building and heritage;
- Supporting heritage conservation and management;
- Administering the statutory responsibilities of the Minister for Planning; and
- Providing a fair and transparent planning, building and heritage system.

This output transferred from the former Department of Transport, Planning and Local Infrastructure and the former Department of State Development, Business and Innovation to the department on 1 January 2015.

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

Objective

This objective delivers a risk-based approach to preparing for and responding to fire and non-fire emergency events to reduce the impact of emergency events on people, infrastructure and the environment.

Fire and Emergency Management

This output covers activities under an integrated management framework, for the effective planning and management of fire and other emergencies to reduce the impact of major bushfires and other emergencies on people, infrastructure and the environment.

Sustainably manage fish and forest resources

Objective

This objective supports the efficient and sustainable allocation and responsible management of fisheries and forest resources for current and future use.

This objective delivers programs and services designed and delivered to fulfil the statutory responsibilities assigned to the Minister for Agriculture and Food Security and the Secretary as the regulator of these areas.

Sustainably Manage Fish and Forest Resources

This output delivers a range of legislation, regulation, science, education, enforcement and resource management activities and services to ensure fish and forest resources are managed responsibly for current and future generations.

This output transferred from the department to the Department of Economic Development, Jobs, Transport and Resources on 1 January 2015.

Note 2. Departmental (controlled) outputs (continued)

The community benefits from effective management of Victoria's land assets

Objective

This objective delivers quality land administrative services, and effective management and governance of Victoria's public land estate so it can continue to provide social, economic and environmental benefits for all Victorians.

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.

Land Victoria

This output delivers activities related to land administration including the registration of land titles under the Torrens system, General Law titles, and the status of Crown land.

The Land Victoria output transferred from the former Department of Transport, Planning and Local Infrastructure to the department on 1 January 2015.

Changes in outputs

The following outputs were transferred from the former Department of Transport, Planning and Local Infrastructure to the department on 1 January 2015 as a consequence of Machinery of Government changes announced on 4 December 2014:

- Land Victoria;
- Local government;
- Office of the Victorian Government Architect; and
- Planning, building and heritage.

The following output also transferred from the former Department of State Development, Business and Innovation to the department on 1 January:

- Regional development.

At the same time, the following outputs were transferred to the Department of Economic Development, Jobs, Transport and Resources from the department:

- Agriculture;
- Biosecurity; and
- Sustainably manage fish and forest resources.

A further Machinery of Government change was announced on 15 May 2015. The Office of the Victorian Government Architect output transferred from the department to the Department of Premier and Cabinet.

The assets and liabilities attributable to the transferred outputs for the reporting period are disclosed in Note 34 *Restructure of administrative arrangements*.

Note 2. Departmental (controlled) outputs (continued)

Schedule A - Controlled income and expenses for the year ended 30 June 2015

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income from transactions								
Output appropriations	147,350	311,018	32,825	66,872	26,437	25,128	55,699	97,053
Special appropriations	0	0	0	0	0	0	0	0
Interest	747	2,309	0	409	14	0	37	0
Sale of goods and services	7,703	11,474	2,026	7,226	6,099	6,280	24,057	11,127
Metropolitan Parks Improvement Rate	0	0	0	0	1,400	0	0	0
Grants	(2)	31	0	179	9,678	12,586	602	394
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	0	0	0	0	0
Other income	5	628	(1)	0	0	0	1,613	(1)
Total income from transactions	155,803	325,460	34,850	74,686	43,628	43,994	82,008	108,573
Expenses from transactions								
Employee expenses	(54,897)	(98,206)	(17,672)	(31,688)	(12,202)	(12,952)	(33,563)	(33,649)
Depreciation	(9,801)	(21,816)	(379)	(206)	(394)	(551)	(2,769)	(3,333)
Interest expense	(10,010)	(22,576)	0	0	(28)	(27)	(159)	(179)
Grants and other transfers	(5,367)	(38,046)	(3,136)	(4,970)	(26,326)	(18,339)	(12,856)	(51,582)
Capital asset charge	(18,257)	(35,160)	(201)	0	(119)	(321)	(2,016)	(2,334)
Supplies and services	(64,992)	(122,136)	(14,841)	(34,944)	(7,732)	(8,121)	(18,130)	(19,374)
Other operating expenses	(565)	(1,954)	(103)	(151)	(46)	(31)	(675)	(428)
Total expenses from transactions	(163,889)	(339,894)	(36,332)	(71,959)	(46,847)	(40,342)	(70,168)	(110,879)
Net result from transactions (net operating balance)	(8,086)	(14,434)	(1,482)	2,727	(3,219)	3,652	11,840	(2,306)
Other economic flows included in net result								
Net gain/(loss) on non-financial assets	341	1,102	30	(4)	(15)	10	408	622
Net gain/(loss) on financial instruments	84	18	(17)	(64)	(3)	1	(9)	0
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	0	0	0	0
Other gains/(losses) from other economic flows	(306)	(403)	(28)	0	(27)	(38)	(75)	(76)
Total other economic flows included in net result	119	717	(15)	(68)	(45)	(27)	324	546
Net result	(7,967)	(13,717)	(1,497)	2,659	(3,264)	3,625	12,164	(1,760)
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	0	0	0	0
Share of change in associate's contributed capital	0	0	0	0	0	0	0	0
Total other economic flows – other comprehensive income	0	0	0	0	0	0	0	0
Comprehensive result	(7,967)	(13,717)	(1,497)	2,659	(3,264)	3,625	12,164	(1,760)

Note:

- (i) Refer to Note 35. *Correction of prior year errors* for details.
- (ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 2. Departmental (controlled) outputs (continued)

Schedule A - Controlled income and expenses for the year ended 30 June 2015 (continued)

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2015 \$'000	2014 \$'000	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱ⁾⁽ⁱⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income from transactions										
Output appropriations	349,534	305,214	9,278	0	470	0	34,756	0	332,090	384,564
Special appropriations	99,580	2,040	0	0	0	0	15,842	0	0	0
Interest	3,576	0	0	0	0	0	351	0	171	0
Sale of goods and services	9,846	5,503	98	0	102	0	(45)	0	15,327	7,097
Metropolitan Parks Improvement Rate	0	0	0	0	0	0	0	0	0	0
Grants	195,268	13,648	2,400	0	0	0	2,964	0	1,737	21
Fair value of assets and services received free of charge or for nominal consideration	0	0	63	0	0	0	0	0	1	0
Other income	9,067	5,137	0	0	0	0	0	0	57	3
Total income from transactions	666,871	331,542	11,839	0	572	0	53,868	0	349,383	391,685
Expenses from transactions										
Employee expenses	(49,722)	(27,970)	(3,545)	0	(418)	0	(15,473)	0	(120,065)	(115,510)
Depreciation	(6,614)	(2,872)	(14)	0	0	0	(192)	0	(21,750)	(24,629)
Interest expense	(465)	(45)	(2)	0	0	0	(2)	0	(1,177)	(912)
Grants and other transfers	(166,301)	(125,470)	(3,968)	0	0	0	(9,848)	0	(21,633)	(20,811)
Capital asset charge	(2,920)	(1,677)	0	0	(6)	0	(7,503)	0	(52,981)	(54,221)
Supplies and services	(151,292)	(116,383)	(1,834)	0	(50)	0	(8,439)	0	(125,557)	(162,554)
Other operating expenses	(177)	(71)	(63)	0	0	0	0	0	(4,640)	(3,670)
Total expenses from transactions	(377,491)	(274,488)	(9,426)	0	(474)	0	(41,457)	0	(347,803)	(382,307)
Net result from transactions (net operating balance)	289,380	57,054	2,413	0	98	0	12,411	0	1,580	9,378
Other economic flows included in net result										
Net gain/(loss) on non-financial assets	(177)	64	210	0	0	0	(4,814)	0	4,028	3,699
Net gain/(loss) on financial instruments	(34)	(2)	0	0	0	0	0	0	(34)	6
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	0	0	0	0	0	0
Other gains/(losses) from other economic flows	(453)	(87)	5	0	0	0	22	0	(343)	(325)
Total other economic flows included in net result	(664)	(25)	215	0	0	0	(4,792)	0	3,651	3,380
Net result	288,716	57,029	2,628	0	98	0	7,619	0	5,231	12,758
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	0	0	0	0	0	160
Share of change in associate's contributed capital	0	0	0	0	0	0	0	0	0	0
Total other economic flows – other comprehensive income	0	0	0	0	0	0	0	0	0	160
Comprehensive result	288,716	57,029	2,628	0	98	0	7,619	0	5,231	12,918

Note:

- (i) Refer to Note 35. *Correction of prior year errors* for details.
- (ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 2. Departmental (controlled) outputs (continued)

Schedule A - Controlled income and expenses for the year ended 30 June 2015 (continued)

	Sustainably Manage Fish and Forest Resources		Management of Forests, Parks and Public Land		Land Victoria		Total
	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 ^{(ii)(iv)} \$'000	2015 ⁽ⁱⁱ⁾ \$'000	2014 \$'000	2014 ⁽ⁱ⁾ \$'000
Income from transactions							
Output appropriations	35,694	34,895	162,909	171,485	38,151	0	1,396,229
Special appropriations	0	0	0	0	0	0	2,040
Interest	31	62	1,940	2,332	0	0	5,112
Sale of goods and services	3,228	6,943	3,615	3,546	6,439	0	59,196
Metropolitan Parks Improvement Rate	0	0	151,164	150,983	0	0	150,983
Grants	186	0	166	19,228	0	0	46,087
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	0	0	0	0
Other income	0	0	600	399	0	0	64
Total income from transactions	39,139	41,900	320,394	347,973	44,590	0	1,665,813
Expenses from transactions							
Employee expenses	(9,974)	(19,171)	(35,554)	(38,447)	(16,656)	0	(377,593)
Depreciation	(948)	(1,344)	(13,301)	(14,730)	(597)	0	(69,481)
Interest expense	1	(1)	(147)	(97)	(5)	0	(23,837)
Grants and other transfers	(21,573)	(2,593)	(190,428)	(198,306)	(1)	0	(460,117)
Capital asset charge	(300)	(348)	(17,697)	(18,249)	(392)	0	(112,310)
Supplies and services	(8,902)	(18,829)	(41,475)	(47,634)	(27,234)	0	(529,975)
Other operating expenses	(93)	(717)	(248)	(436)	0	0	(7,458)
Total expenses from transactions	(41,789)	(43,003)	(298,850)	(317,899)	(44,885)	0	(1,580,771)
Net result from transactions (net operating balance)	(2,650)	(1,103)	21,544	30,074	(295)	0	85,042
Other economic flows included in net result							
Net gain/(loss) on non-financial assets	25	114	7,304	(20,228)	30	0	(14,621)
Net gain/(loss) on financial instruments	(13)	0	(10)	20	0	0	(21)
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	(2,985)	0	0
Other gains/(losses) from other economic flows	(17)	0	(123)	(129)	15	0	(1,058)
Total other economic flows included in net result	(5)	114	7,171	(20,337)	(2,940)	0	(15,700)
Net result	(2,655)	(989)	28,715	9,737	(3,235)	0	69,342
Other economic flows – other comprehensive income							
Items that will not be classified to net result							
Changes in physical asset revaluation surplus	0	0	111,647	5,590	0	0	5,750
Share of change in associate's contributed capital	0	0	0	0	155	0	0
Total other economic flows – other comprehensive income	0	0	111,647	5,590	155	0	5,750
Comprehensive result	(2,655)	(989)	140,362	15,327	(3,080)	0	75,092

Note:

- (i) Refer to Note 35. *Correction of prior year errors* for details.
- (ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) In 2015, the former Forests and Parks and Public Land outputs merged. The 2014 balances have been restated for comparison purposes.

Note 2. Departmental (controlled) outputs (continued)

Schedule B - Controlled assets and liabilities as at 30 June 2015

	Agriculture			Biosecurity			Environmental Policy		
	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2013 \$'000	2015 ⁽ⁱⁱ⁾ \$'000	2014 \$'000	2013 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Assets									
Financial assets									
Cash and deposits	0	40,391	0	0	15,530	0	14,944	17,538	(6,235)
Receivables	0	113,807	0	0	1,021	0	6,317	9,002	10,757
Investments and other financial assets	0	0	0	0	6,670	0	0	0	0
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0
Total financial assets	0	154,198	0	0	23,221	0	21,261	26,540	4,522
Non-financial assets									
Inventories	0	509	0	0	0	0	0	15	3
Non-financial physical assets classified as held for sale	0	106	0	0	0	0	8	10	17
Property, plant and equipment	0	549,222	0	0	666	0	4,367	17,643	5,193
Biological assets	0	1,845	0	0	0	0	0	0	0
Intangible assets	0	33,105	0	0	0	0	1	36	0
Prepayments	0	3,185	0	0	0	0	176	300	303
Total non-financial assets	0	587,972	0	0	666	0	4,552	18,004	5,516
Total assets	0	742,170	0	0	23,887	0	25,813	44,544	10,038
Liabilities									
Payables	0	94,334	0	0	3,161	0	9,548	10,034	4,620
Borrowings	0	262,219	0	0	17	0	139	1,268	848
Unearned income	0	2,732	0	0	0	0	0	(1)	2
Deposits repayable	0	(2)	0	0	0	0	0	0	0
Provisions	0	37,324	0	0	11,383	0	4,600	4,773	3,917
Total liabilities	0	396,607	0	0	14,561	0	14,287	16,074	9,387
Net assets	0	345,563	0	0	9,326	0	11,526	28,470	651

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.(ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.(iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 2. Departmental (controlled) outputs (continued)

Schedule B - Controlled assets and liabilities as at 30 June 2015 (continued)

	Environmental Programs			Effective Water Management and Supply			Local Government		
	2015 \$'000	2014 \$'000	2013 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2013 \$'000
Assets									
Financial assets									
Cash and deposits	44,841	37,363	2,046	273,099	29,259	(2,280)	1,265	0	0
Receivables	18,546	17,333	22,714	100,321	21,979	23,337	2,868	0	0
Investments and other financial assets	0	0	0	0	0	0	0	0	0
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0
Total financial assets	63,387	54,696	24,760	373,420	51,238	21,057	4,133	0	0
Non-financial assets									
Inventories	17	77	88	7	36	12	0	0	0
Non-financial physical assets classified as held for sale	22	20	55	134	23	56	0	0	0
Property, plant and equipment	45,086	63,202	41,659	167,318	136,469	102,984	29	0	0
Biological assets	0	0	0	0	0	0	0	0	0
Intangible assets	6,951	6,825	2,332	15	82	0	0	0	0
Prepayments	500	607	1,029	74,039	74,892	1,216	0	0	0
Total non-financial assets	52,576	70,731	45,163	241,513	211,502	104,268	29	0	0
Total assets	115,963	125,427	69,923	614,933	262,740	125,325	4,162	0	0
Liabilities									
Payables	4,921	5,146	6,401	35,762	30,991	24,683	255	0	0
Borrowings	3,153	1,428	1,724	769	2,705	2,688	(12)	0	0
Unearned income	4	3	11	3	(2)	7	0	0	0
Deposits repayable	2	2	0	1	0	0	0	0	0
Provisions	15,706	15,538	16,725	20,968	10,037	8,897	1,771	0	0
Total liabilities	23,786	22,117	24,861	57,503	43,731	36,275	2,014	0	0
Net assets	92,177	103,310	45,062	557,430	219,009	89,050	2,148	0	0

Note:

- (i) Refer to Note 35. *Correction of prior year errors* for details.
- (ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 2. Departmental (controlled) outputs (continued)

Schedule B - Controlled assets and liabilities as at 30 June 2015 (continued)

	Office of the Victorian Government Architect				Planning, Building and Heritage			Fire and Emergency Management		
	2015 (b)(iii) \$'000	2014 \$'000	2013 \$'000	2015 (ii) \$'000	2014 \$'000	2013 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2013 \$'000
Assets										
Financial assets										
Cash and deposits	0	0	0	92,238	0	0	104,911	103,337	(81,112)	
Receivables	0	0	0	12,406	0	0	81,045	74,752	88,955	
Investments and other financial assets	0	0	0	0	0	0	0	0	0	
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	
Total financial assets	0	0	0	104,644	0	0	185,956	178,089	7,843	
Non-financial assets										
Inventories	0	0	0	0	0	0	16,229	13,204	11,274	
Non-financial physical assets classified as held for sale	0	0	0	0	0	0	102	86	232	
Property, plant and equipment	0	0	0	181,390	0	0	2,022,623	2,071,525	1,979,830	
Biological assets	0	0	0	0	0	0	0	0	0	
Intangible assets	0	0	0	328	0	0	19,743	14,590	9,262	
Prepayments	0	0	0	0	0	0	2,191	2,551	4,391	
Total non-financial assets	0	0	0	181,718	0	0	2,060,888	2,101,956	2,004,990	
Total assets	0	0	0	286,362	0	0	2,246,844	2,280,045	2,012,833	
Liabilities										
Payables	0	0	0	2,849	0	0	30,522	26,255	45,875	
Borrowings	0	0	0	208	0	0	22,916	15,216	14,502	
Unearned income	0	0	0	1,999	0	0	2	(8)	26	
Deposits repayable	0	0	0	28	0	0	1	(1)	0	
Provisions	0	0	0	8,922	0	0	59,547	58,989	67,430	
Total liabilities	0	0	0	14,006	0	0	112,988	100,451	127,833	
Net assets	0	0	0	272,356	0	0	2,133,856	2,179,594	1,885,000	

Note:

- (i) Refer to Note 35. *Correction of prior year errors* for details.
- (ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 2. Departmental (controlled) outputs (continued)

Schedule B - Controlled assets and liabilities as at 30 June 2015 (continued)

	Sustainably Manage Fish and Forest Resources		Management of Forests, Parks and Public Land				Land Victoria	
	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2013 \$'000	2015 \$'000	2014 ^{(ii)(v)} \$'000	2013 ^{(ii)(v)} \$'000	2014 \$'000	2013 \$'000
Assets								
Financial assets								
Cash and deposits	0	8,697	0	51,563	65,714	1,335	0	336,222
Receivables	0	458	0	28,108	28,416	26,545	0	32,310
Investments and other financial assets	0	0	0	20,100	20,143	20,143	0	0
Investments accounted for using the equity method	0	0	0	0	0	0	0	14,412
Total financial assets	0	9,155	0	99,771	114,273	48,023	0	382,944
Non-financial assets								
Inventories	0	0	0	2,198	1,174	1,114	0	384
Non-financial physical assets classified as held for sale	0	0	0	2,007	525	129	0	85
Property, plant and equipment	0	15,535	0	5,142,013	5,059,877	5,033,826	0	40,015
Biological assets	0	0	0	0	0	0	0	0
Intangible assets	0	1,043	0	4	122	0	0	0
Prepayments	0	27	0	818	1,061	1,305	0	1,569
Total non-financial assets	0	16,605	0	5,147,040	5,062,759	5,036,374	0	42,053
Total assets	0	25,760	0	5,246,811	5,177,032	5,084,397	0	424,997
Liabilities								
Payables	0	1,238	0	41,291	49,570	52,292	0	10,746
Borrowings	0	29	0	1,071	4,418	3,662	0	4,111
Unearned income	0	2,114	0	271	22	9	0	215
Deposits repayable	0	11	0	(1)	(2)	0	0	0
Provisions	0	6,590	0	13,813	14,571	9,387	0	16,379
Total liabilities	0	9,982	0	56,445	68,579	65,350	0	31,451
Net assets	0	15,778	0	5,190,366	5,108,453	5,019,047	0	393,546

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.(ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.(iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

(iv) In 2015, the former Forests and Parks and Public Land outputs merged. The 2014 balances have been restated for comparison purposes.

Note 2. Departmental (controlled) outputs (continued)

Schedule B - Controlled assets and liabilities as at 30 June 2015 (continued)

	2015 ⁽ⁱ⁾ \$'000	2014 ⁽ⁱ⁾ \$'000	Total 2013 ⁽ⁱ⁾ \$'000
Assets			
Financial assets			
Cash and deposits	587,537	317,829	249,976
Receivables	265,470	266,768	204,618
Investments and other financial assets	20,100	26,813	20,143
Investments accounted for using the equity method	9,199	0	14,412
Total financial assets	882,306	611,410	489,149
Non-financial assets			
Inventories	18,817	15,015	12,875
Non-financial physical assets classified as held for sale	2,273	770	574
Property, plant and equipment	7,573,395	7,914,139	7,203,508
Biological assets	0	1,845	0
Intangible assets	27,042	55,803	11,594
Prepayments	77,764	82,623	9,813
Total non-financial assets	7,699,291	8,070,195	7,238,364
Total assets	8,581,597	8,681,605	7,727,513
Liabilities			
Payables	126,946	220,729	144,617
Borrowings	28,871	287,300	27,535
Unearned income	2,254	4,860	270
Deposits repayable	31	8	0
Provisions	137,756	159,205	122,735
Total liabilities	295,858	672,102	295,157
Net assets	8,285,739	8,009,503	7,432,356

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.(ii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.(iii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 3. 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.

(a) Administered income and expenses for the year ended 30 June 2015

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'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	1	0	0	0	0	1	1
Sales of goods and services	7,447	79,147	1,561	7,790	417	104	1,450	670
Royalties, land leases and licences	0	1	0	0	3	0	1,156	1,566
Land Titles income	0	0	0	0	0	0	0	0
Environmental contribution	0	0	0	0	0	0	0	0
Grants	2,788	(33)	0	2,951	417	0	347	26,959
Jointly controlled 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	922	6,761	188	182	50	1	138	2
Total administered income from transactions	11,157	85,877	1,749	10,923	887	105	3,092	29,198
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
Supplies and services	0	(16)	0	5	11	(1)	37	0
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	(106)	(98,404)	(10)	(10,631)	(1,608)	(131)	(5,050)	(30,242)
Total administered expenses from transactions	(106)	(98,420)	(10)	(10,626)	(1,597)	(132)	(5,013)	(30,242)
Total administered net result from transactions (net operating balance)	11,051	(12,543)	1,739	297	(710)	(27)	(1,921)	(1,044)
Administered other economic flows included in net result								
Net gain/(loss) on non-financial assets	6	88	0	(307)	313	165	786	323
Net gain/(loss) on financial instruments	0	390	0	0	(1)	5	(2)	10
Total administered other economic flows included in net result	6	478	0	(307)	312	170	784	333
Administered net result	11,057	(12,065)	1,739	(10)	(398)	143	(1,137)	(711)
Administered comprehensive result	11,057	(12,065)	1,739	(10)	(398)	143	(1,137)	(711)

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 3. Administered (non-controlled) items (continued)

(a) Administered income and expenses for the year ended 30 June 2015 (continued)

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2015 \$'000	2014 \$'000	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Administered income from transactions										
Appropriations – Payments on behalf of the State (POBOS)	628,074	888,954	0	0	0	0	0	0	0	0
Finance lease interest	466,816	476,133	0	0	0	0	0	0	0	0
Sales of goods and services	136,050	134,364	0	0	0	0	486	0	5,248	909
Royalties, land leases and licences	49	17	0	0	0	0	0	0	54	12
Land Titles income	0	0	0	0	0	0	0	0	0	0
Environmental contribution	111,946	111,980	0	0	0	0	0	0	0	0
Grants	27,413	1,958	540,663	0	0	0	0	0	3	0
Jointly controlled assets received free of charge	6,719	19,712	0	0	0	0	0	0	0	0
Fair value of land received from third party	0	0	0	0	0	0	0	0	0	0
Other income	838	(11,521)	0	0	0	0	2	0	633	12
Total administered income from transactions	1,377,905	1,621,597	540,663	0	0	0	488	0	5,938	933
Administered expenses from transactions										
Grants and other transfers	(18,000)	(28,315)	(540,663)	0	0	0	0	0	0	0
Finance lease interest expense	(466,974)	(476,294)	0	0	0	0	0	0	0	0
Supplies and services	(105,741)	(102,106)	0	0	0	0	0	0	135	(13)
Depreciation of jointly controlled assets	(10,344)	(7,025)	0	0	0	0	0	0	0	0
Other expenses associated with jointly controlled assets	(655)	0	0	0	0	0	0	0	0	0
Payments into the Consolidated Fund	(792,508)	(794,689)	0	0	0	0	(217)	0	(14,987)	(1,130)
Total administered expenses from transactions	(1,394,222)	(1,408,429)	(540,663)	0	0	0	(217)	0	(14,852)	(1,143)
Total administered net result from transactions (net operating balance)	(16,317)	213,168	0	0	0	0	271	0	(8,914)	(210)
Administered other economic flows included in net result										
Net gain/(loss) on non-financial assets	34,925	(850)	0	0	0	0	0	0	3,589	1,140
Net gain/(loss) on financial instruments	(15)	12	0	0	0	0	0	0	(11)	45
Total administered other economic flows included in net result	34,910	(838)	0	0	0	0	0	0	3,578	1,185
Administered net result	18,593	212,330	0	0	0	0	271	0	(5,336)	975
Administered comprehensive result	18,593	212,330	0	0	0	0	271	0	(5,336)	975

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 3. Administered (non-controlled) items (continued)

Note 3. Administered (non-controlled) items (continued)

Note 3. Administered (non-controlled) items (continued)

- Note 3. Administered (non-controlled) items (continued)**

Note 3. Administered (non-controlled) items (continued)

(b) Administered assets and liabilities as at 30 June 2015

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2015 ⁽ⁱⁱⁱ⁾ \$'000	2014 \$'000	2015 ⁽ⁱⁱⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Administered financial assets ⁽ⁱ⁾								
Cash	0	518	0	0	28	48	142	162
Receivables	0	4,965	0	554	130	91	392	197
Finance lease receivables	0	0	0	0	0	0	0	0
Total administered financial assets	0	5,483	0	554	158	139	534	359
Administered non-financial assets								
Share of jointly controlled assets	0	0	0	0	0	0	0	0
Total administered non-financial assets	0	0	0	0	0	0	0	0
Total administered assets	0	5,483	0	554	158	139	534	359
Administered liabilities ⁽ⁱⁱ⁾								
Creditors and accruals	0	(1,509)	0	126	(36)	(43)	(76)	(64)
Unearned income	0	26,399	0	479	0	0	1	1
Interest-bearing liabilities	0	0	0	0	0	0	0	0
Other liabilities	0	5	0	0	0	0	1	1
Total administered liabilities	0	24,895	0	605	(36)	(43)	(74)	(62)
Total administered net assets	0	(19,412)	0	(51)	194	182	608	421

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 the Department of Environment, Land, Water and Planning' 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 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 3. Administered (non-controlled) items (continued)

(b) Administered assets and liabilities as at 30 June 2015 (continued)

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2015 \$'000	2014 \$'000	2015 ⁽ⁱⁱⁱ⁾ \$'000	2014 \$'000	2015 ^{(iii)(iv)} \$'000	2014 \$'000	2015 ⁽ⁱⁱⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Administered financial assets⁽ⁱ⁾										
Cash	578	226	30	0	0	0	1	0	350	416
Receivables	56,287	60,087	0	0	0	0	(150)	0	1,640	796
Finance lease receivables	4,230,827	4,268,161	0	0	0	0	0	0	0	0
Total administered financial assets	4,287,692	4,328,474	30	0	0	0	(149)	0	1,990	1,212
Administered non-financial assets										
Share of jointly controlled assets	834,741	803,812	0	0	0	0	0	0	0	0
Total administered non-financial assets	834,741	803,812	0	0	0	0	0	0	0	0
Total administered assets	5,122,433	5,132,286	30	0	0	0	(149)	0	1,990	1,212
Administered liabilities⁽ⁱⁱ⁾										
Creditors and accruals	57,451	59,086	0	0	0	0	0	0	(456)	(369)
Unearned income	27,521	35,737	0	0	0	0	0	0	3	3
Interest-bearing liabilities	4,227,629	4,264,805	0	0	0	0	0	0	0	0
Other liabilities	3	1	0	0	0	0	0	0	3	2
Total administered liabilities	4,312,604	4,359,629	0	0	0	0	0	0	(450)	(364)
Total administered net assets	809,829	772,657	30	0	0	0	(149)	0	2,440	1,576

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 the Department of Environment, Land, Water and Planning' 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 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 3. Administered (non-controlled) items (continued)

(b) Administered assets and liabilities as at 30 June 2015 (continued)

	Sustainably Manage Fish and Forest Resources		Management of Forests, Parks and Public Land		Land Victoria		Total
	2015 ⁽ⁱⁱⁱ⁾ \$'000	2014 \$'000	2015 \$'000	2014 ^(iv) \$'000	2015 ⁽ⁱⁱⁱ⁾ \$'000	2014 \$'000	2014 \$'000
Administered financial assets⁽ⁱ⁾							
Cash	0	5	230	267	3	0	1,642
Receivables	0	134	1,472	2,389	5,853	0	69,213
Finance lease receivables	0	0	0	0	0	0	4,268,161
Total administered financial assets	0	139	1,702	2,656	5,856	0	4,339,016
Administered non-financial assets							
Share of jointly controlled assets	0	0	0	0	0	0	803,812
Total administered non-financial assets	0	0	0	0	0	0	803,812
Total administered assets	0	139	1,702	2,656	5,856	0	5,142,828
Administered liabilities⁽ⁱⁱ⁾							
Creditors and accruals	0	90	(1)	53	162	0	57,370
Unearned income	0	1	6,786	5,739	57	0	68,359
Interest-bearing liabilities	0	0	0	0	0	0	4,264,805
Other liabilities	0	5	27	27	0	0	41
Total administered liabilities	0	96	6,812	5,819	219	0	4,319,075
Total administered net assets	0	43	(5,110)	(3,163)	5,637	0	752,253

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 the Department of Environment, Land, Water and Planning' 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 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to the Department of Economic Development, Jobs, Transport and Resources. At the same time, the department assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect and Planning, Building and Heritage outputs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) On 15 May 2015, the department relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (v) In 2015, the former Forests and Parks and Public Land outputs merged. The 2014 balances have been restated for comparison purposes.

Note 3. Administered (non-controlled) items (continued)**(c) 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 and 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 as described in Note 1(l).

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2015 %	2014 %
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 3. Administered (non-controlled) items (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 financial statements under their respective asset and liability categories.

	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
	River Murray Operations		Living Murray Initiative	
Non-current assets				
Property, plant and equipment	690,753	688,034	0	0
Intangible assets	1,086	1,086	142,902	114,691
Total non-current assets	691,839	689,120	142,902	114,691
Total assets	691,839	689,120	142,902	114,691
Income	6,064	20,367	29,298	(655)
Expenses	11,551	8,761	1,087	(248)

Contingencies and commitments

There are no contingencies or commitments arising from the department's interest in the joint operation (2014: Nil).

(d) Correction of prior year errors

The errors described below have been adjusted by restating each of the affected financial statement line items for the prior years.

As part of the ongoing maintenance of the land information management system, a number of Crown land parcels have been identified that were consigned to a land manager in a previous financial year.

Adjustments have been made to correct prior year balances.

The net impact of these errors is:

2012–13 Opening balances

- an overstatement of net loss on non-financial assets of \$1.217 million
- an overstatement of contributed capital of \$1.217 million

The below section shows the restatement of each line item affected by the error.

Restatement of financial statements as a result of the correction of an error

	Actual 2013 \$'000	Correction of 2013 error \$'000	Restated 2013 \$'000
Comprehensive operating statement (Extract)			
Other economic flows included in net result			
Net loss on non-financial assets	(21,084)	(1,217)	(22,301)
Total administered other economic flows included in net result	(21,376)	(1,217)	(22,593)
Administered net result	43,392	(1,217)	42,175
Administered comprehensive result	43,392	(1,217)	42,175

Note 3. Administered (non-controlled) items (continued)

(e) Leases

(i) Disclosures for lessees – finance lease liabilities

Commissioned public private partnership – Victorian Desalination Plant

The State of Victoria entered into a 30-year Public Private Partnership (PPP) arrangement with the AquaSure consortium (AquaSure) on 30 July 2009. The project was initiated to design, build and operate a desalination plant capable of supplying 150 gigalitres of water per annum into the Melbourne network. Construction of the desalination plant in Wonthaggi began in September 2009.

The state, AquaSure and SPI PowerNet entered into arrangements for the purchase, use and operation of the High Voltage Alternating Current (HVAC) transmission line assets on 14 December 2012. These arrangements are reflected in the minimum lease payments disclosed below. The net gain on the sale was passed on to Melbourne Water Corporation as an adjustment to the sub lease. The lease term commenced upon the achievement of commercial acceptance on 17 November 2012, which is when the desalination plant was first operational at its 150 gigalitre per annum capacity. The Project Deed that governs the PPP requires AquaSure 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 3.1 below) and other expenses for operating, maintenance and lifecycle costs (refer to Note 3(f)(i) and Table 3.3).

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 Note 3(e)(ii) and Table 3.2). Melbourne Water Corporation has recognised the finance lease asset.

The department does not control the income arising under this sub-lease and is required to pay receipts from the Melbourne Water Corporation into the state's consolidated fund. The PPP arrangement does not form part of the department's output cost, so funding to meet the payments to AquaSure is provided through an administered parliamentary appropriation, Payments on Behalf of the State (POBOS). The department has therefore classified this item as administered, in accordance with the requirements of AASB 1050 *Administered Items* and BFMG 60 *Administered Items*.

In June 2015, AquaSure completed refinancing a portion of its external debt with the approval of the state. The refinancing resulted in the state being entitled to a refinancing benefit of \$160 million under the Victorian Desalination Plant Project Deed.

Note 3. Administered (non-controlled) items (continued)**Table 3.1: Victorian Desalination Plant finance lease liability**

	Minimum future lease payments		Present value of minimum future lease payments ⁽ⁱ⁾	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Commissioned PPP related finance lease liabilities payable				
Not longer than one year	506,825	504,150	52,535	37,176
Longer than one year but no later than five years	1,968,629	1,990,556	206,402	163,472
Longer than five years	9,496,698	10,141,568	3,968,692	4,064,157
Minimum future lease payments	11,972,152	12,636,274	4,227,629	4,264,805
Less future finance charges	(7,744,523)	(8,371,469)	0	0
Present value of minimum lease payments	4,227,629	4,264,805	4,227,629	4,264,805
Included in administered liabilities as:				
Interest-bearing liabilities (Note 3 (b))			4,227,629	4,264,805

Note:

- (i) The present value of the 'Minimum future lease payments' has been discounted to 30 June of the respective financial years using the interest rate implicit in the lease. This value excludes the finance charges.

Note 3. Administered (non-controlled) items (continued)**(e) Leases (continued)****(ii) Disclosures for lessors – finance lease receivables***Victorian Desalination Plant sub-lease*

A Statement of Obligations (SoO) issued to the Melbourne Water Corporation under section 41 of the *Water Industry Act 1994* requires Melbourne Water Corporation to pay all monies payable by the state under the project deed with AquaSure. This arrangement gives rise to a finance lease receivable equal to the value of the finance lease liability disclosed in Note 3(d)(i) adjusted for the net gain received on the sale of the HVAC asset. The lease term commenced upon the achievement of commercial acceptance on 17 November 2012, triggering the recognition of the finance lease receivable.

Under the arrangement, the Melbourne Water Corporation has an obligation to make project deed payments. The portions of the project deed payments that relate to the right to use the project assets are accounted for as a finance lease as disclosed in the Table 3.2. In addition, the project deed payments also include other commitments for operating, maintenance and lifecycle costs (refer to Note 3(f) and Table 3.3).

The department will transfer the desalination plant assets to the Melbourne Water Corporation at the end of the project contract term.

Table 3.2: Victorian Desalination Plant finance lease receivable

	Minimum future lease receivables ⁽ⁱ⁾		Present value of minimum future lease receivables	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Finance lease receivables				
Not longer than one year	506,825	504,150	52,695	37,334
Longer than one year but not longer than five years	1,968,629	1,990,556	207,061	164,125
Longer than five years	9,496,698	10,141,568	3,971,071	4,066,702
Minimum future lease receivables	11,972,152	12,636,274	4,230,827	4,268,161
Less unearned finance income	(7,741,325)	(8,368,113)	0	0
Present value of minimum lease receivables	4,230,827	4,268,161	4,230,827	4,268,161
Included in administered assets as:				
Finance lease receivables (Note 3 (b))			4,230,827	4,268,161

Note:

- (i) The present value of the 'Minimum future lease receivables' (that is, the gross investment in the lease) has been discounted to 30 June of the respective financial years using the interest rate implicit in the lease to determine the 'Present value of minimum lease receivables' (that is, the net investment in the lease).

Note 3. Administered (non-controlled) items (continued)**(f) Commitments*****(i) PPP related commitments – Victorian Desalination Plant***

Under the PPP arrangement that the state entered into with AquaSure (refer to Note 3(e)(i)) 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. If there are any surplus RECs at the end of the project term, the Project Deed requires AquaSure to transfer them to the state, or sell them on arms length commercial terms on behalf of the state with all proceeds paid to the state. The department will transfer any surplus RECs or proceeds from sales thereof to the Melbourne Water Corporation at the end of the project contract term.

Table 3.3: Victorian Desalination Plant PPP commitments

	2015		2014	
Commissioned PPP – other commitments				
	Other commitments		Other commitments	
	Present value	Nominal value	Present value	Nominal value
	\$'000	\$'000	\$'000	\$'000
Victorian Desalination Plant	1,562,438	4,959,549	1,532,413	5,100,433
Total	1,562,438	4,959,549	1,532,413	5,100,433

Note:

- (i) Refer to Note 3(e) for the finance lease liabilities for the Victorian Desalination Plant project. This note discloses only the other capital and operating and maintenance commitments for this project.
- (ii) Refer to Note 3(f)(ii) and (iii) where net values are disclosed at nominal values, exclusive of GST.
- (iii) Net additional costs of \$89 million associated with the introduction of the Fire Services Property Levy have been reflected in the commitments for 2015.
- (iv) As per standard practice, the present value of the 'Other commitments' have been discounted to 30 June of the respective financial years. The discount rate of 9.99% is the nominal pre-tax discount rate representative of the overall risk of the project at inception. 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.

Note 3. Administered (non-controlled) items (continued)

(f) Commitments (continued)

(ii) Commitments payable

Table 3.4: Victorian Desalination Plant PPP other commitments payable

	2015 \$'000	2014 \$'000
PPP commitments payable – Victorian Desalination Plant		
Other commitments		
Not longer than one year	124,209	119,735
Longer than one year but not longer than five years	555,610	529,584
Longer than five years	4,279,730	4,451,114
Total PPP commitments for expenditure (inclusive of GST)	4,959,549	5,100,433
Less GST recoverable from the Australian Taxation Office	(450,868)	(463,675)
Total commitments for expenditure (exclusive of GST)	4,508,681	4,636,758

(iii) Commitments receivable

Table 3.5: Victorian Desalination Plant PPP other commitments receivable

	2015 \$'000	2014 \$'000
PPP commitments receivable – Victorian Desalination Plant		
Other commitments		
Not longer than one year	124,209	119,735
Longer than one year but not longer than five years	555,610	529,584
Longer than five years	4,279,730	4,451,114
Total commitments receivable (inclusive of GST)	4,959,549	5,100,433
Less GST payable to the Australian Taxation Office	(450,868)	(463,675)
Total commitments receivable (exclusive of GST)	4,508,681	4,636,758

Note 3. Administered (non-controlled) items (continued)**(g) Financial instruments****(i) Financial risk management objectives and policies**

The principal financial instruments the department administers on behalf of the state are the finance lease liability payable and finance lease asset receivable associated with the desalination plant.

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 the classes of financial asset and financial liability above are disclosed in Note 1 to the financial statements.

The disclosures below relate exclusively to the Victorian Desalination Plant. Other administered financial instruments, such as receivables and payables, are not considered significant for the evaluation of the department's financial position and performance with respect to administered items. For disclosures concerning the department's controlled financial instruments refer to Note 24. *Financial instruments*.

Table 3.6: Categorisation of financial instruments

	2015			2014		
	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	4,230,827	0	4,230,827	4,268,161	0	4,268,161
Contractual financial liabilities						
Finance lease liability	0	4,227,629	4,227,629	0	4,264,805	4,264,805

Table 3.7: Net holding gain/(loss) on financial instruments by category

	2015		2014	
	Total interest income/ (expense) \$'000	Total \$'000	Total interest income/ (expense) \$'000	Total \$'000
Contractual financial assets				
Finance lease receivable	466,816	466,816	476,133	476,133
Contractual financial liabilities				
Finance lease liability at amortised cost	(466,974)	(466,974)	(476,294)	(476,294)

(ii) Credit risk**Table 3.8: Credit quality of contractual financial assets that are neither past due nor impaired**

	2015		2014	
	Government agencies \$'000	Total \$'000	Government agencies \$'000	Total \$'000
Contractual financial assets				
Finance lease receivable	4,230,827	4,230,827	4,268,161	4,268,161

Note 3. Administered (non-controlled) items (continued)**(g) Financial instruments (continued)****Table 3.9: 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	2–3 months \$'000	3 months– 1 year \$'000	1–5 years \$'000	5 years + \$'000
2015							
Finance lease receivable	4,230,827	4,230,827	0	0	0	0	0
2014							
Finance lease receivable	4,268,161	4,268,161	0	0	0	0	0

*(iii) Liquidity risk***Table 3.10: Maturity analysis of contractual financial liabilities**

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	2–3 months \$'000	3 months– 1 year \$'000	1–5 years \$'000	5 years + \$'000
2015							
Finance lease liability	4,227,629	11,972,152	43,079	82,037	381,709	1,968,629	9,496,698
2014							
Finance lease liability	4,264,805	12,636,274	44,959	86,109	373,082	1,990,556	10,141,568

(iv) 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 in the Table 3.11.

Note 3. Administered (non-controlled) items (continued)**Table 3.11: Interest rate exposure of financial instruments**

	2015			2014		
	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	10.77	4,230,827	4,230,827	11.04	4,268,161	4,268,161
Financial liabilities						
Finance lease liability	10.78	4,227,629	4,227,629	11.05	4,264,805	4,264,805

*(v) Fair value***Table 3.12: Comparison between carrying amount and fair value**

	2015		2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Contractual financial assets				
Finance lease receivable	4,230,827	4,230,827	4,268,161	4,268,161
Contractual financial liabilities				
Finance lease liability	4,227,629	4,227,629	4,264,805	4,264,805

Note 4. Income from transactions

	2015 \$'000	2014 \$'000
(a) Interest		
Interest from financial assets not at fair value through profit or loss:		
Interest on cash deposits and investments	6,867	5,112
Total interest	6,867	5,112
(b) Sales of goods and services		
Rendering of services	65,882	40,947
Sales of goods and livestock	1,427	2,549
Regulatory fees and charges	5,337	11,810
Refunds and reimbursements	5,849	3,890
Total sale of goods and services	78,495	59,196
(c) Metropolitan Parks Improvement Rate		
Metropolitan Parks Improvement Rate ⁽ⁱ⁾	152,564	150,983
Total Metropolitan Parks Improvement Rate	152,564	150,983
(d) Grants		
Specific purpose grants	186,237	43,404
General purpose grants	26,762	2,683
Total grants	212,999	46,087
(e) Fair value of services received free of charge or for nominal consideration:		
Services at fair value	64	0
Total fair value of services received free of charge or for nominal consideration	64	0
(f) Other income		
Other miscellaneous income	11,341	6,166
Total other income	11,341	6,166

Note:**(i) Metropolitan Parks Improvement Rate**

This rate commonly known as the 'parks charge' is an annual levy on all commercial and residential properties in the Melbourne and metropolitan areas. The *Water Industry Act 1994* determines how the parks charge is to be levied and requires that money collected be spent on developing and managing open space, parks, waterways and bays 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 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 2014–15 the minimum charge was levied at the rate of \$70.62 (2014: \$68.47) and the rate in the dollar of Net Annual Value was 0.424 cents (2014: 0.412 cents).

During the 2014–15 financial year a total of \$164.851 million was disbursed from the trust (in 2014, \$148.239 million was disbursed for the full financial year) for the following purposes:

- Parks Victoria
- Zoological Parks and Gardens Board
- Royal Botanic Gardens
- Shrine of Remembrance
- Purchase of public open space
- Other projects approved by the Minister in line with the *Water Industry Act 1994*.

Note 5. Expenses from transactions

	2015 \$'000	2014 \$'000
(a) Employee expenses		
Post-employment benefits		
Defined contribution superannuation expense	(18,697)	(19,250)
Defined benefit superannuation expense	(7,628)	(7,325)
Termination benefits	(2,431)	(2,455)
Salaries and wages	(279,213)	(290,858)
Leave expenses (annual leave and long service leave)	(40,940)	(36,138)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	(20,832)	(21,567)
Total employee expenses	(369,741)	(377,593)
(b) Depreciation		
Property, plant and equipment		
Buildings and structures	(20,566)	(28,020)
Buildings leasehold improvements	(584)	(167)
Motor vehicle finance lease assets	(9,553)	(11,729)
Plant, machinery and equipment	(12,038)	(15,693)
Roads	(13,039)	(13,064)
Historic and cultural assets	(22)	(16)
Total depreciation of property, plant and equipment	(55,802)	(68,689)
Intangible assets		
Software and other intangible assets	(957)	(792)
Total depreciation	(56,759)	(69,481)
(c) Interest expense		
Interest on finance leases ⁽ⁱ⁾	(12,008)	(23,776)
Other interest expense	14	(61)
Total interest expense	(11,994)	(23,837)
(d) Grants and other transfers		
Grants to portfolio agencies	(270,376)	(257,729)
Grants to catchment management authorities	(107,227)	(112,815)
Grants to non-portfolio agencies	(24,049)	(33,105)
Grants to the Commonwealth, other state, territory and local governments	(18,854)	(20,478)
Grants to private individuals, businesses and non-profit organisations	(40,794)	(35,620)
Other grants and transfers	(137)	(370)
Total grants and other transfers	(461,437)	(460,117)

Note:

- (i) Of the balance in 'interest on finance leases', \$11.046 million (2014: \$22.505 million) relates to assets contracted under the Royal Melbourne Showgrounds and Bioscience Research Centre PPP arrangements up to 31 December 2014. Effective 1 January 2015, both arrangements were transferred out of the department as a result of the machinery of government changes. Refer to Note 14. *Property, Plant and Equipment*, Note 18. *Borrowings* and Note 34. *Restructure of administrative arrangements*.

Note 5. Expenses from transactions (continued)

	2015 \$'000	2014 \$'000
(e) Supplies and services		
Community awareness and publicity	(2,396)	(3,067)
Contract and professional services	(239,718)	(253,518)
Equipment maintenance and hire	(41,294)	(62,890)
General expenses	(17,379)	(33,203)
Insurance expenses	(21,653)	(21,008)
IT costs	(33,750)	(27,295)
Laboratory, farm and livestock expenses	(8,615)	(18,014)
Motor vehicle costs	(9,595)	(13,984)
Office and accommodation	(47,299)	(46,047)
Office expenses	(6,193)	(6,862)
Payments for shared services	(21,570)	(20,449)
Postage and telephone	(13,689)	(13,365)
Travel and subsistence	(7,327)	(10,273)
Total supplies and services	(470,478)	(529,975)
(f) Other operating expenses		
Fair value of assets and services provided free of charge or for nominal consideration:		
Assets at fair value	(62)	0
Services at fair value	(46)	(68)
Total fair value of assets and services provided free of charge or for nominal consideration	(108)	(68)
Operating lease rental expenses:		
Minimum lease payments - operating leases	(733)	(1,769)
Total operating lease rental expenses	(733)	(1,769)
Sub-total	(841)	(1,837)
Cost of goods sold/distributed	(5,815)	(5,221)
Ex-gratia payments	(1)	(49)
Research and development costs immediately expensed	(47)	(57)
Settlement of litigation ⁽ⁱ⁾	94	(294)
Total other operating expenses	(6,610)	(7,458)

Note:

- (i) In 2014–15 there was no settlement of litigation. The credit balance relates to a litigation over accrued in the previous year. 2013–14 amounts predominantly related to the settlement of various claims including those from the forestry and agricultural industries.

Note 6. Other economic flows included in net result

	2015 \$'000	2014 \$'000
(a) Net gain/(loss) on nonfinancial assets		
Net gain/(loss) on disposal of property, plant and equipment	7,436	(3,513)
Gain arising from changes in fair value of biological assets (Note 15)	0	1,170
Loss attributable to demise of livestock (Note 15)	0	(131)
Net recognition/(derecognition) of non-financial assets (Note 1(m))	4,117	(10,819)
Adjustment to inventory	1,047	0
Write-down of property, plant and equipment and intangible assets	(5,230)	(1,328)
Total net gain/(loss) on nonfinancial assets	7,370	(14,621)
(b) Net loss on financial instruments		
Impairment of receivables ⁽ⁱ⁾	(36)	(21)
Total net loss on financial instruments	(36)	(21)
(c) Share of net losses of associates, excluding dividends		
Share of net losses of associates, excluding dividends	(2,985)	0
Total share of net losses of associates, excluding dividends	(2,985)	0
(d) Other gains/(losses) from other economic flows		
Net loss arising from revaluation of employee benefits ⁽ⁱⁱ⁾	(733)	(1,074)
Other provision discount rate adjustments	(597)	16
Total other losses from other economic flows	(1,330)	(1,058)

Note:

- (i) This item represents the net (increase)/decrease in the provision for doubtful debts, the unilateral write off of bad debts and other debt from other economic flows – refer to Note 1(i).
- (ii) This item represents revaluation gain/(loss) due to changes in bond rates.

Note 7. Revision of accounting estimates**Reassessment of estimated useful lives of assets**

During the financial year the department reassessed the estimated total useful lives of certain assets including items of plant and equipment to better reflect the period for which these assets are retained. This resulted in an adjustment to useful lives from 50 to 5 years.

Assuming the assets are held until the end of their estimated useful lives, departmental depreciation in relation to these assets will be reduced by the following amounts for the next 4 years: \$3,107 in 2016; \$3,107 in 2017; \$3,107 in 2018; and \$3,107 in 2019.

Refer to Note 1(h) for the department's depreciation accounting policy.

Note 8. Receivables

	2015 \$'000	2014 \$'000
Current receivables		
Contractual		
Trade receivables ⁽ⁱ⁾ (Note 24)	26,153	11,800
Provision for doubtful contractual receivables ⁽ⁱ⁾ (Notes 8(a), 24)	(54)	(152)
Contributions receivable (share of joint operation) (Note 11)	0	5,754
Accrued income ⁽ⁱⁱ⁾ (Note 24)	1,946	705
	28,045	18,107
Statutory		
Amounts owing from Victorian Government ⁽ⁱⁱⁱ⁾	171,086	181,631
GST input tax credit recoverable	17,913	10,417
	188,999	192,048
Total current receivables	217,044	210,155
Non-current receivables		
Contractual		
Contributions receivable (share of joint operation) (Note 11)	0	23,241
	0	23,241
Statutory		
Amounts owing from Victorian Government ⁽ⁱⁱⁱ⁾	48,426	33,372
	48,426	33,372
Total non-current receivables	48,426	56,613
Total receivables	265,470	266,768

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% p.a. (2014: 11.5% p.a.) on the outstanding balance of invoices relating to forest activities up to 31 December 2014 and 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 \$98,000 (2014: \$118,000) 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.
- (iii) The amounts recognised from Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.

Note 8. Receivables (continued)

	2015 \$'000	2014 \$'000
(a) Movement in the provision for doubtful debts		
Balance at 1 July	152	34
Reversal of unused provision recognised in the net result	0	0
Reversal of provision of receivables written off during the year as uncollectible	(42)	(97)
Increase in provision recognised in the net result	0	123
Capital contributions (to)/from the Crown	(56)	92
Balance at 30 June	54	152

(b) Ageing analysis of receivables

Refer to Table 24.3 in Note 24. *Financial instruments* for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables

Refer to Note 24. *Financial instruments* for the nature and extent of risks arising from contractual receivables.

Note 9. Investments and other financial assets

	2015 \$'000	2014 \$'000
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits greater than three months ⁽ⁱ⁾	20,100	26,813
Total investments and other financial assets	20,100	26,813

Note:

(i) Relates to trust fund term deposits held with the Treasury Corporation of Victoria.

Note 10. Investments accounted for using the equity method

The department has 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 is less than 20 per cent, it has 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. Refer to Note 34. *Restructure of Administrative Arrangements* for more information on the transfer.

Name of entity	Country of incorporation	Measurement method	Ownership interest		Fair value	
			2015 %	2014 %	2015 \$'000	2014 \$'000
Non-current investments accounted for using the equity method						
Associate						
Property Exchange Australia Limited	Australia	Equity method	11.56	0.00	9,199	0
Total investments accounted for using the equity method					9,199	0

Note:

(i) As at 30 June 2015, the fair value of the department's interest in Property Exchange Australia Limited was \$9.199 million (30 June 2014: \$0 million), which is a level 3 input in terms of AASB 13 *Fair Value Measurement*.

Notes to the financial statements for the year ended 30 June 2015

Note 10. Investments accounted for using the equity method (continued)

Summarised financial information in respect of the department's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs, adjusted by the department for equity accounting purposes.

	2015 \$'000	2014 \$'000
Summarised balance sheet ⁽ⁱⁱ⁾		
Current assets	28,321	0
Non-current assets	68,541	0
Total assets	96,862	0
Current liabilities	8,286	0
Non-current liabilities	8,997	0
Total liabilities	17,283	0
Net assets	79,579	0
Share of associate's net assets	9,199	0
Summarised operating statement		
Total income from transactions ⁽ⁱ⁾	(1,704)	0
Total expenses from transactions ⁽ⁱ⁾	24,116	0
Net result ⁽ⁱ⁾	(25,820)	0
Other economic flows – Other comprehensive income ⁽ⁱ⁾	0	0
Total comprehensive income ⁽ⁱ⁾	(25,820)	0
Share of associate's comprehensive income ⁽ⁱ⁾	(2,985)	0

Note:

- (i) Represents six months of income and expenses from 1 January to 30 June 2015, as the department assumed responsibility for the joint operation on 1 January 2015.
- (ii) Based on full year 30 June 2015 audited financial statements of Property Exchange Australia Limited.

	2015 \$'000	2014 \$'000
Movements in carrying amount of interests in the associate		
Balance at 1 July	0	14,412
Capital contributions from the Crown (Note 34)	12,029	(14,412)
Share of associate's net result	(2,985)	0
Share of associate's movement in contributed capital	155	0
Balance at 30 June	9,199	0

Contingent liabilities and commitments

The department's share of the commitments and contingent liabilities arising from its interest in associate are disclosed in Note 21. *Leases*, Note 22. *Commitments for expenditure* and Note 23. *Contingent assets and contingent liabilities*.

Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Investments in associates at fair value				
At 30 June 2015				
Investments in associate	9,199	0	0	9,199
At 30 June 2014				
Investments in associate	0	0	0	0

Note 11. Investments in joint operations

On 1 July 2013, the department assumed responsibility for the Royal Melbourne Showgrounds and Biosciences Research Centre joint arrangements transferred from the former Department of Primary Industries.

On 1 January 2015, the department relinquished its responsibility for the joint operations. Refer to Note 34. *Restructure of administrative arrangement* for more information on the resulting transfers.

Royal Melbourne Showgrounds

In October 2003, the state, represented by the former Department of Primary Industries entered into an agreement with the Royal Agricultural Society of Victoria Limited (RASV) to redevelop the Royal Melbourne Showgrounds. The agreement came into effect on 30 June 2005. Both the State and the RASV have a 50 percent interest in the joint arrangement.

Two joint arrangement structures have been established, an unincorporated joint arrangement to carry out and deliver the project, and an incorporated joint arrangement entity, Showgrounds Nominees Pty Ltd, to hold the assets of the arrangement and to enter into agreements on behalf of the state and RASV.

The state's contribution to the arrangement was \$100.7 million (expressed in 2004 dollars) while RASV contributed its freehold title to the showgrounds land valued at \$51 million in June 2005. In June 2006, Showgrounds Nominees Pty Ltd entered into a Development and Operations Agreement (on behalf of the state and RASV) with the concessionaire, PPP Solutions (Showgrounds) Nominee Pty Ltd, to design, construct, finance and maintain the new facilities at the showgrounds.

The principal place of the operations is Australia. The project operation term is 25 years from the date of commercial acceptance of completed works which occurred in August 2006. The project is being delivered under the Partnerships Victoria Policy framework.

The agreements in relation to the Royal Melbourne Showgrounds joint arrangement require unanimous consent from all parties for all relevant activities. Both the State and the RASV own the assets of the joint arrangement as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. The arrangement is therefore classified as a joint operation and all parties recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 1 (I).

Biosciences Research Centre

In April 2008, the State, represented by the former Department of Primary Industries entered an agreement with La Trobe University (La Trobe) to establish a world class research facility at the University's Melbourne campus in Bundoora. The State has a 75 percent interest in the joint arrangement. The facility is known as AgriBio, Centre for AgriBioscience. A similar structure to the Showgrounds joint arrangement has been adopted. It comprises an unincorporated arrangement to carry out and deliver the project, and an incorporated entity, Biosciences Research Centre Pty Ltd to hold the assets of the arrangement and to enter into agreements on behalf of the state and La Trobe. The principal place of the operations is Australia.

The state's contribution to the arrangement is \$227.3 million (expressed in May 2009 dollars), while La Trobe's contribution is \$60.4 million (expressed in May 2009 dollars).

On 30 April 2009, Biosciences Research Centre Pty Ltd entered into a Project Agreement (on behalf of the state and La Trobe) with Plenary Research Pty Ltd (the Concessionaire) to design, construct, finance and maintain the facility over the project's operating term. The project's operating term is 25 years from the date of commercial acceptance which occurred 18 July 2012. The project is being delivered under the Partnerships Victoria Policy framework.

The department pays the quarterly service payment in full each quarter as they fall due, with La Trobe reimbursing the state its agreed share.

In addition, La Trobe contributes on a quarterly basis 25 percent of the general facilities management, maintenance and minor works costs associated with the services.

In accordance with the agreement the participants are required to fund the administration expenses of the arrangement in equal shares of 50:50.

The agreements establishing the Biosciences Research Centre joint arrangement require unanimous consent from all parties for all relevant activities. Both the State and the La Trobe own the Biosciences Research Centre facility as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. The arrangement is therefore classified as a joint operation and all parties recognise its direct right to the jointly held assets, liabilities, revenues and expenses based on its percentage interest in the operation as described in Note 1(I).

Note 11. Investments in joint operations (continued)

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2015 %	2014 %
Showground Nominees Pty Ltd	To carry out the redevelopment of the Royal Melbourne Showgrounds.	Australia	0	50
Bioscience Research Centre Pty Ltd	To establish a world class research facility.	Australia	0	75

Joint operations accounted for using the proportionate consolidation method

On 1 January 2015, the department relinquished its responsibility for the joint operations. Refer to Note 34. *Restructure of administrative arrangement* for more information on the resulting transfers.

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 financial statements under their respective asset and liability categories.

Summarised financial information in respect of the department's share of the investment in joint operations is set out below.

	2015 \$'000	2014 \$'000
Royal Melbourne Showgrounds		
Current assets		
Cash and deposits	0	430
Receivables – contributions receivable (Note 8)	0	5,755
Receivables – accrued income (Note 8)	0	227
Total current assets	0	6,412
Non-current assets		
Receivables – contributions receivable (Note 8)	0	23,241
Property, plant and equipment	0	92,244
Total non-current assets	0	115,485
Total assets	0	121,897
Current liabilities		
Payables	0	1,710
Borrowings (Note 18)	0	1,099
Unearned income	0	295
Total current liabilities	0	3,104
Non-current liabilities		
Borrowings (Note 18)	0	45,730
Unearned income	0	2,422
Total non-current liabilities	0	48,152
Total liabilities	0	51,256
Income⁽ⁱ⁾	1,361	3,211
Expenses⁽ⁱ⁾	3,387	7,863

Note:

- (i) This represents six months of income and expenses from 1 July to 31 December 2014, as the department relinquished its responsibility for the joint operation on 1 January 2015.

Note 11. Investments in joint operations (continued)

	2015 \$'000	2014 \$'000
Bioscience Research Centre		
Non-current assets		
Property, plant and equipment	0	146,383
Intangible assets	0	32,723
Total non-current assets	0	179,106
Total assets	0	179,106
Current liabilities		
Payables	0	6,024
Borrowings (Note 18)	0	1,362
Total current liabilities	0	7,386
Non-current liabilities		
Borrowings (Note 18)	0	200,812
Total non-current liabilities	0	200,812
Total liabilities	0	208,198
Income ⁽ⁱ⁾	14,684	23,919
Expenses ⁽ⁱ⁾	14,684	29,403

Note:

- (i) This represents six months of income and expenses from 1 July to 31 December 2014, as the department relinquished its responsibility for the joint operation on 1 January 2015.

Commitments

Commitments arising from the department's interests in joint operations are disclosed in Note 22(b).

Note 12. Inventories

	2015 \$'000	2014 \$'000
Current inventories		
Supplies and consumables – at cost		
Fire stores	14,167	11,084
Publications held for distribution	30	30
Seed bank	2,593	1,739
Farm produce	0	331
Weedicides	43	63
Other stores and materials	1,633	1,403
	18,466	14,650
Inventories held for distribution		
Publications held for sale – at cost	351	365
Total inventories	18,817	15,015

Note 13. Non-financial physical assets classified as held for sale

	2015 \$'000	2014 \$'000
Non-financial physical assets classified as held for sale		
Land held for sale	1,971	491
Finance lease motor vehicles held for sale	302	279
Total non-financial physical assets classified as held for sale	2,273	770

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.

Fair value measurement of non-financial physical assets classified as held for sale

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 to disposal.

Refer to Note 14. *Property, plant and equipment* for the valuation technique of motor vehicles under finance lease.

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 (2014: Level 2).

Note 14. Property, plant and equipment**Classification by 'purpose groups' – carrying amounts**

	Public Safety and Environment (Table 14.1)			Public Administration ⁽ⁱⁱ⁾ (Table 14.2)			Total
	2015 \$'000	2014 ⁽ⁱ⁾ \$'000	2013 ⁽ⁱ⁾ \$'000	2015 \$'000	2014 \$'000	2013 \$'000	
Land	5,648,084	5,889,117	5,572,505	167,894	0	0	5,815,978
Buildings and structures	495,651	801,170	488,433	6,681	0	0	502,332
Roads	1,098,418	1,005,903	1,018,872	0	0	0	1,098,418
Plant and equipment	56,001	91,478	61,620	445	0	0	56,446
Assets under construction at cost	92,215	124,793	60,568	5,503	0	0	97,718
Historic and cultural assets	1,637	1,678	1,510	866	0	0	2,503
Net carrying amount of property, plant and equipment	7,392,006	7,914,139	7,203,508	181,389	0	0	7,573,395
							7,914,139
							7,203,508

Note:(i) Refer to Note 35. *Correction of prior year errors* for details.(ii) As a consequence of the Machinery of Government changes announced on 4 December 2014, property, plant and equipment under the Public Administration purpose group transferred to the department. Refer to Note 34. *Restructure of administrative arrangements* for more information on the transfers.

Note 14. Property, plant and equipment (continued)**Gross carrying amounts and accumulated depreciation**

	2015 \$'000	2014 ⁽ⁱ⁾ \$'000	2013 ⁽ⁱ⁾ \$'000
Land			
Freehold land			
At fair value	185,583	0	5,800
Total freehold land	185,583	0	5,800
Crown land – Land and unused roads			
At fair value	2,285,876	2,326,263	2,320,202
Total Crown land – Land and unused roads	2,285,876	2,326,263	2,320,202
Crown land – National parks			
At fair value	1,061,654	1,066,284	1,064,272
Total Crown land – National parks	1,061,654	1,066,284	1,064,272
Crown land – State forests			
At fair value	1,149,204	1,135,484	1,128,289
Total Crown land – State forests	1,149,204	1,135,484	1,128,289
Crown land – Conservation reserves			
At fair value	665,297	664,630	659,136
Total Crown land – Conservation reserves	665,297	664,630	659,136
Crown land – Metropolitan parks			
At fair value	334,272	311,250	311,235
Total Crown land – Metropolitan parks	334,272	311,250	311,235
Crown land – Land used for operational purposes			
At fair value ⁽ⁱⁱ⁾	134,092	385,206	83,571
Total Crown land – Land used for operational purposes	134,092	385,206	83,571
Total land	5,815,978	5,889,117	5,572,505
Buildings and structures ⁽ⁱⁱ⁾			
At fair value	562,133	907,184	537,599
Less accumulated depreciation	(59,801)	(106,014)	(49,166)
Total buildings and structures	502,332	801,170	488,433
Roads			
At fair value	1,150,378	1,045,084	1,044,988
Less accumulated depreciation	(51,960)	(39,181)	(26,116)
Total roads	1,098,418	1,005,903	1,018,872
Plant and equipment			
At fair value	104,367	195,327	98,238
Less accumulated depreciation	(76,239)	(141,796)	(64,222)
	28,128	53,531	34,016
Motor vehicles under finance lease at fair value	42,902	61,562	46,620
Less accumulated amortisation	(14,584)	(23,615)	(19,016)
	28,318	37,947	27,604
Total plant and equipment	56,446	91,478	61,620

Note:

- (i) Refer to Note 35. *Correction of prior year errors* for details.
- (ii) Of the balance in 'property, plant and equipment', \$0 million (2014: \$238.627 million) relates to assets contracted under the Royal Melbourne Showgrounds and Bioscience Research Centre PPP arrangements as these arrangements transferred out of the department on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the transfers.

Note 14. Property, plant and equipment (continued)

Gross carrying amounts and accumulated depreciation (continued)

	2015 \$'000	2014 ⁽ⁱ⁾ \$'000	2013 ⁽ⁱ⁾ \$'000
Assets under construction at cost			
Buildings and structures	68,385	96,779	43,112
Roads	0	0	70
Plant and equipment	29,333	28,014	17,386
Total assets under construction at cost	97,718	124,793	60,568
Historic and cultural assets			
At fair value	2,596	1,741	1,552
Less accumulated depreciation	(93)	(63)	(42)
Total historic and cultural assets	2,503	1,678	1,510
Total property, plant and equipment	7,573,395	7,914,139	7,203,508

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details.

Note 14. Property, plant and equipment (continued)

Table 14.1: Movements in carrying amounts – Classification by purpose group – ‘Public Safety and Environment’

	Freehold land \$'000	Land and land unused roads \$'000	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'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 2013	5,800	2,392,796	1,065,405	1,150,492	660,734	311,235	84,397	488,433	1,018,872	61,620	76,273	1,510	7,317,567
Net effect of correction of prior year error ⁽ⁱ⁾	0	(72,594)	(1,133)	(22,203)	(1,598)	0	(826)	0	0	0	(15,705)	0	(114,059)
Restated balance at 1 July 2013 ⁽ⁱ⁾	5,800	2,320,202	1,064,272	1,128,289	659,136	311,235	83,571	488,433	1,018,872	61,620	60,568	1,510	7,203,508
Additions	0	18	4	0	1	15	37,434	1,280	0	41,770	49,746	1	130,269
Disposals	0	0	0	0	0	0	0	(20)	0	(19,029)	0	0	(19,049)
Reclassification to asset held for sale (refer to Note 13)	0	(491)	0	0	0	0	0	0	0	(279)	0	0	(770)
Net transfers in/(out) – free of charge	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital contributions (to)/from owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from other government entities	0	(3,573)	0	0	(368)	0	0	0	0	0	0	0	(3,941)
Machinery of Government transfer in (Note 34)	0	0	0	0	0	0	318,749	331,391	25	40,756	40,424	54	731,399
Machinery of Government transfer out (Note 34)	0	0	0	0	0	0	0	(10,449)	0	(1,355)	0	0	(11,804)
Transfers to administered entity for disposal	0	(17,040)	0	0	0	0	0	(2,798)	0	(4,220)	0	(26)	(24,084)
Transfers to third parties	0	(2,089)	0	0	0	0	0	0	0	0	0	0	(2,089)
Net transfers in/(out) – from other categories	(5,800)	25,256	2,008	7,195	5,861	0	(34,400)	21,249	70	416	(21,850)	(5)	0
Revaluation increments/ (decrements)	0	5,997	0	0	0	0	0	0	0	0	0	160	6,157
Recognition/(derecognition), write-on/(write-down) of assets	0	9,224	0	0	0	0	(20,148)	271	0	2,601	(4,095)	0	(12,147)
Depreciation expense (refer to Note 5(b))	0	0	0	0	0	0	0	(28,187)	(13,064)	(29,802)	0	(16)	(71,069)
Net effect of correction of prior year error ⁽ⁱ⁾	0	(11,241)	0	0	0	0	0	0	0	(1,000)	0	0	(12,241)
Restated balance at 1 July 2014 ⁽ⁱ⁾	0	2,326,263	1,066,284	1,135,484	664,630	311,250	385,206	801,170	1,005,903	91,478	124,793	1,678	7,914,139

Note:

- (i) Refer to Note 35. Correction of prior year errors for details.
(ii) Refer to Note 37. Glossary of terms and style conventions for information about purpose groups.

Note 14. Property, plant and equipment (continued)

Table 14.1: Movements in carrying amounts – Classification by purpose group – ‘Public Safety and Environment’ (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	Buildings and structures \$'000	Roads \$'000	Plant and equipment \$'000	Assets under construction \$'000	Historic and cultural assets \$'000	Total \$'000
Restated balance at 1 July 2014 ⁽ⁱ⁾	0	2,326,263	1,066,284	1,135,484	664,630	311,250	385,206	801,170	1,005,903	91,478	124,793	1,678	7,914,139
Additions	0	0	0	0	0	3,898	24,825	773	228	22,905	57,839	0	110,468
Disposals	0	0	0	0	0	0	0	(105)	0	(6,586)	0	0	(6,691)
Reclassification to asset classified as held for sale (refer to Note 13)	0	(1,480)	0	0	0	0	0	0	0	(23)	0	0	(1,503)
Net transfers in/(out) – free of charge	0	0	0	0	0	0	0	0	0	(62)	0	0	(62)
Capital contributions (to)/from owners													
Transfers (to)/from other government entities	0	684	0	0	0	0	0	0	0	(277)	0	0	407
Machinery of Government transfer in (Note 34)	0	0	0	0	0	0	0	9,970	0	1,320	1	0	11,291
Machinery of Government transfer out (Note 34)	0	(34,581)	0	0	0	0	(238,404)	(327,153)	0	(35,497)	(40,917)	(23)	(676,575)
Transfers to administered entity for disposal	0	(1,651)	0	0	0	0	(365)	(10,604)	(5,621)	(65)	0	0	(18,306)
Transfers to third parties	0	669	0	0	0	0	0	0	0	0	0	0	669
Net transfers in/(out) – from other categories	17,689	(9,384)	(4,630)	13,511	824	19,124	(37,135)	43,106	(25)	4,103	(48,742)	0	(1,559)
Revaluation increments/(decrements)	0	675	0	0	0	0	0	0	110,972	0	0	0	111,647
Recognition/(derecognition), write-on/(write-down) of assets	0	4,681	0	209	(157)	0	(35)	(452)	0	214	(759)	0	3,701
Depreciation expense (refer to Note 5(b))	0	0	0	0	0	0	0	(21,054)	(13,039)	(21,509)	0	(18)	(55,620)
Balance at 30 June 2015	17,689	2,285,876	1,061,654	1,149,204	665,297	334,272	134,092	495,651	1,098,418	56,001	92,215	1,637	7,392,006

Note:

(i) Refer to Note 35. Correction of prior year errors for details.

(ii) Refer to Note 37. Glossary of terms and style conventions for information about purpose groups.

Note 14. Property, plant and equipment (continued)

Table 14.1: Movements in carrying amounts – Classification by purpose group – ‘Public Administration’

	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	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 2014 ⁽ⁱ⁾	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0	152	0	0	152
Disposals	0	0	0	0	0	0	0	0	0	(28)	(1,720)	0	(1,748)
Reclassification to asset classified as held for sale (refer to Note 13)	0	0	0	0	0	0	0	0	0	0	0	0	0
Net transfers in/(out) – free of charge	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	0	0	0	0	0	0	0	0	0	0	0	0
Machinery of Government transfer in (Note 34)	122,416	0	0	0	0	0	0	6,170	0	403	58,122	870	187,981
Machinery of Government transfer out (Note 34)	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to administered entity for disposal	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to third parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Net transfers in/(out) – from other categories	45,478	0	0	0	0	0	0	607	0	0	(46,085)	0	0
Revaluation increments / (decrements)	0	0	0	0	0	0	0	0	0	0	0	0	0
Recognition/ (derecognition), write-on/ (write-down) of assets	0	0	0	0	0	0	0	0	0	0	(4,814)	0	(4,814)
Depreciation expense (refer to Note 5(b))	0	0	0	0	0	0	0	(96)	0	(82)	0	(4)	(182)
Balance at 30 June 2015	167,894	0	0	0	0	0	0	6,681	0	445	5,503	866	181,389

Note:

- (i) As a consequence of the machinery of government changes announced on 4 December 2014, property, plant and equipment under the Public Administration purpose group transferred to the department. Refer to Note 34.
Restructure of administrative arrangements for more information on the transfers.
- (ii) Refer to Note 37. *Glossary of terms and style conventions* for information about purpose groups.

Note 14. Property, plant and equipment (continued)**Table 14.2 Fair value measurement hierarchy for assets**

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
2015				
Land at fair value				
Non specialised land				
Freehold land	167,894	0	167,894	0
Specialised land				
Freehold land	17,689	0	0	17,689
Crown land – Land and unused roads	2,285,876	0	0	2,285,876
Crown land – National parks	1,061,654	0	0	1,061,654
Crown land – State forests	1,149,204	0	0	1,149,204
Crown land – Conservation reserves	665,297	0	0	665,297
Crown land – Metropolitan parks	334,272	0	0	334,272
Crown land – Land used for operational purposes	134,092	0	0	134,092
Buildings and structures at fair value				
Non specialised buildings and structures	6,681	0	6,681	0
Specialised buildings and structures	495,651	0	0	495,651
Roads at fair value				
Roads	1,098,418	0	0	1,098,418
Plant and equipment at fair value				
Plant and equipment	28,128	0	0	28,128
Motor vehicles under finance lease	28,318	0	28,318	0
Historic and cultural assets at fair value				
Artwork and historic assets	2,503	0	2,503	0
2014				
Land at fair value				
Specialised land				
Crown land – Land and unused roads	2,326,263	0	0	2,326,263
Crown land – National parks	1,066,284	0	0	1,066,284
Crown land – State forests	1,135,484	0	0	1,135,484
Crown land – Conservation reserves	664,630	0	0	664,630
Crown land – Metropolitan parks	311,250	0	0	311,250
Crown land – Land used for operational purposes	385,206	0	0	385,206
Buildings and structures at fair value				
Specialised buildings and structures	801,170	0	0	801,170
Roads at fair value				
Roads	1,005,903	0	0	1,005,903
Plant and equipment at fair value				
Plant and equipment	53,531	0	0	53,531
Motor vehicles under finance lease	37,947	0	37,947	0
Historic and cultural assets at fair value				
Artwork and historic assets	1,678	0	1,678	0

Note:

(i) Classified in accordance with the fair value hierarchy, refer to Note 1(b).

Assets under construction are excluded from the table above.

Note 14. Property, plant and equipment (continued)

The measurement and classification of each class of property, plant and equipment is outlined below. The property, plant and equipment transferred to the department as a consequence of Machinery of Government changes have been incorporated. There have been no transfers between levels during the period for existing property, plant and equipment.

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 non specialised land and buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. For the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuations was 30 June 2012.

To the extent that non-specialised land and buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

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 assets.

An independent valuation of the departments' specialised land was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2012 for land transferred to the department on 1 January 2015 as a result of Machinery of Government changes, and 30 June 2011 for the remaining land.

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 departments' specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the depreciated replacement cost method. The effective date of the valuation is 30 June 2012 for buildings transferred to the department on 1 January 2015 as a result of Machinery of Government changes, and 30 June 2011 for the remaining buildings.

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. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

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 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 valuation is 30 June 2012 for structures transferred to the department on 1 January 2015 as a result of Machinery of Government changes, and 30 June 2011 for the remaining structures.

Note 14. Property, plant and equipment (continued)

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. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

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 was performed by the Valuer-General Victoria as at 30 June 2011. The valuation was performed based on the depreciated replacement cost of the assets. A managerial revaluation was performed at 30 June 2015 as the fair value assessment indicated a material difference between the fair value and carrying amount of roads.

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 valuation is 30 June 2012 for historic and cultural assets transferred to the department on 1 January 2015 as a result of Machinery of Government changes, and 30 June 2011 for the remaining historic and cultural assets.

There were no changes in valuation techniques throughout the period to 30 June 2015.

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

Note 14. Property, plant and equipment (continued)

Table 14.3: Reconciliation of Level 3 fair value

	Land and unused roads \$'000 ⁽ⁱ⁾	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'000	Buildings and structures \$'000	Roads \$'000	Plant and equipment \$'000	Total \$'000
Restated balance at 1 July 2013 ⁽ⁱ⁾	2,320,202	1,064,272	1,128,289	659,136	311,235	83,571	488,433	1,018,872	34,016	7,108,026
Sales/(purchases)	18	4	0	1	15	37,434	1,260	0	9,640	48,372
Transfers in/(out) of Level 3 – assets classified as held for sale (Note 13)	(491)	0	0	0	0	0	0	0	0	(491)
Transfers in/(out) – from other categories	25,256	2,008	7,195	5,861	0	(34,400)	21,249	70	417	27,656
Depreciation expense	0	0	0	0	0	0	(28,187)	(13,064)	(15,693)	(56,944)
Net effect of correction of prior year error ⁽ⁱ⁾	(11,241)	0	0	0	0	0	0	0	(1,000)	(12,241)
Gains/(losses) recognised in net result	2,333,744	1,066,284	1,135,484	664,998	311,250	86,605	482,755	1,005,878	27,380	7,114,378
Recognition/(derecognition), write-on/(write-down) of assets	9,224	0	0	0	0	(20,148)	271	0	2,601	(8,052)
Gains/(losses) recognised in other economic flows – other comprehensive income	9,224	0	0	0	0	(20,148)	271	0	2,601	(8,052)
Revaluation increments/(decrements)	5,997	0	0	0	0	0	0	0	0	5,997
Transfers in/(out) through contributions by owner	5,997	0	0	0	0	0	0	0	0	5,997
Transfers in/(out) – Machinery of Government transfers	0	0	0	0	0	318,749	320,942	25	27,770	667,486
Transfers in/(out) – other capital contributions	(22,702)	0	0	(368)	0	0	(2,798)	0	(4,220)	(30,088)
	(22,702)	0	0	(368)	0	318,749	318,144	25	23,550	637,398
Restated balance at 30 June 2014 ⁽ⁱ⁾	2,326,263	1,066,284	1,135,484	664,630	311,250	385,206	801,170	1,005,903	53,531	7,749,721

Note:

(i) Refer to Note 35. Correction of prior year errors for details.

Assets under construction are excluded from table 14.3.

Note 14. Property, plant and equipment (continued)

Table 14.3: Reconciliation of Level 3 fair value (continued)

	Freehold land \$'000	Land and unused roads \$'000 ⁽ⁱ⁾	National parks \$'000	State forests \$'000	Conservation reserves \$'000	Metropolitan parks \$'000	Land used for operational purposes \$'000	Buildings and structures \$'000	Roads \$'000	Plant and equipment \$'000	Total \$'000
Restated balance at 1 July 2014 ⁽ⁱ⁾	0	2,326,263	1,066,284	1,135,484	664,630	311,250	385,206	801,170	1,005,903	53,531	7,749,721
Sales/(purchases)	0	0	0	0	0	3,898	24,825	668	228	6,612	36,231
Transfers in/(out) of Level 3 – assets classified as held for sale (Note 13)	0	(1,480)	0	0	0	0	0	0	0	0	(1,480)
Transfers in/(out) – from other categories	17,689	(9,384)	(4,630)	13,511	824	19,124	(37,135)	43,106	(25)	3,028	46,108
Depreciation expense	0	0	0	0	0	0	0	(21,054)	(13,039)	(12,038)	(46,131)
	17,689	2,315,399	1,061,654	1,148,995	665,454	334,272	372,896	823,890	993,067	51,133	7,784,449
Gains/(losses) recognised in net result											
Recognition/(derecognition), (write- down) of assets	0	4,681	0	209	(157)	0	(35)	(452)	0	226	4,472
	0	4,681	0	209	(157)	0	(35)	(452)	0	226	4,472
Gains/(losses) recognised in other economic flows – other comprehensive income											
Revaluation increments/(decrements)	0	675	0	0	0	0	0	0	110,972	0	111,647
	0	675	0	0	0	0	0	0	110,972	0	111,647
Transfers in/(out) through contributions by owner											
Transfers in/(out) – Machinery of Government transfers	0	(34,581)	0	0	0	0	(238,404)	(317,183)	0	(23,152)	(613,320)
Transfers in/(out) – other capital contributions	0	(298)	0	0	0	0	(365)	(10,604)	(5,621)	(79)	(16,967)
	0	(34,879)	0	0	0	0	(238,769)	(327,787)	(5,621)	(23,231)	(630,287)
Balance at 30 June 2015	17,689	2,285,876	1,061,654	1,149,204	665,297	334,272	134,092	495,651	1,098,418	28,128	7,270,281

Note:

(i) Refer to Note 35. Correction of prior year errors for details.

Assets under construction are excluded from table 14.3.

Note 14. Property, plant and equipment (continued)**Table 14.4: Description of significant unobservable inputs to Level 3 valuations**

Asset class	Valuation technique	Significant Unobservable Inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square meter Useful life of specialised buildings
Specialised structures	Depreciated replacement cost	Cost per structure Useful life of structures
Roads	Depreciated replacement cost	Cost per km Useful life of roads
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

Note 15. Biological assets

	2015	2014
Commercial native forests – timber volume (cubic metres)	0	0
Breeding livestock – sheep and cattle (by headcount)	0	7,395

Reconciliation of carrying amount

	2015 \$'000	2014 \$'000
Movements in carrying amounts of commercial native forest		
Balance at 1 July	0	0
Restated Capital contributions (to)/from the Crown (Note 34)	0	10,229
Transfer to VicForests	0	(10,229)
Balance at 30 June	0	0
Movements in carrying amounts of breeding livestock		
Balance at 1 July	1,845	0
Capital contributions (to)/from the Crown (Note 34)	(1,845)	1,169
Increase due to purchases	0	98
Gain arising from changes in fair value less costs to sell attributable to physical changes	0	987
Gain arising from changes in fair value less costs to sell attributable to price changes	0	183
Decrease attributable to sales	0	(461)
Decrease attributable to demise	0	(131)
Balance at 30 June	0	1,845

The department recognises commercial native forest and breeding livestock as biological assets.

On 1 January 2015, the breeding stock transferred out of the department as a result of Machinery of Government changes. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 15. Biological assets (continued)

Fair value measurement

	Carrying value 2015 \$'000	Level 2 fair value measurement 2015 \$'000	Carrying value 2014 \$'000	Level 2 fair value measurement 2014 \$'000
Commercial native forests	0	0	0	0
Breeding livestock	0	0	1,845	1,845
Total biological assets	0	0	1,845	1,845

Breeding livestock are carried at fair value. Fair value is based on relevant market indicators which include store cattle prices, abattoir market prices, and cattle prices received/quoted for the department's cattle at the reporting date. Prices for cattle generally reflect the shorter term spot prices available in the market place and vary depending on the weight and condition of the animal.

To the extent that livestock do not contain significant, unobservable adjustments, these biological assets are classified as Level 2 under the market approach. Refer to Note 1(b) for the fair value hierarchy.

There have been no transfers between levels during the period. There were no changes to valuation techniques throughout the period to 30 June 2015.

On 1 January 2015, the breeding stock transferred out of the department as a result of Machinery of Government changes. Refer to Note 34. *Restructure of administrative arrangement* for more information on the resulting transfers.

Note 16. Intangible assets

	2015 \$'000	2014 \$'000
Software		
At cost	17,062	20,103
Less accumulated depreciation	(9,752)	(13,991)
Less accumulated impairment	0	(3,949)
	7,310	2,163
Construction in progress – at cost	19,732	20,678
Total software	27,042	22,841
Other ⁽ⁱ⁾		
At cost	0	32,923
Less accumulated depreciation	0	(200)
	0	32,723
Construction in progress – at cost	0	239
Total other intangible assets	0	32,962
Total intangible assets	27,042	55,803

Note:

- (ii) The rights to use land and land renewal options contracted under the PPP arrangements – Bioscience Research Centre transferred out of the department on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the transfers.

Depreciation of intangible assets

Capitalised expenditure on intangible assets, such as databases and software, is depreciated on a straight-line basis over an estimated useful life of between three and 10 years.

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 5(b) to the financial statements.

Significant intangible assets

The department has software development expenditure for a number of systems. The major component of the carrying amount of software is the Fire and Emergency Management Portal under development. The expected cost of the system is \$21.50 million and is anticipated to be completed in December 2015.

	2015 \$'000	2014 \$'000
Movements in carrying amounts		
Balance at 1 July	55,803	11,594
Additions	5,642	8,573
Net transfers from/(to) other categories (Note 14)	1,559	0
Capital contributions (to)/from the Crown (Note 34)	(35,005)	36,428
Depreciation expense ⁽ⁱ⁾	(957)	(792)
Balance at 30 June	27,042	55,803

Note:

- (i) Depreciation expense is included in the line item 'depreciation' in the comprehensive operating statement.

Note 17. Payables

	2015 \$'000	2014 \$'000
Current payables		
Contractual		
Trade creditors ⁽ⁱ⁾	32,501	45,577
Accrued grants and other transfers	3,090	8,474
Capital accruals	22,809	23,344
Contributions payable to joint operation (Note 34)	0	8,650
Other accrued expenses	29,393	48,574
Other payable ⁽ⁱⁱ⁾	2,588	1,703
	90,381	136,322
Statutory		
Advance from the Public Account ⁽ⁱⁱⁱ⁾	21,773	14,145
Taxes payables	2,392	1,700
	24,165	15,845
Total current payables	114,546	152,167
Non-current payables		
Contractual		
Contributions payable to joint operation (Note 34)	0	50,762
	0	50,762
Statutory		
Advance from the Public Account ⁽ⁱⁱⁱ⁾	12,400	17,800
	12,400	17,800
Total non-current payables	12,400	68,562
Total payables	126,946	220,729

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.

(a) Maturity analysis of contractual payables

Refer to Table 24.4 in Note 24. *Financial instruments* for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Refer to Note 24. *Financial instruments* for the nature and extent of risks arising from contractual payables.

Note 18. Borrowings

	2015 \$'000	2014 \$'000
Current borrowings – secured ⁽ⁱ⁾		
Non-PPP related finance lease liabilities – Motor vehicles	10,052	15,473
PPP related finance lease liabilities – Royal Melbourne Showgrounds ⁽ⁱⁱ⁾	0	1,099
PPP related finance lease liabilities – Bioscience Research Centre ⁽ⁱⁱ⁾	0	1,362
Total current borrowings	10,052	17,934
Non-current borrowings – secured ⁽ⁱ⁾		
Non-PPP related finance lease liabilities – Motor vehicles	18,819	22,824
PPP related finance lease liabilities – Royal Melbourne Showgrounds ⁽ⁱⁱ⁾	0	45,730
PPP related finance lease liabilities – Bioscience Research Centre ⁽ⁱⁱ⁾	0	200,812
Total non-current borrowings	18,819	269,366
Total borrowings	28,871	287,300

Note:

(i) Secured by the leased assets.

(ii) The PPP arrangements transferred out of the department on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the transfers.

(a) Maturity analysis of borrowings

Refer to Table 24.4 in Note 24. *Financial instruments* for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Refer to Note 24. *Financial instruments* for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

Note 19. Provisions

	2015 \$'000	2014 \$'000
Current provisions		
Employee benefits – annual leave ⁽ⁱ⁾ (Note 19(a))		
Unconditional and expected to settle within 12 months	21,901	27,842
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	3,442	1,585
Employee benefits – long service leave ⁽ⁱ⁾ (Note 19(a))		
Unconditional and expected to settle within 12 months	39,765	53,146
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	20,690	13,836
	85,798	96,409
Provisions for oncosts: (Notes 19(a) and 19(b))		
Unconditional and expected to settle within 12 months	9,945	15,784
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	3,954	3,005
	13,899	18,789
Onerous lease contracts ⁽ⁱⁱⁱ⁾ (Notes 19(b) and 21)	726	125
Provision for insurance deductibles (Note 19(b))	3,428	19,942
Provision for fire rehabilitation (Note 19(b))	810	2,102
Provision for native vegetation offset (Note 19(b))	610	5,580
Provision for flood recovery works (Note 19(b))	151	444
Other (Note 19(b))	2,727	5,266
Total current provisions	108,149	148,657
Non-current provisions		
Employee benefits ⁽ⁱ⁾⁽ⁱⁱⁱ⁾ (Note 19(a))	7,190	7,964
On-costs ⁽ⁱⁱⁱ⁾ (Note 19(a) and 19(b))	1,166	1,552
Onerous lease contracts ⁽ⁱⁱⁱ⁾ (Notes 19(b) and 21)	672	1,032
Provision for insurance deductibles ^(iv) (Note 19(b))	15,475	0
Provision for fire rehabilitation ^(iv) (Note 19(b))	1,043	0
Provision for native vegetation offset ^(iv) (Note 19(b))	3,345	0
Other ^(iv) (Note 19(b))	716	0
Total non-current provisions	29,607	10,548
Total provisions	137,756	159,205

Note:

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
- (ii) 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.
- (iii) The amounts disclosed are discounted to present values.
- (iv) A review of provision movement patterns was undertaken during the year. The review identified not all of the provision would be utilised within the next 12 months. This resulted in reclassification of part of the provision to non-current. As the reclassification is not considered significant, re-statement of comparatives is not required under AASB 101 *Presentation of Financial Statements*.

Note 19. Provisions (continued)**(a) Employee benefits and related on-costs**

	2015 \$'000	2014 \$'000
Current employee benefits ⁽ⁱ⁾		
Annual leave entitlements ⁽ⁱⁱⁱ⁾	25,343	29,427
Long service leave entitlements ⁽ⁱⁱⁱ⁾	60,455	66,982
	85,798	96,409
Non-current employee benefits ⁽ⁱ⁾		
Long service leave entitlements ⁽ⁱⁱⁱ⁾	7,190	7,964
Total employee benefits	92,988	104,373
Current on-costs	13,899	18,789
Non-current on-costs ⁽ⁱⁱⁱ⁾	1,166	1,552
Total on-costs	15,065	20,341
Total employee benefits and related on-costs	108,053	124,714

Note:

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
- (ii) 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 term of the leases vary up to a maximum of 15 years.
- (iii) The amounts disclosed are discounted to present values.

(b) Movement in provisions

	On-costs \$'000	Onerous lease contracts \$'000	Insurance deductibles \$'000	Fire rehabilitation \$'000	Native vegetation offset \$'000	Flood recovery works \$'000	Other \$'000	Total \$'000
Balance at 1 July	20,341	1,157	19,942	2,102	5,580	444	5,266	54,832
Additional provisions recognised	1,163	516	0	109	0	0	115	1,903
Reductions arising from payments/ other sacrifices of future economic benefits	(2,485)	0	(1,037)	(540)	(1,625)	(293)	(1,971)	(7,951)
Increase/(reductions) resulting from remeasurement or settlement without cost	0	(63)	(2)	182	0	0	(59)	58
Unwind of discount and effect of changes in the discount rate	(132)	130	0	0	0	0	0	(2)
Capital contributions (to)/from the Crown (Note 34)	(3,822)	(342)	0	0	0	0	92	(4,072)
Balance at 30 June	15,065	1,398	18,903	1,853	3,955	151	3,443	44,768
 Current	 13,899	 726	 3,428	 810	 610	 151	 2,727	 22,351
Noncurrent	1,166	672	15,475	1,043	3,345	0	716	22,417
	15,065	1,398	18,903	1,853	3,955	151	3,443	44,768

Note 20. Superannuation**Government Employees' Superannuation Fund**

Employees of the department are entitled to receive superannuation benefits and the department contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

The department does not recognise any defined benefit liability in respect of the plan because the department has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the state's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the department.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the department are as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Defined benefit plans:				
Emergency Services Superannuation Scheme	7,543	7,325	85	0
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	13,717	16,637	162	289
Various other	4,763	2,613	55	0
Total superannuation contributions	26,023	26,575	302	289

Note:

- (i) The bases for contributions are determined by the various schemes.
- (ii) 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% (2014: 9.25%) of employee's wages and salaries are legally enforceable on the department.
- (iii) 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 21. Leases

Disclosures for lessee – finance leases liabilities

Leasing arrangements – Commissioned public private partnerships (PPPs)

Royal Melbourne Showgrounds

The state, represented by the former Department of Primary Industries has entered into an agreement with the Royal Agricultural Society of Victoria Limited (RASV) to redevelop the Royal Melbourne Showgrounds. The agreement came into effect on 30 June 2005. Two joint structures were established, an unincorporated joint operation to carry out and deliver the project, and an incorporated entity, Showgrounds Nominees Pty Ltd to hold the assets of the operation and to enter into agreements on behalf of the state and RASV.

In June 2006, Showgrounds Nominees Pty Ltd entered into a Development and Operations Agreement (on behalf of the state and RASV) with the Concessionaire, PPP Solutions (Showgrounds) Nominee Pty Ltd to design, construct, finance and maintain the new facilities at the Showgrounds. The project operation term is 25 years from the date of commercial acceptance of completed works which occurred in August 2006. The Showgrounds buildings will revert to the joint operation on the conclusion of the lease arrangement.

The payments that relate to the redevelopment of the Showgrounds were accounted for as a finance lease as disclosed in the following table. In addition, the department also paid operating and maintenance costs (refer to Note 22(b)).

On 1 January 2015, the department relinquished its responsibility for the Royal Melbourne Showgrounds PPP. As a result, the commitments are no longer disclosed by the department. Refer to Note 34. *Restructure of administrative arrangement* for more information on the transfer.

Biosciences Research Centre

In April 2008, the state, represented by the former Department of Primary Industries entered into a joint operation agreement with La Trobe University (La Trobe) to establish a world class research facility to be known as AgriBio, Centre for AgriBioscience.

On 30 April 2009, Biosciences Research Centre Pty Ltd entered into a Project Agreement (on behalf of the state and La Trobe) with Plenary Research Pty Ltd (the Concessionaire) to design, construct, finance and maintain a facility over the project's operating term. The project's operating term is 25 years from the date of commercial acceptance which occurred July 18, 2012.

The service fee payments that relate to the project facility were accounted for as a finance lease as disclosed in the following table. In addition, the department also paid operating and maintenance costs (refer to Note 22(b)).

On 1 January 2015, the department relinquished its responsibility for the Biosciences Research Centre PPP. As a result, the commitments are no longer disclosed by the department. Refer to Note 34. *Restructure of administrative arrangement* for more information on the transfer.

Leasing arrangements – Motor vehicles

The other finance leases relate to motor vehicles leased through the VicFleet lease facility. 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 kms, 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 5.31% p.a (2014: 5.97% p.a).

Note 21. Leases (continued)

	Minimum future lease payments		Present value of minimum future lease payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Commissioned PPP related finance lease liabilities payable				
Royal Melbourne Showgrounds				
Not longer than one year	0	5,723	0	1,099
Longer than one year but no later than five years	0	22,893	0	5,656
Longer than five years	0	69,534	0	40,074
Bioscience Research Centre				
Not longer than one year	0	19,043	0	1,362
Longer than one year but no later than five years	0	79,253	0	10,222
Longer than five years	0	372,872	0	190,590
Motor vehicle related finance leases liabilities payable				
Not longer than one year	11,137	17,129	10,052	15,473
Longer than one year but not longer than five years	19,860	24,296	18,819	22,824
Minimum future lease payments	30,997	610,743	28,871	287,300
Less future finance charges	(2,126)	(323,443)	0	0
Present value of minimum lease payments	28,871	287,300	28,871	287,300
Included in the financial statements as:				
Current finance lease liability (Note 18)			10,052	17,934
Non-current finance lease liability (Note 18)			18,819	269,366
Total lease liabilities			28,871	287,300

The finance leases disclosed below are exempt from GST.

a) Maturity analysis of finance lease liabilities

Please refer to Table 24.4 in Note 24. *Financial instruments* for the maturity analysis of finance lease liabilities.

(b) Nature and extent of risk arising from finance lease liabilities

Please refer to Note 24. *Financial instruments* for the nature and extent of risks arising from finance lease liabilities.

Note 21. Leases (continued)**Disclosures for lessee – 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 will 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.

All amounts shown in the leases note are nominal amounts.

	2015 \$'000	2014 \$'000
Non-cancellable operating leases payable		
Not longer than one year	21,607	30,844
Longer than one year but not longer than five years	24,875	45,475
Longer than five years	70	2,109
Total commitment for operating leases (inclusive of GST)	46,552	78,428
Less GST recoverable from the Australian Taxation Office	(4,232)	(7,130)
Total commitments for operating lease expenditure	42,320	71,298
In respect of non-cancellable operating leases the following liabilities have been recognised:		
Current		
Onerous lease contracts (Note 19)	726	125
Non-current		
Onerous lease contracts (Note 19)	672	1,032
Total liabilities for non-cancellable operating leases	1,398	1,157

Associates

The department's share of the operating leases payable arising from its interest in associate is disclosed below.

	2015 \$'000	2014 \$'000
Non-cancellable operating leases payable		
Not longer than one year	80	0
Longer than one year but not longer than five years	248	0
Total commitment for operating leases (inclusive of GST)	328	0
Less GST recoverable from the Australian Taxation Office	(30)	0
Total commitments for operating lease expenditure	298	0

Note 22. Commitments for expenditure

(a) Commitments other than public private partnerships

		Nominal values	
	Notes	2015 \$'000	2014 \$'000
Capital expenditure commitments			
Buildings		2,721	16,332
Roads and structures		262,936	286,386
Plant, equipment and vehicles		39,110	23,393
Software		78	1,577
Total capital expenditure commitments	22(c)	304,845	327,688
Department's share of associate's capital expenditure commitments			
Investment in associate		274	0
Total department's share of associate's capital expenditure commitments		274	0
Other operating commitments			
Outsourcing		5,081	20,096
Other operating		665,716	736,831
Total other operating commitments	22(c)	670,797	756,927
Total commitments other than public private partnerships		975,916	1,084,615

The figures presented are inclusive of GST, if applicable.

(b) Public private partnerships

	2015		2014	
Commissioned public private partnerships – other commitments ⁽ⁱ⁾				
	Other commitments		Other commitments	
	Present value ⁽ⁱⁱ⁾	Nominal value ⁽ⁱⁱⁱ⁾	Present value ^{(ii)(iv)(v)}	Nominal value ^{(iii)(v)}
	\$'000	\$'000	\$'000	\$'000
Royal Melbourne Showgrounds	0	0	12,622	23,290
Bioscience Research Centre	0	0	121,133	319,145
Total	0	0	133,755	342,435

Note:

- (i) The figures presented are inclusive of GST. Other commitments relate to operating maintenance and lifecycle costs.
- (ii) The figures represent 100 percent of the operating commitment, and 25 percent of the general operating costs are recouped from La Trobe University. Other commitments exclude pass through costs relating to utilities, waste management and insurance as these are variable in nature.
- (iii) On 1 January 2015, the department relinquished its responsibility for the Royal Melbourne Showgrounds and Biosciences Research Centre PPPs. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) The PPP other commitments have been re-stated to correct the present value.
- (v) The Bioscience Research Centre other commitments have been re-stated to remove the interest component incorrectly included.

Note 22. Commitments for expenditure (continued)**(c) Commitments payable**

	2015 \$'000	2014 \$'000
Capital expenditure commitments		
Not later than one year	95,952	110,125
Later than one year but no later than five years	206,897	216,988
Later than five years	1,996	575
Total capital expenditure commitments	304,845	327,688
Public private partnership commitments ⁽ⁱ⁾⁽ⁱⁱ⁾		
Not later than one year	0	8,028
Later than one year but no later than five years	0	38,183
Later than five years	0	296,224
Total public private partnership commitments	0	342,435
Department's share of associate's capital expenditure commitments		
Not later than one year	136	0
Later than one year but no later than five years	138	0
Total department's share of associate's capital expenditure commitments	274	0
Other operating commitments		
Not later than one year	265,700	256,178
Later than one year but no later than five years	395,567	494,153
Later than five years	9,530	6,596
Total other operating commitments	670,797	756,927
Total commitments for expenditure (inclusive of GST)	975,916	1,427,050
Less GST recoverable from the Australian Taxation Office	(10,969)	(129,732)
Total commitments for expenditure (exclusive of GST)	964,947	1,297,318

Note:

- (i) On 1 January 2015, the department relinquished its responsibility for the Royal Melbourne Showgrounds and Biosciences Research Centre commitments. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The Bioscience Research Centre PPP commitments have been re-stated to remove the interest component incorrectly included.

Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 21. *Leases* to the financial statements.

Note 23. Contingent assets and contingent liabilities

	2015 \$'000	2014 \$'000
Quantifiable contingent assets		
Other	1,160	0
	1,160	0
Quantifiable contingent liabilities		
Damages claims ⁽ⁱ⁾	6,502	52,805
Public liability insurance claims ⁽ⁱⁱ⁾	16,943	15,312
Breach of contract	0	520
Other ⁽ⁱⁱⁱ⁾	37,675	9,650
	61,120	78,287

Note:

- (i) The damages predominately relate to various land registry and 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 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 two native title claims made in relation to Victorian land and resources (2014: two native title claims). No material losses are anticipated in respect of any of these contingencies.

Unquantifiable contingent assets

The department did not have any unquantifiable contingent assets in either 2015 or 2014.

Associates

The department does not have quantifiable or unquantifiable contingent assets or liabilities in relation to its investment in PEXA.

Note 24. Financial instruments

(a) Financial risk management objectives and policies

The department's principal financial instruments comprise:

- cash and deposits
- receivables (excluding joint operations and statutory receivables)
- investments (excluding investments in associates and joint operations)
- payables (excluding joint operations and statutory payables)
- borrowings (excluding joint operations).

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 of each class of financial asset and financial liability above are disclosed in Note 1. *Summary of significant accounting policies* to these financial statements.

The department holds financial instruments as a result of its ordinary business activities (in the case of receivables and payables), government policy (in the case of cash and borrowings), or to prudentially manage cash balances (in the case of cash deposits and investments).

The department's main financial risks include credit risk and interest rate risk. The department manages these financial risks in accordance with its financial management policies.

Investments in joint operations are disclosed separately in Note 11.

The carrying amounts of the department's contractual financial assets and financial liabilities by category are disclosed in Table 24.1.

Note 24. Financial instruments (continued)

Table 24.1: Categorisation of financial instruments

	2015			2014		
	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						
Cash and deposits ⁽ⁱ⁾						
Cash, deposits on call and term deposits less than 3 months	587,537	0	587,537	317,399	0	317,399
Receivables ⁽ⁱⁱ⁾						
Trade receivables	26,099	0	26,099	11,648	0	11,648
Accrued income	1,946	0	1,946	478	0	478
Investments:						
Term deposits greater than 3 months	20,100	0	20,100	26,813	0	26,813
Total contractual financial assets	635,682	0	635,682	356,338	0	356,338
Contractual financial liabilities						
Payables ⁽ⁱⁱⁱ⁾						
Trade creditors	0	32,501	32,501	0	45,545	45,545
Accrued grants and other transfers	0	3,090	3,090	0	8,474	8,474
Capital accruals	0	22,809	22,809	0	23,344	23,344
Contributions payable to joint operation	0	0	0	0	59,412	59,412
Other accrued expenses	0	29,393	29,393	0	40,873	40,873
Other payables	0	2,588	2,588	0	1,703	1,703
Borrowings ^(iv)						
Finance lease liabilities	0	28,871	28,871	0	38,297	38,297
Total contractual financial liabilities	0	119,252	119,252	0	217,648	217,648

Note:

- (i) The amount of cash and deposits disclosed in 2014 excluded \$0.430 million in cash and deposits relating to joint operations. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The amount of receivables disclosed excludes statutory receivables (i.e. Amounts owing from Victorian Government and GST input tax credit receivable) totalling \$237.425 million (2014: \$225.420 million) and receivables relating to joint operations totalling \$28.996 million in 2014. Refer to Note 8. *Receivables*. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (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 \$36.565 million (2014: \$33.645 million) and payables relating to joint operations of \$7.734 million in 2014 – Refer to Note 17. *Payables*. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) The amount of borrowings disclosed excludes joint operations totalling \$249.003 million in 2014. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 24. Financial instruments (continued)**Table 24.2: Net holding gain/(loss) on financial instruments by category**

	2015			2014		
	Total interest income/(expense) \$'000	Impairment gain \$'000	Total \$'000	Total interest income/(expense) \$'000	Impairment loss \$'000	Total \$'000
Contractual financial assets						
Cash and deposits						
Cash, deposits on call and term deposits less than 3 months	6,251	0	6,251	2,589	0	2,589
Receivables						
Trade receivables	0	(98)	(98)	0	118	118
Investments						
Term deposits greater than 3 months	616	0	616	2,523	0	2,523
Total contractual financial assets	6,867	(98)	6,769	5,112	118	5,230
Contractual financial liabilities						
Payables						
Trade payables	0	0	0	0	0	0
Borrowings						
Finance lease liabilities	(962)	0	(962)	(1,392)	0	(1,392)
Total contractual financial liabilities	(962)	0	(962)	(1,392)	0	(1,392)

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.

(b) Credit risk

Credit risk arises when there is 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 is obtained to reduce the department's credit risk exposure. The department reviews receivables for impairment consistent with the ageing disclosed in Table 24.3.

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 4.5.6 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.

Note 24. Financial instruments (continued)

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.

Contractual financial assets that are either past due or impaired

There are no material financial assets which 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 contractual 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. The following table discloses the ageing of contractual financial assets:

Table 24.3: Ageing analysis of contractual financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 Month \$'000	1–3 months \$'000	3 months – 1 year \$'000	Past due but not impaired 1–5 years \$'000
2015						
Cash and deposits						
Cash, deposits on call and term deposits less than 3 months	587,537	587,537	0	0	0	0
Receivables ⁽ⁱ⁾						
Trade receivables	26,099	13,547	7,975	3,018	1,092	467
Accrued income	1,946	1,946	0	0	0	0
Investments						
Term deposits greater than 3 months	20,100	20,100	0	0	0	0
Total	635,682	623,130	7,975	3,018	1,092	467
2014						
Cash and deposits						
Cash, deposits on call and term deposits less than 3 months	317,399	317,399	0	0	0	0
Receivables ⁽ⁱ⁾						
Trade receivables	11,648	9,553	1,015	135	945	0
Accrued income	478	478	0	0	0	0
Investments						
Term deposits greater than 3 months	26,813	26,813	0	0	0	0
Total	356,338	354,243	1,015	135	945	0

Note:

- (i) The ageing analysis of cash and deposits excludes cash and deposits relating to joint operations totalling \$0.430 million in 2014 as these amounts are not contractual and are therefore outside the scope of this disclosure. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The ageing analysis of receivables excludes statutory receivables totalling \$237.425 million (2014: \$225.420 million) for amounts owing from the Victorian Government and GST input tax credit recoverable, and excludes receivables relating to joint operations totalling \$28.996 million in 2014 as these amounts are not contractual and are therefore outside the scope of this disclosure – Refer to Note 8. *Receivables*. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 24. Financial instruments (continued)**(c) 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 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 following table discloses the contractual maturity analysis for the department's contractual financial liabilities.

Table 24.4: Maturity analysis of contractual financial liabilities

	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	
2015							
Payables ⁽ⁱ⁾							
Trade creditors	32,501	32,501	16,722	13,759	1,288	721	11
Accrued grants and other transfers	3,090	3,090	3,090	0	0	0	0
Capital accruals	22,809	22,809	22,809	0	0	0	0
Other accrued expenses	29,393	29,393	29,393	0	0	0	0
Other payables	2,588	2,588	2,588	0	0	0	0
Borrowings ⁽ⁱⁱ⁾							
Finance lease liabilities	28,871	28,871	1,710	2,396	5,946	18,819	0
Total	119,252	119,252	76,312	16,155	7,234	19,540	11
2014							
Payables ⁽ⁱ⁾							
Trade creditors	45,545	45,545	24,457	19,811	528	749	0
Accrued grants and other transfers	8,474	8,474	8,474	0	0	0	0
Capital accruals	23,344	23,344	23,344	0	0	0	0
Contributions payable to joint operation	59,412	59,412	0	2,163	6,487	40,700	10,062
Other accrued expenses	40,873	40,873	40,873	0	0	0	0
Other payables	1,703	1,703	1,703	0	0	0	0
Borrowings ⁽ⁱⁱ⁾							
Finance lease liabilities	38,297	38,297	2,639	2,138	10,696	22,824	0
Total	217,648	217,648	101,490	24,112	17,711	64,273	10,062

Note:

- (i) The ageing analysis of payables excludes statutory payables (i.e. Amounts owing to Victorian Government for advances from the Public Account and taxes payable) totalling \$36.565 million (2014: \$33.645 million) and payables relating to joint operations totalling \$7.734 million in 2014 – Refer to Note 17. *Payables*. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The ageing analysis of borrowings excludes joint operations totalling \$249.003 million in 2014. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 24. Financial instruments (continued)**(d) Market risk**

The department's exposures to market risk are primarily through interest rate risk with insignificant exposure to foreign currency risks. Objectives, policies and processes used to manage each of these risks are disclosed below.

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).

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 2015 or 30 June 2014.

Interest rate risk

Exposure to interest rate risk solely relates to cash balances held in deposits at variable interest rates. Minimisation of risk is achieved by undertaking fixed rate or non-interest bearing financial instruments. The department's sole borrowings are VicFleet motor vehicle leases. The department's interest bearing liabilities are managed by VicFleet and interest rates are fixed at the inception of the lease.

The department's exposure to interest rate risk is set out in the Table 24.5.

Table 24.5: Interest rate exposure of financial instruments

	Weighted average effective interest rate	Carrying amount \$'000	Fixed interest rate \$'000	Interest rate exposure	
				Variable interest rate \$'000	Non- interest bearing \$'000
2015					
Financial assets					
Cash and deposits					
Cash, deposits on call and term deposits less than 3 months	2.24%	587,537	679	295,035	291,823
Receivables					
Trade receivables		26,099	0	0	26,099
Accrued income		1,946	0	0	1,946
Investments					
Term deposits greater than 3 months	2.61%	20,100	20,100	0	0
Total financial assets		635,682	20,779	295,035	319,868
Financial liabilities					
Payables					
Trade creditors		32,501	0	0	32,501
Accrued grants and other transfers		3,090	0	0	3,090
Capital accruals		22,809	0	0	22,809
Other accrued expenses		29,393	0	0	29,393
Other payables		2,588	0	0	2,588
Borrowings					
Finance lease liabilities	5.31%	28,871	28,871	0	0
Total financial liabilities		119,252	28,871	0	90,381

Note 24. Financial instruments (continued)**Table 24.5: Interest rate exposure of financial instruments**

	Weighted average effective interest rate	Interest rate exposure			
		Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non- interest bearing \$'000
2014					
Financial assets					
Cash and deposits					
Cash, deposits on call and term deposits less than 3 months	2.49%	317,399	9,686	39,124	268,589
Receivables					
Trade receivables		11,648	0	0	11,648
Accrued income		478	0	0	478
Accrued interest		0	0	0	0
Investments					
Term deposits greater than 3 months	2.70%	26,813	26,813	0	0
Shares in other entities					
Total financial assets		356,338	36,499	39,124	280,715
Financial liabilities					
Payables					
Trade creditors		45,545	0	0	45,545
Accrued grants and other transfers		8,474	0	0	8,474
Capital accruals		23,344	0	0	23,344
Contributions payable to joint operation		59,412	0	0	59,412
Other accrued expenses		40,873	0	0	40,873
Other payables		1,703	0	0	1,703
Borrowings					
Finance lease liabilities	5.97%	38,297	38,297	0	0
Total financial liabilities		217,648	38,297	0	179,351

The department is not exposed to any other risks (such as the price of FX) that require sensitivity disclosures.

Note 24. Financial instruments (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 parallel shift of +1.0% and -1.0% (2014: +1.0% and -1.0%) in market interest rates (AUD) from the year-end base rate of 2.50% (2014: 2.75%).

Table 24.6 discloses the impact on net operating result and equity for each category of financial instrument held by the department at year-end as presented to key management personnel, if the above movements were to occur.

Table 24.6: Interest rate risk sensitivity

		2015 Interest rate risk	
	Carrying amount \$'000	-1.0% (-100 basis points) Net result \$'000	+1.0% (100 basis points) Net result \$'000
Contractual financial assets:			
Cash and deposits ⁽ⁱ⁾	587,537	(2,950)	2,950
Receivables ⁽ⁱⁱ⁾	28,045	0	0
Investments ^(iv)	20,100	0	0
Total impact		(2,950)	2,950
Contractual financial liabilities:			
Payables ⁽ⁱⁱ⁾	90,381	0	0
Borrowings ⁽ⁱⁱⁱ⁾	28,871	0	0
Total impact		0	0

		2014 Interest rate risk	
	Carrying amount \$'000	-1.0% (-100 basis points) Net result \$'000	+1.0% (+100 basis points) Net result \$'000
Contractual financial assets:			
Cash and deposits ⁽ⁱ⁾	317,399	(391)	391
Receivables ⁽ⁱⁱ⁾	12,126	0	0
Investments ^(iv)	26,813	0	0
Total impact		(391)	391
Contractual financial liabilities:			
Payables ⁽ⁱⁱ⁾	179,351	0	0
Borrowings ⁽ⁱⁱⁱ⁾	38,297	0	0
Total impact		0	0

Note:

- All cash and cash equivalents are held in Australian dollars. \$295.035 million (2014: \$34.550 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.
- The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- Borrowings 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.
- Investments have a fixed interest rate, hence no sensitivity risk.

Note 24. Financial instruments (continued)

(e) Fair value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments 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 as significant inputs are observable.

The department considers the carrying amount of financial assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair value of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Note 24. Financial instruments (continued)**Table 24.7: Comparison between carrying amount and fair value**

	2015		2014	
	Carrying amount \$'000	Fair value ⁽ⁱ⁾ \$'000	Carrying amount \$'000	Fair value ⁽ⁱ⁾ \$'000
Contractual financial assets				
Cash and deposits				
Cash, deposits on call and term deposits less than 3 months	587,537	587,537	317,399	317,399
Receivables ⁽ⁱ⁾				
Trade receivables	26,099	26,099	11,648	11,648
Accrued income	1,946	1,946	478	478
Investments				
Term deposits greater than 3 months	20,100	20,100	26,813	26,813
Total contractual financial assets	635,682	635,682	356,338	356,338
Contractual financial liabilities				
Payables ⁽ⁱⁱ⁾				
Trade creditors	32,501	32,501	45,545	45,545
Accrued grants and other transfers	3,090	3,090	8,474	8,474
Capital accruals	22,809	22,809	23,344	23,344
Contributions payable to joint operation	0	0	59,412	59,412
Other accrued expenses	29,393	29,393	40,873	40,873
Other payables	2,588	2,588	1,703	1,703
Borrowings ⁽ⁱⁱⁱ⁾				
Finance lease liabilities	28,871	28,871	38,297	38,297
Total contractual financial liabilities	119,252	119,252	217,648	217,648

Note:

- (i) The amount of cash and deposits disclosed in 2014 excluded \$0.430 million in cash and deposits relating to joint operations. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (ii) The amount of receivables disclosed excludes statutory receivables (i.e. Amounts owing from Victorian Government and GST input tax credit receivable) totalling \$237.425 million (2014: \$225.420 million) and receivables relating to joint operations totalling \$28.996 million in 2014. Refer to Note 8. *Receivables*. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (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 \$36.565 million (2014: \$33.645 million) and payables relating to joint operations of \$7.734 million in 2014 – Refer to Note 17. *Payables*. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iv) The amount of borrowings disclosed excludes joint operations totalling \$249.003 million in 2014. The joint operation transferred out of the department as a result of Machinery of Government changes on 1 January 2015. Refer to Note 34. *Restructure of administrative arrangements* for more information on the resulting transfers.

Note 25. Cash flow information

	2015 \$'000	2014 \$'000
(a) Reconciliation of cash and cash deposits		
Cash at bank and on hand ⁽ⁱ⁾	(167)	(400)
Funds held in trust – cash	291,990	269,419
Funds held in trust – deposits on call and term deposits less than 3 months	295,714	48,810
Total cash and deposits disclosed in the balance sheet	587,537	317,829
Balance per cash flow statement	587,537	317,829

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 their 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.

	2015 \$'000	2014 \$'000
(b) Non-cash financing and investing activities		
Acquisition of non-current assets by means of finance leases	9,467	14,317
(c) Reconciliation of net result for the period		
Net result for the period	326,553	69,342
Non-cash movements		
Depreciation	56,759	69,481
Services received free of charge or for nominal consideration	(64)	0
Assets and services provided free of charge or for nominal consideration	108	68
Net (gain)/loss on disposal of property, plant and equipment	(7,436)	3,513
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	0	(1,170)
Loss attributable to demise of livestock	0	131
Net (recognition)/de-recognition of non-financial assets	(4,117)	10,819
Write-down of property, plant, equipment, intangible assets and inventory	4,183	1,328
Net loss on financial instruments	36	21
Net loss arising from revaluation of long service leave and annual leave liabilities	733	1,074
Other provision discount rate adjustments	597	(16)
Movements included in investing and financing activities		
Share of associate's losses, excluding dividends	2,985	0
Movements in assets and liabilities		
Decrease in receivables	61,643	24,099
Increase in inventories	(3,802)	(2,140)
Decrease/(increase) in prepayments	4,859	(72,810)
Decrease in payables	(107,549)	(57,432)
Increase/(decrease) in provisions	(21,447)	38,098
Increase/(decrease) in unearned income	(2,606)	4,590
Net cash flows from operating activities	311,435	88,996

Note 26. Reserves

	2015 \$'000	2014 ⁽ⁱ⁾ \$'000	2013 ⁽ⁱ⁾ \$'000
Physical asset revaluation surplus			
Balance at the beginning of the year	5,650,818	5,645,068	5,640,462
Increment on revaluation during the year resulting from:			
Historic and cultural assets	0	160	0
Crown land – Land and unused roads	675	5,590	56
Crown land – National parks	0	0	17
Freehold land	0	0	4,533
Roads	110,972	0	0
Balance as at the end of the year	5,762,465	5,650,818	5,645,068
Net change in physical asset revaluation surplus	111,647	5,750	4,606

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, as described in accounting policy Note 1(m) *Non-financial assets*.

Note:

(i) Refer to Note 35. *Correction of prior year errors* for details

Note 27. Summary of compliance with annual parliamentary and special appropriations

(a) 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 Act			Financial Management Act 1994				Total parliamentary authority \$'000	Appropriation applied \$'000	Variance \$'000
	Annual appropriation \$'000	Advance from Treasurer \$'000	Administrative Arrangements Act 1983 \$'000	Section 29 \$'000	Section 30 \$'000	Section 32 \$'000				
As at 30 June 2015										
Controlled										
Provision of outputs ⁽ⁱ⁾	1,253,619	30,280	(90,374)	140,888	(215)	154,118	1,488,316	1,225,193	263,123	
Additions to Net Assets Base (ATNAB) ⁽ⁱⁱ⁾	111,169	412	11,266	53,340	4,153	39,682	220,022	110,663	109,359	
Administered										
Payments made on Behalf of the State (POBOS) ⁽ⁱⁱⁱ⁾	666,000	0	0	0	0	18,088	684,088	610,074	74,014	
POBOS – Capital	0	0	0	0	0	0	0	0	0	
POBOS – State contribution under the <i>Murray Darling Basin Act 1993</i>	30,650	0	0	0	(3,938)	0	26,712	18,000	8,712	
Total	2,061,438	30,692	(79,108)	194,228	0	211,888	2,419,138	1,963,930	455,208	
As at 30 June 2014										
Controlled										
Provision of outputs ⁽ⁱ⁾	1,205,015	67,721	0	174,082	1,884	112,717	1,561,419	1,396,229	165,190	
ATNAB ⁽ⁱⁱ⁾	104,386	0	0	46,659	(3,646)	69,357	216,756	146,539	70,217	
Administered										
POBOS ⁽ⁱⁱⁱ⁾	662,000	0	0	0	0	4,123	666,123	629,616	36,507	
POBOS – Capital	231,313	0	0	0	0	0	231,313	231,313	0	
POBOS – State contribution under the <i>Murray Darling Basin Act 1993</i>	26,000	0	0	0	1,762	263	28,025	28,025	0	
Total	2,228,714	67,721	0	220,741	0	186,460	2,703,636	2,431,722	271,914	

Note 27. Summary of compliance with annual parliamentary and special appropriations (continued)

Note:

(i) Provision of outputs

The majority of the 2015 variance in provision of output for the department of \$263.1 million relates to:

- changes in funding arrangement for the Goulburn-Murray Water (GMW) Connections project which, in agreement with the Commonwealth is now funded out of a specific interest earning Trust Fund, rather than through appropriation revenue (\$160.0 million);
- the carry over of output appropriations available in 2015 for use in 2016 (\$53.9 million) predominantly for
 - there has been a delay in the GMW Connections project in 2014-15 due to a significant amount of consultation and engagement required to progress the drafting of landholder's agreements. Due to the requirement for technical input and the inability to find a viable solution for connection and landholder's requests for changes, the delivery of this project has been delayed. There are many landholder's agreements where progression is contingent upon the agreement to progress the works from the neighbouring landholders;
 - the communities to Adopt Integrated Water Cycle Management Initiative - Due to the unexpectedly large number of applications received in March 2014, the assessment and subsequent approval of projects were not completed until August 2014. Contract negotiations and funding agreements with the successful grant recipients were not finalised until October 2014. A carryover was approved to ensure that the government fulfils its contractual commitments with the grant recipients and to support local governments and communities across the state in implementing integrated water management projects; and
 - Environmental contributions are funds collected from water supply authorities under the Water Industry Act 1994 (the Act). As outlined in the Act, funding is allocated to initiatives that seek to promote the sustainable management of water or address adverse water-related environmental impacts. A carryover was approved to finalise water trading policy activity around the Murray Darling Basin plan implementation and the policy work required to change the rules in the Water Register in 2015-16. The delivery of this project was delayed due to its complexity and specialist nature. The policy work will now be completed in 2015-16 in order to refine water trading rules, improve trading in unregulated systems, confirm water accounting arrangements and ownership of certain rights; and
- appropriation funding approved but not required (\$49.2 million).

(ii) Addition to Net Assets Base (ATNAB)

The 2015 variance of \$109.4 million relates to:

- the carry over of ATNAB available in 2015 for use in 2016 predominantly for:
 - the GMW connections project representing amounts not certified due to the change in funding arrangement to Trust summarised in the provisions for outputs above (\$53.0 m);
 - various major initiative projects delayed due to contract negotiations, seasonal weather factors, acquisition in land, and consultation required with stakeholders (\$26.0 million); and
 - funding reinstated for future years for Planning Portfolio activities in Broadmeadows and Footscray which transferred to the department as part of the Machinery of Government Changes resulting in delays in spending which needed to be reinstated as the carry over funds would have lapsed in 2014-15 (\$21.0 million); and
- appropriation funding approved but not required.

(iii) Payments on Behalf of the State (POBOS)

The 2015 variance of \$74.0 million relates to a cash flow update for:

- the Victorian Desalination Plant funding of \$53.0 million due to refinancing the arrangement; and
- the Victorian contribution to the running costs of the Murray-Darling Basin Authority (MDBA) in 2014-15 is less than what was budgeted. As a result, the funding not required in 2014-15 is now required to meet Victorian's contribution to the MDBA in 2015-16.

Note 27. Summary of compliance with annual parliamentary and special appropriations (continued)**(b) Summary of compliance with special appropriations**

		Appropriation Applied	
Authority	Purpose	2015 \$'000	2014 \$'000
Output special appropriations			
Section 10 of the <i>Financial Management Act 1994</i>	Appropriation of Commonwealth grants etc.	99,580	2,040
Section 201V of the <i>Planning and Environmental Act 1987</i>	Growth Area infrastructure contributions	15,842	0
Capital special appropriations			
Section 10 of the <i>Financial Management Act 1994</i>	Appropriation of Commonwealth grants etc.	0	1,600
Total special appropriations		115,422	3,640

(c) Total controlled appropriations applied	Notes		
Provision of outputs			
Annual Parliamentary Appropriations	27(a)	1,225,193	1,396,229
Special appropriations	27(b)	115,422	2,040
Total provision of output appropriations applied		1,340,615	1,398,269
Additions to net asset base			
Annual Parliamentary Appropriations	27(a)	110,663	146,539
Special appropriations	27(b)	0	1,600
Total additions to net asset appropriations applied		110,663	148,139

Note 28. Ex-gratia payments

	2015 \$'000	2014 \$'000
The department has made the following ex gratia payments:		
Forgiveness or waiver of debt	0	49
	0	49

Note:

- Includes ex-gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000.
- The total for ex-gratia expenses is also presented in 'Other operating expenses' of Note 5 Expenses from transactions

Note 29. Annotated income agreements

The following is a listing of the *Financial Management Act 1994* Section 29 annotated income agreements approved by the Treasurer:

	2015 \$'000	2014 \$'000
Capital items		
Goulburn-Murray Water Connections Project Stage 1	3,097	10,818
Land Sales Retained	61	0
	3,158	10,818
Commonwealth specific purpose payments – capital		
Black Rock Water Recycling Project	(121)	0
Extending Water Recycling at Torquay	1,550	5,590
GRDC Gene Bank	181	2,170
Sunraysia Modernisation	46,967	27,960
	48,577	35,720
User charges, or sales of goods and services		
Agriculture and Veterinary Chemical Permits	139	135
BushBroker	146	79
Commercial Forests	159	609
Electronic Conveyancing	8,915	0
Grants to Catchment Management Authorities	1,035	1,598
Landata	14,199	0
Land Titles Office	(347)	0
La Trobe contributions to Quarterly Service Payments	2,615	5,178
Mapping	545	2,842
Miscellaneous Industry Contributions	15,581	23,121
Goulburn-Murray Water Connections Project Stage 1	3,238	4,614
Parks user fees and Werribee Mansion	9,374	6,602
Queenscliff Harbour Redevelopment	52	38
Sale of timber resources to Australian Paper	10,873	25,274
Revenue retained on behalf of the EPA	2,455	2,881
Seafood Industry Levy	294	0
Scallops Fisheries Auctions	0	180
SPEARS Project	2,788	0
Fisheries Cost Recovery	0	181
Water Register – Planning	(272)	0
Water Register – State	1,566	845
	73,355	74,177
Municipal		
Domestic Animals Act	1,215	2,121
	1,215	2,121

Note 29. Annotated income agreements (continued)

	2015 \$'000	2014 \$'000
Commonwealth specific purpose payments – output		
Biodiversity Fund	189	352
Caring for our Country	0	26,825
Coal Seam Gas Bioregional Assessments	1,000	1,458
Plant and Exotic Disease Preparedness and Eradication	0	753
Goulburn-Murray Water Connections Project Stage 2	0	385
Murray Darling Basin - Environmental Works and Measures Feasibility Program	12	188
Murray Darling Basin Plan Implementation	12,179	7,905
National Framework for Compliance and Enforcement	1,629	28
National Landcare Programme Regional Allocations	26,943	0
Research and Experimental Projects – Commonwealth contributions	14,735	22,274
Sunraysia Modernisation	2,500	2,070
Victorian Farm Modernisation	10,975	11,884
Water Register – Commonwealth – Stage 2	0	484
	70,162	74,606
Total annotated income agreements	196,467	197,442

Note 30. Trust account balances

The following is a listing of trust account balances in cash, deposits and investments relating to trust accounts controlled and administered by the department.

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer (to)/from dept ⁽ⁱ⁾ \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
Controlled trusts					
Cash, deposits and investments					
Albury Wodonga Land Transfer 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.	898	0	18	(114)	802
Building New Communities Fund 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.	0	35,614	10,326	(2,440)	43,500
Casino Area Works Trust 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.	0	459	5	0	464
Department Suspense 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.	288	0	0	(17)	271
DTF VicFleet ⁽ⁱ⁾ 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.	623	(9)	4,502	(2,150)	2,966
Disease Compensation Fund Operates under s5 of the <i>Livestock Disease Control Act 1994</i> as a special purpose operating account. It provides funds to support the control and eradication of any outbreak and to provide compensation for livestock destroyed due to suffering or suspected of suffering from diseases.	17,591	(18,125)	2,884	(2,350)	0
Fisheries Plant and Equipment Operates under s141 of the <i>Fisheries Act 1995</i> as a special purpose operating account. It enables the purchase of plant or equipment required for the purposes of the Act, the operation, maintenance and repair of that plant or equipment, and to enable the payment of any other expenses in relation to that plant and equipment.	696	(548)	91	(239)	0

Notes to the financial statements for the year ended 30 June 2015

Note 30. Trust account balances (continued)

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer (to)/from dept ⁽ⁱ⁾ \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
Controlled trusts					
Goulburn Murray Water Connections Project Trust 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.	0	0	282,455	(49,636)	232,819
Growth Areas Public Transport Fund 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.	0	35,304	10,605	(4,400)	41,509
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.	9,610	0	11,335	(6,619)	14,326
Murrindindi Capacity Building Trust Operates under s19(2) of the <i>Financial Management Act 1994</i> to fund capacity activities in partnership with the Murrindindi Council.	0	0	0	0	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.	62,237	0	154,363	(164,851)	51,749
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.	71,266	(3,987)	10,374	(7,454)	70,199

Notes to the financial statements for the year ended 30 June 2015

Note 30. Trust account balances (continued)

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer (to)/from dept ⁽ⁱ⁾ \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
Controlled trusts					
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.	158,517	(27,816)	86,101	(90,331)	126,471
Recreational Fishing Licence Operates under s151B of the <i>Fisheries Act 1995</i> as a special purpose operating account. It disburses revenue derived from the sale of recreational fishing licenses to projects that will further improve recreational fishing opportunities in Victoria, and to fund costs incurred in the administration of recreational fishing licences and the account.	6,800	(4,706)	5,061	(7,155)	0
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.	(131)	5	153	0	27
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	8,838	9,438	(5,776)	12,500
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.	11,607	(7)	1,437	(2,855)	10,182
Treasury Trust – Small Scale Community Support Fund 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.	0	112	0	(508)	(396)
Treasury Trust – Floods 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.	5,040	0	7,665	(12,290)	415
Total controlled trusts	345,042	25,134	596,813	(359,185)	607,804

Note:

- (i) As a consequence of the Machinery of Government changes announced on 4 December 2014, a number of trust funds were transferred to and from the department.

Note 30. Trust account balances (continued)

					2014
	Balance at 1 July 2013 \$'000	MoG transfer from former DPI \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2014 \$'000
Controlled trusts					
Cash, deposits and investments					
Albury Wodonga Land Transfer 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.	942	0	35	(79)	898
Department Suspense 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.	259	9	20	0	288
DTF VicFleet ⁽ⁱ⁾ 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.	9,164	(17)	6,556	(15,080)	623
Disease Compensation Fund Operates under s5 of the <i>Livestock Disease Control Act 1994</i> as a special purpose operating account. It provides funds to support the control and eradication of any outbreak and to provide compensation for livestock destroyed due to suffering or suspected of suffering from diseases.	0	16,934	6,251	(5,594)	17,591
Fisheries Plant and Equipment Operates under s141 of the <i>Fisheries Act 1995</i> as a special purpose operating account. It enables the purchase of plant or equipment required for the purposes of the Act, the operation, maintenance and repair of that plant or equipment, and to enable the payment of any other expenses in relation to that plant and equipment.	0	1,282	21	(607)	696
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.	3,452	0	8,573	(2,415)	9,610
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.	55,978	0	154,498	(148,239)	62,237

Notes to the financial statements for the year ended 30 June 2015

Note 30. Trust account balances (continued)

	2014				
	Balance at 1 July 2013 \$'000	MoG transfer from former DPI \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2014 \$'000
Controlled trusts					
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.	51,790	5,825	26,480	(12,829)	71,266
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.	125,686	36,140	118,702	(122,011)	158,517
Recreational Fishing Licence Operates under s151B of the <i>Fisheries Act 1995</i> as a special purpose operating account. It disburses revenue derived from the sale of recreational fishing licenses to projects that will further improve recreational fishing opportunities in Victoria, and to fund costs incurred in the administration of recreational fishing licences and the account.	0	7,089	6,378	(6,667)	6,800
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.	59	162	0	(352)	(131)
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.	12,676	0	4,559	(5,628)	11,607
Treasury Trust – Floods 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.	11,154	0	4,631	(10,745)	5,040
Total controlled trusts	271,160	67,424	336,704	(330,246)	345,042

Note:

VicFleet is part of a Trust Fund held by DTF. Any deficit represents a loss on the early termination of individual motor vehicle finance leases by the department. The department is required to reimburse the Trust Fund held by DTF for any deficit balance.

Note 30. Trust account balances (continued)

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer (to)/from dept ⁽ⁱ⁾ \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'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	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.	42	0	1	0	43
McCashney Scholarship Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. To facilitate scholarships to Departmental staff undertaking part-time study on a work related topic and who are not able to access any other benefits under study leave arrangements.	63	(64)	1	0	0
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	30	0	0	145
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.	66	(17)	7	(4)	52
Public Service Commuters' Club ⁽ⁱⁱⁱ⁾ 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.	18	0	82	0	100

Note 30. Trust account balances (continued)

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer (to)/from dept ⁽ⁱ⁾ \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
Administered trusts					
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.	36	(7)	53	(58)	24
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	0	0	0	23
Treasury Trust 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.	1,193	(451)	377	(232)	887
Victorian State Foresters' Association 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.	77	0	2	0	79
Total administered trusts	1,642	(509)	523	(294)	1,362

Note:

- (i) As a consequence of the Machinery of Government changes announced on 4 December 2014, a number of trust funds were transferred to and from the department.

Note 30. Trust account balances (continued)

					2014
	Balance at 1 July 2013 \$'000	MoG transfer from former DPI \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2014 \$'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.	8	0	1	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.	41	0	1	0	42
McCashney Scholarship Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. To facilitate scholarships to Departmental staff undertaking part-time study on a work related topic and who are not able to access any other benefits under study leave arrangements.	0	61	2	0	63
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.	405	0	0	(290)	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	50	43	(76)	66
Public Service Commuters' Club ⁽ⁱⁱⁱ⁾ 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.	(49)	19	89	(41)	18

Note 30. Trust account balances (continued)

					2014
	Balance at 1 July 2013 \$'000	MoG transfer from former DPI \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2014 \$'000
Administered trusts					
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.	31	8	1	(4)	36
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.	22	0	1	0	23
Treasury Trust 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.	924	275	104	(110)	1,193
Victorian State Foresters' Association 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.	76	0	1	0	77
Total administered trusts	1,507	413	243	(521)	1,642

Note 30. Trust account balances (continued)

Trust Accounts opened or closed by the department during 2015

The Goulburn Murray Water Connections Project Trust Account was opened during the year.

The following trust accounts were transferred from the former Department of Transport, Planning and Local Infrastructure (DTPLI) on 1 January 2015 as part of the restructure of administrative arrangements (refer to Note 34. *Restructure of administrative arrangements*):

Controlled trusts

State Development Special Projects Trust Account
Growth Areas Public Transport Fund
Building New Communities Fund
Murrindindi Capacity Building Trust
Casino Area Works Trust

In addition, the following trust account balances were transferred from the former DTPLI to the department's existing fund balances:

Controlled trusts

Revenue Suspense
Treasury Trust

Administered trusts

Natural Disaster Relief Fund
Treasury Trust – Small Scale Community Support Fund

The following trust accounts were transferred to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) on 1 January 2015 as part of the restructure of administrative arrangements (refer to Note 34. *Restructure of administrative arrangements*):

Controlled trusts

Disease Compensation Fund
Fisheries Plant and Equipment
Recreational Fishing License

Administered trusts

McCashney Scholarship

In addition, the following trust account balances were transferred to DEDJTR from the department's existing fund balances:

Controlled trusts

Plant and Machinery Trust Account
Project Trust Account
Stores Suspense
DTF VicFleet Trust

Administered trusts

Paid Parental Leave Treasury Trust Fund
Securities
Treasury Trust

Note 30. Trust account balances (continued)

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.

	2015 \$'000	2014 \$'000
Treasury trust – Victorian floods		
Cash at bank at 30 June	415	5,040
Total funds under management	415	5,040
Contributions by the Victorian government	5,510	4,306
Other contributions	2,155	325
Total receipts	7,665	4,631
Payments to catchment management authorities	223	435
Payments to portfolio agencies	1,088	77
Payments to non-portfolio agencies	971	1,053
Payments to local governments	59	243
Payments to community groups	42	61
Payments on state-owned assets	208	2,572
Other payments	9,699	6,304
Total payments	12,290	10,745
Balance carried forward at 30 June	415	5,040

Third party funds under management

No third party funds were held under management for either 2014–15 or 2013–14.

Note 31. 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, Minister for Agriculture and Food Security	The Hon. Peter Walsh MP	1 July to 3 December 2014
Minister for Environment and Climate Change	The Hon. Ryan Smith MP	1 July to 3 December 2014
Minister for Agriculture	The Hon. Jaala Pulford MLC	4 December to 31 December 2014
Minister for Environment, Climate Change and Water	The Hon. Lisa Neville MP	4 December 2014 to 30 June 2015
Minister for Planning	The Hon. Richard Wynne MP	1 January to 30 June 2015
Minister for Local Government	The Hon. Natalie Hutchins MP	1 January to 30 June 2015
Secretary	Mr Adam Fennessy	1 July 2014 to 30 June 2015

Acting arrangements

The Premier Daniel Andrews MP acted as Minister for Agriculture during the period 11 to 31 December 2014.

The Hon Natalie Hutchins MP acted as Minister for Environment, Climate Change and Water during the period 5 to 8 February 2015.

The Hon Gavin Jennings MP acted as Minister for Environment, Climate Change and Water during the period 9 to 30 June 2015.

Mr Paul Smith acted in the position of Secretary of the department during the periods 1 to 11 July 2014 and 6 to 12 April 2015. Mr Luke Wilson acted in the position of Secretary of the department during the periods 6 to 10 October. Their salary for these periods is included in Note 32(a) *Remuneration of executive officers*.

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the department during the reporting period was in the range:

	2015 No.	2014 No.
Income band		
\$410,000 – \$419,999	0	1
\$450,000 – \$459,999	1	0

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Related party transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 32. Remuneration of executives and payments to other personnel

(a) Remuneration of executive officers

The number of executive officers, other than the Ministers and the Accountable Officer, and their total remuneration during the reporting periods are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and renegotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an annual bonus payment whereas other contracts only include the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

A number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on total remuneration figures due to the inclusion of annual leave, long-service leave and retrenchment payments.

Note 32. Remuneration of executives and payments to other personnel (continued)

As disclosed in Note 34 *Restructure of Administrative Arrangements*, the department has recognised and disclosed the remuneration of executives transferred to and from the department under section 30 of the Public Administration Act 1994 in the 2014-15 financial statements.

Fourteen executives were transferred to the Department of Economic Development, Jobs, Transport and Resources on 1 January 2015 and their remuneration is disclosed up to this date.

Eighteen executives were transferred from the former Department of Transport, Planning and Local Infrastructure on 1 January 2015 and their remuneration from this date has been disclosed. Note: Two executives were on leave without pay at the date of transfer.

At 30 June 2015, the department employed 63 executive officers (2014: 64 executive officers).

	Total remuneration		Base remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
Income band				
Less than \$100,000	17	22	21	28
\$100,000 – \$109,999	4	2	3	1
\$110,000 – \$119,999	6	1	6	2
\$120,000 – \$129,999	4	0	4	0
\$130,000 – \$139,999	2	4	2	4
\$140,000 – \$149,999	7	2	7	1
\$150,000 – \$159,999	4	2	7	2
\$160,000 – \$169,999	6	2	7	2
\$170,000 – \$179,999	5	1	1	2
\$180,000 – \$189,999	1	3	6	10
\$190,000 – \$199,999	5	11	6	9
\$200,000 – \$209,999	7	8	7	5
\$210,000 – \$219,999	4	5	1	5
\$220,000 – \$229,999	3	4	2	4
\$230,000 – \$239,999	1	4	1	1
\$240,000 – \$249,999	1	1	1	3
\$250,000 – \$259,999	3	1	2	0
\$260,000 – \$269,999	2	2	0	1
\$270,000 – \$279,999	1	0	0	0
\$280,000 – \$289,999	1	2	0	0
\$290,000 – \$299,999	1	0	1	0
\$300,000 – \$309,999	0	1	0	0
\$340,000 – \$349,999	0	0	1	1
\$370,000 – \$379,999	1	1	0	0
\$410,000 – \$419,999	0	1	0	0
\$420,000 – \$429,999	0	1	0	0
Total number of executives	86	81	86	81
Total annualised employee equivalent	61.3	57.0	61.3	57.0
Total amount \$'000	13,820	13,366	12,647	11,444

Note, the 2014 disclosure includes executives from the Office of Living Victoria, which formed part of the reporting entity. This table discloses executives of the department throughout the 2014-15 and 2013-14 financial years. As a consequence of the Machinery of Government changes announced on 4 December 2014, a number of executives transferred to and from the department.

Note 32. Remuneration of executives and payments to other personnel (continued)

Payments to other personnel (i.e. contractors charged with significant management responsibilities)

The following disclosures are made in relation to other personnel of the department, i.e. contractors charged with significant management responsibilities.

Payments have been made to a contractor with significant management responsibilities, which is disclosed in expense bands of \$10,000. The contractor is responsible for planning, directing or controlling, directly or indirectly, some of the department's activities.

	2015 No.	2014 No.
Expense band		
Less than \$100,000	1	0
\$160,000 – \$169,999	0	1
\$180,000 – \$189,999	0	1
\$200,000 – \$209,999	0	1
\$280,000 – \$289,999	0	1
Total expenses (exclusive of GST) \$'000	\$25	\$840

Note 33. Remuneration of auditors

	2015 \$'000	2014 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	364	395
	364	395

Note 34. Restructure of administrative arrangements**Restructure of administrative arrangements – 2015**

On 4 December 2014, the Governor in Council, under Section 10 of the *Public Administration Act 2004*, announced a restructure of its activities via Machinery of Government changes, taking effect on 1 January 2015. As part of the Machinery of Government restructure, the department (as transferor) relinquished its Agriculture, Biosecurity and Sustainably manage fish and forest resources outputs to the newly created Department of Economic Development, Jobs, Transport and Resources (the transferee). The income and expenses for these outputs for the reporting period 1 July to 31 December 2014 is reported by the department, and the income and expenses for the reporting period 1 January to 30 June 2015 is reported by the Department of Economic Development, Jobs, Transport and Resources.

In addition, the department (as transferee) assumed responsibility for the Land Victoria, Local government, Office of the Victorian Government Architect and Planning, building and heritage outputs from the former Department of Transport, Planning and Local Infrastructure (DTPLI), and part of the Regional development (planning) output from the former Department of State Development, Business and Innovation (DSDBI). The income and expenses for these outputs for the reporting period 1 July to 31 December 2014 is reported by the former DTPLI and DSDBI. The income and expenses for the period 1 January to 30 June 2015 is reported by the department. The combined income and expenses for the Land Victoria, Local government and Planning, building and heritage outputs for the reporting period 1 July 2014 to 30 June 2015 are outlined below.

The department (as transferor) relinquished its Office of the Victorian Government Architect output to the Department of Premier and Cabinet (the transferee) under Section 11 of the *Public Administration Act 2004* on 15 May 2015 following an announcement by the Governor in Council. The income and expenses for this output for the period 1 July to 31 December 2014 are reported by the former DTPLI; the period 1 January to 15 May 2015 are reported by the department; and the period 15 May to 30 June 2015 is reported by the Department of Premier and Cabinet.

	Former DTPLI (1 July to 31 December 2014) \$'000	Former DSDBI (1 July to 31 December 2014) \$'000	DELWP (1 January to 30 June 2015) \$'000	Total \$'000
Land Victoria output				
Controlled income and expenses				
Income	42,987	0	44,590	87,577
Expenses	(37,841)	0	(44,885)	(82,726)
Administered income and expenses				
Income	152,228	0	163,389	315,617
Expenses	(149,662)	0	(160,940)	(310,602)
Local government output				
Controlled income and expenses				
Income	51,231	0	11,839	63,070
Expenses	(51,407)	0	(9,426)	(60,833)
Administered income and expenses				
Income	271,338	0	540,663	812,001
Expenses	(271,338)	0	(540,663)	(812,001)
Planning, building and heritage output				
Controlled income and expenses				
Income	46,135	1,619	53,868	101,622
Expenses	(43,657)	1,622	(41,457)	(83,492)
Administered income and expenses				
Income	678	0	488	1,166
Expenses	(687)	0	(217)	(904)

Note 34. Restructure of administrative arrangements (continued)**Restructure of administrative arrangements – 2015 (continued)**

The net assets assumed by the department for the Land Victoria, Local government, Office of the Victorian Government Architect, Planning, building and heritage, and Regional development outputs as a result of the administrative restructure is recognised in the balance sheet at the carrying amount of those assets in the transferor's (the former Department of Transport, Planning and Local Infrastructure and former Department of State Development, Business and Innovation) balance sheet immediately before the transfer.

The net assets transferred were treated as a contribution to capital by the State.

	2015	
	Controlled \$'000	Administered \$'000
In respect of the activities assumed, the following assets and liabilities were recognised at the date of the transfer:		
Outputs – Land Victoria, Local government, Office of the Victorian Government Architect and Planning, building and heritage – transfer in		
Assets		
Cash and deposits	80,451	34
Receivables	32,380	3,489
Investments accounted for using the equity method	12,029	0
Property, plant and equipment (Note 14)	199,210	0
Intangible assets (Note 16)	348	0
Liabilities		
Payables	(5,849)	(701)
Borrowings	(1,060)	0
Unearned income	(2,000)	(24)
Provisions	(21,581)	0
Net assets recognised at the date of transfer	293,928	2,798
Output – Regional development (planning) – transfer in		
Assets		
Receivables	717	0
Property, plant and equipment (Note 14)	62	0
Liabilities		
Payables	(717)	0
Borrowings	(63)	0
Net assets recognised at the date of transfer	(1)	0
Total net assets recognised at the date of transfer	293,927	2,798

Note 34. Restructure of administrative arrangements (continued)**Restructure of administrative arrangements – 2015 (continued)**

	2015	
	Controlled \$'000	Administered \$'000
In respect of the activities relinquished, the following assets and liabilities were recognised at the date of the transfer:		
Outputs – Agriculture, Biosecurity and Sustainably manage fish and forest resources – transfer out		
Assets		
Cash and deposits	52,164	480
Receivables	88,472	4,510
Investments and other financial assets	3,408	0
Inventories	360	0
Property, plant and equipment (Note 14)	676,377	0
Biological assets (Note 15)	1,845	0
Intangible assets (Note 16)	35,353	0
Other non-financial assets	34	0
Liabilities		
Payables	(70,647)	(662)
Borrowings	(259,422)	0
Unearned income	(4,890)	(20,768)
Deposits repayable	(11)	(25)
Provisions	(49,014)	0
Net assets transferred at the date of transfer	474,029	(16,465)
Output – Office of the Victorian Government Architect – transfer out		
Assets		
Cash and deposits	140	
Receivables	301	0
Property, plant and equipment (Note 14)	198	0
Liabilities		
Payables	(12)	0
Borrowings	(241)	0
Net assets transferred at the date of transfer	386	0
Total net assets transferred at the date of transfer	474,415	(16,465)
Net capital contribution from the Crown	(180,488)	19,263

Restructure of administrative arrangements – 2014

On April 9 2013, the Government announced a restructure of its activities and on 25 June 2013 issued Administrative Arrangements Order (No. 217) 2013 under the *Administrative Arrangements Act 1983*, taking effect from 1 July 2013. As a consequence of the restructure, the department (as transferor) relinquished its Land Administration and Property Information output to the Department of Transport, Planning and Local Infrastructure (the transferee). The combined income and expenses for the Land Administration and Property Information output for the reporting period are reported by the Department of Transport, Planning and Local Infrastructure.

In addition, the Department of Primary Industries ceased to exist from 1 July 2013, with the department (as transferee) assuming responsibility for the Development of Primary Industries output and the Department of State Development and Business Innovation assuming responsibility for the Energy and Resources output. The combined income and expenses for the Development of Primary Industries output for the reporting period are disclosed in Note 2. *Departmental (Controlled) Outputs* and Note 3. *Administered (non-controlled) items*.

The net assets assumed by the department for the former Development of Primary Industries output as a result of the restructure was recognised in the balance sheet at the carrying amount of those assets in the transferor's (former Department of Primary Industries) balance sheet immediately before the transfer.

The net assets transferred were treated as a contribution to capital by the Crown.

Note 34. Restructure of administrative arrangements (continued)**Restructure of administrative arrangements – 2014 (continued)**

	2014	
	Controlled \$'000	Administered \$'000
In respect of the activities assumed, the following assets and liabilities were recognised at the date of the transfer:		
Output – Development of Primary Industries – transfer in		
Assets		
Cash and deposits	68,147	414
Receivables	111,351	1,976
Inventories	363	0
Non-financial physical assets classified as held for sale in form of finance lease (Note 13)	123	0
Property, plant and equipment (Note 14)	731,399	0
Biological assets (Note 15)	38,164	0
Intangible assets (Note 16)	36,428	0
Prepayments	1,856	0
Liabilities		
Payables	(94,107)	(351)
Borrowings	(263,305)	0
Other liabilities	(4,598)	(13,105)
Provisions	(54,150)	0
Net assets recognised at the date of transfer	571,671	(11,066)
Correction adjustment to biological assets (Note 15) ⁽ⁱ⁾	(26,766)	0
Correction adjustment to payables ⁽ⁱⁱ⁾	(6,380)	0
Revised net assets recognised at the date of transfer	538,525	(11,066)
In respect of the activities relinquished, the following assets and liabilities were recognised at the date of the transfer:		
Output – Land Administration and Property Information – transfer out		
Assets		
Receivables	21,706	3,044
Investments accounted for using the equity method (Note 10)	14,412	0
Property, plant and equipment (Note 14)	11,804	0
Liabilities		
Payables	(4,219)	0
Borrowings	(670)	0
Provisions	(11,884)	(283)
Net assets transferred at the date of transfer	31,149	2,761
Net capital contribution from the Crown	507,376	(13,827)

Note:

- (i) An adjustment of \$26.766 million was made to correct the value of commercial native forest biological assets transferred to the department. The net impact of the error was an overstatement of biological assets of \$26.766 million and an overstatement of contributed capital of \$26.766 million.
- (ii) An adjustment of \$6.380 million was made to correct the contributions payable to the Royal Melbourne Showgrounds joint operation transferred to the department. The net impact of the error was an understatement of payables of \$6.380 million and an understatement of contributed capital of \$6.380 million.

Note 35. Correction of prior year errors

The errors described below have been adjusted by restating each of the affected financial statement line items for the prior years.

(a) Errors in recording property, plant and equipment

State Crown land reconciliation

As part of the ongoing State Crown land reconciliation and ongoing maintenance of the land information management system, a number of Crown land parcels have been identified that were: recorded both by the department and another government entity; created in error; or consigned to a land manager in a previous financial year. Adjustments have been made to correct prior year balances. Apart from the impact on the prior year operating results and contributed capital of these errors, these items are also included in valuations booked by the department in prior years.

The net impact of these errors is:

2013-14

- an overstatement of property, plant and equipment (Land) of \$11.241 million
- an overstatement of accumulated deficit of \$10.834 million
- an overstatement of the physical asset revaluation surplus of \$0.407 million

2012-13 Opening balances

- an overstatement of property, plant and equipment (Land) of \$76.151 million
- an overstatement of accumulated deficit of \$74.934 million
- an overstatement of contributed capital of \$1.217 million.

State forest

As part of the ongoing review of the State forest data, an error in the area size of forest has been identified through the annual confirmation by the Land, Fire and Environment Division. An adjustment has been made to correct prior year balances. This has an impact on the prior year operating results.

The net impact of this error is:

2012-13 Opening balances

- an overstatement of property, plant and equipment (Land – State forests) of \$22.203 million
- an overstatement of accumulated deficit of \$22.203 million.

Transfer of property, plant and equipment to Parks Victoria

A reconciliation of the funding transferred to portfolio entities identified a mismatch of capital funding between the department and Parks Victoria. It was also identified that contributed capital (additions to net assets base) received in prior years should have been passed on to Parks Victoria. An adjustment has been made to correct prior year balances. This has an impact on prior year contributed capital.

The net impact of this error is:

2013-14

- an overstatement of property, plant and equipment (Plant and equipment) of \$1.000 million
- an overstatement of contributed capital of \$1.000 million.

2012-13 Opening balances

- an overstatement of property, plant and equipment (Assets under construction – Buildings and structures) of \$15.705 million
- an overstatement of contributed capital of \$15.705 million.

Note 35. Correction of prior year errors (continued)

The below section titled 'Restatement of financial statements as a result of the correction of an error' shows the restatement of each line item affected by the errors.

(b) Restatement of financial statements as a result of the correction of an error – 30 June 2014 comparative year**Financial statement line item affected:**

Comprehensive operating statement (Extract)	Notes	Actual 2014 \$'000	Correction of 2014 error \$'000	Restated 2014 \$'000
Net result from transactions (net operating balance)				
Other economic flows included in net result				
Net loss on non-financial assets	1(i), 6(a)	(3,787)	(10,834)	(14,621)
Total other economic flows included in net result		(4,866)	(10,834)	(15,700)
Net result		80,176	(10,834)	69,342
Other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus	26	6,157	(407)	5,750
Total other economic flows – comprehensive income		6,157	(407)	5,750
Comprehensive result		86,333	(11,241)	75,092

Balance sheet (Extract)	Notes	Actual 2014 \$'000	Correction of errors to 30 June 2013 \$'000	Correction of 2014 errors \$'000	Restated 2014 \$'000
Non-financial assets					
Property, plant and equipment	1(m),14	8,040,439	(114,059)	(12,241)	7,914,139
Total non-financial assets		8,196,495	(114,059)	(12,241)	8,070,195
Total assets		8,807,905	(114,059)	(12,241)	8,681,605
Net assets		8,135,803	(114,059)	(12,241)	8,009,503
Equity					
Accumulated surplus/(deficit)		90,619	(97,137)	(10,834)	(17,352)
Physical asset revaluation surplus	26	5,651,225	0	(407)	5,650,818
Contributed capital		2,393,959	(16,922)	(1,000)	2,376,037
Net worth		8,135,803	(114,059)	(12,241)	8,009,503

Note 6 – Other economic flows included in net result (Extract)	Actual 2014 \$'000	Correction of 2014 error \$'000	Restated 2014 \$'000
(a) Net gain/(loss) on non-financial assets			
Net gain on disposal of property, plant and equipment	7,321	(10,834)	(3,513)
Total gain/(loss) on non-financial assets	(3,787)	(10,834)	(14,621)

Note 35. Correction of prior year errors (continued)

	Actual 2014 \$'000	Correction of errors to 30 June 2013 \$'000	Correction of 2014 errors \$'000	Restated 2014 \$'000
Note 14 – Property, plant and equipment (Extract)				
Crown land – Land and unused roads				
At fair value	2,410,098	(72,594)	(11,241)	2,326,263
Total Crown land – Land and unused roads	2,410,098	(72,594)	(11,241)	2,326,263
Crown land – National parks				
At fair value	1,067,417	(1,133)	0	1,066,284
Total Crown land – National parks	1,067,417	(1,133)	0	1,066,284
Crown land – State forests				
At fair value	1,157,687	(22,203)	0	1,135,484
Total Crown land – State forests	1,157,687	(22,203)	0	1,135,484
Crown land – Conservation reserves				
At fair value	666,228	(1,598)	0	664,630
Total Crown land – Conservation reserves	666,228	(1,598)	0	664,630
Crown land – Land used for operational purposes				
At fair value	386,032	(826)	0	385,206
Total Crown land – Land used for operational purposes	386,032	(826)	0	385,206
Total land	5,998,712	(98,354)	(11,241)	5,889,117
Plant and equipment				
At fair value	196,327	0	(1,000)	195,327
Less accumulated depreciation	(141,796)	0	0	(141,796)
Total plant and equipment	92,478	0	(1,000)	91,478
Assets under construction at cost				
Buildings and structures	112,484	(15,705)	0	96,779
Total assets under construction at cost	140,498	(15,705)	0	124,793
Total property, plant and equipment	8,040,439	(114,059)	(12,241)	7,914,139

	Actual 2014 \$'000	Correction of errors to 30 June 2013 \$'000	Correction of 2014 errors \$'000	Restated 2014 \$'000
Note 26 – Physical asset revaluation surplus (Extract)				
Physical asset revaluation surplus				
Balance at the beginning of the financial year	5,645,068	0	0	5,645,068
Crown land – Land and unused roads	5,997	0	(407)	5,590
Balance at the end of the year	5,651,225	0	(407)	5,650,818
Net change in physical asset revaluation surplus	6,157	0	(407)	5,750

Note 35. Correction of prior year errors (continued)**(c) Restatement of financial statements as a result of the correction of an error – 30 June 2013 comparative year****Financial statement line item affected:**

		Actual 2013 \$'000	Correction of error \$'000	Restated 2013 \$'000
Comprehensive operating statement (Extract)	Notes			
Net result from transactions (net operating balance)				
Other economic flows included in net result				
Net gain on non-financial assets	1(i), 6(a)	220,642	(97,137)	123,505
Total other economic flows included in net result		229,653	(97,137)	132,516
Net result		243,820	(97,137)	146,683
Other economic flows – other comprehensive income				
Changes in physical asset revaluation surplus	26	4,606	0	4,606
Total other economic flows – comprehensive income		4,606	0	4,606
Comprehensive result		248,426	(97,137)	151,289
		Actual 2013 \$'000	Correction of error \$'000	Restated 2013 \$'000
Balance sheet (Extract)	Notes			
Non-financial assets				
Property, plant and equipment	1(m),14	7,317,567	(114,059)	7,203,508
Total non-financial assets		7,352,423	(114,059)	7,238,364
Total assets		7,841,572	(114,059)	7,727,513
Net assets		7,546,415	(114,059)	7,432,356
Equity				
Accumulated surplus/(deficit)		10,443	(97,137)	(86,694)
Physical asset revaluation surplus	26	5,645,068	0	5,645,068
Contributed capital		1,890,904	(16,922)	1,873,982
Net worth		7,546,415	(114,059)	7,432,356

Note 35. Correction of prior year errors (continued)

	Actual 2013 \$'000	Correction of error \$'000	Restated 2013 \$'000
Note 14 – Property, plant and equipment (Extract)			
Crown land – Land and unused roads			
At fair value	2,392,796	(72,594)	2,320,202
Total Crown land – Land and unused roads	2,392,796	(72,594)	2,320,202
Crown land – National parks			
At fair value	1,065,405	(1,133)	1,064,272
Total Crown land – National parks	1,065,405	(1,133)	1,064,272
Crown land – State forests			
At fair value	1,150,492	(22,203)	1,128,289
Total Crown land – State forests	1,150,492	(22,203)	1,128,289
Crown land – Conservation reserves			
At fair value	660,734	(1,598)	659,136
Total Crown land – Conservation reserves	660,734	(1,598)	659,136
Crown land – Land used for operational purposes			
At fair value	84,397	(826)	83,571
Total Crown land – Land used for operational purposes	84,397	(826)	83,571
Total land	5,670,859	(98,354)	5,572,505
Assets under construction at cost			
Buildings and structures	58,817	(15,705)	43,112
Total assets under construction at cost	76,273	(15,705)	60,568
Total property, plant and equipment	7,317,567	(114,059)	7,203,508

Note 36. Subsequent events**Sustainability Fund**

From 1 July 2015, amendments made to the *Environment Protection Act 1970* through the *Environment Protection and Sustainability Victoria Amendment Act 2014* legislates the transfer of management and administration of the Sustainability Fund from the Environment Protection Authority (EPA) to the department. The collection of landfill levy will be administered by the EPA, and the recording and distribution of the revenue will be managed by the department.

As a result of the legislative amendments, the cash balance of the Sustainability Fund will be transferred from EPA to the department on 1 July 2015. The transfer has resulted in a \$383.764 million increase in cash and investments (assets), a \$47.003 million increase in receivables (assets) and an increase in contributed capital (equity) of \$430.767 million.

Lancefield fire review

On Wednesday 30 September 2015, the department initiated a planned burn in the forest 10 kilometres North West of Lancefield. This fire jumped containment lines resulting in the loss of personal property. The Government's immediate priority has been to support the local communities most affected by the fire, including those in and around Lancefield, Benloc and Cobaw.

The Minister for Environment, Climate Change and Water announced an independent investigation into the escape of the fire, which will examine all aspects of the planned burn, including its timing, communication with the community and the factors involved in it getting out of control.

The independent investigation has yet to be finalised and the estimate of the financial effect, if any, cannot yet be determined. Further announcements, including any financial effect on the operations of the department will be made once the investigation is finalised.

Note 37. Glossary of terms and style conventions

Glossary of terms

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow. Amortisation charged on finance lease vehicles is classified as an expense from transactions.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Biological assets

Biological assets comprise of commercial forests and also any living animal, plant or agricultural produce that is the harvested product of biological assets.

Borrowings

Borrowings refers to interest-bearing finance leases and other interest-bearing arrangements.

Comprehensive result

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

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-financial physical assets used in the provision of outputs.

Commitments

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

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

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'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Employee benefits expenses

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

Ex-gratia payments

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

Financial asset

A financial asset is any asset that is:

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

Note 37. Glossary of terms and style conventions (continued)

Financial instrument

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

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprises:

- (a) A comprehensive operating statement for the period;
- (b) A balance sheet as at the end of the period;
- (c) A statement of changes in equity for the period;
- (d) A cash flow statement for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed nonreciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obligated to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

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.

Note 37. Glossary of terms and style conventions (continued)

Interest expense

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

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

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

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.

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.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

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; and
- 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; and
- (b) gains and losses on remeasuring available-for-sale financial assets.

Note 37. Glossary of terms and style conventions (continued)

Payables

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

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, and research and development costs (which does not include the start-up costs associated with capital projects).

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.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, and interest receivable.

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.

Supplies and services

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

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 within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

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
200x	year period
200x–0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2014–15 *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.

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 Report of Operations – FRD Guidance

Legislation	Requirement	Page reference
Charter and purpose		
FRD 22F	Manner of establishment and the relevant Ministers	Page 4
FRD 22F	Purpose, functions, powers and duties	Page 10
FRD 8C	Departmental objectives, indicators and outputs	Page 47
FRD 22F	Initiatives and key achievements	Page 3
FRD 22F	Nature and range of services provided	Page 14
Management and structure		
FRD 22F	Organisational structure	Page 11
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FRD 12A	Disclosure of major contracts	Page 77
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FRD 22F	Employment and conduct principles	Page 25
FRD 22F	Occupational health and safety policy	Page 19
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FRD 22F	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 83
FRD 22F	Statement on National Competition Policy	Page 84
FRD 22F	Application and operation of the <i>Protected Disclosure Act 2012</i>	Page 82
FRD 22F	Application and operation of the <i>Carers Recognition Act 2012</i>	Page 83
FRD 22F	Details of consultancies over \$10,000	Page 77
FRD 22F	Details of consultancies under \$10,000	Page 77
FRD 22F	Statement of availability of other information	Page 96

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FRD 25B	Victorian Industry Participation Policy disclosures	Page 76
FRD 29A	Workforce data disclosures	Page 29
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Other requirements under Standing Directions 4.2		
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Other disclosures as required by FRDs in notes to the financial statements		
FRD 9A	Departmental disclosure of administered assets and liabilities by activity	Page 140
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FRD 21B	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	Page 220
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<i>Financial Management Act 1994</i>		Page 105
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<i>Planning and Environment (Growth Areas Infrastructure Contribution) Act 2010</i>		Page 85
<i>Protected Disclosure Act 2012</i>		Page 82
<i>Victorian Industry Participation Policy Act 2003</i>		Page 76
<i>Water Act 1989</i>		Page 91

Appendix 2: Budget portfolio outcomes

Notes on Machinery of Government changes and its impact on data presented

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP).

The Machinery of Government administrative arrangements commenced operations from 1 January 2015 and resulted in the former DEPI relinquishing its Agriculture, Biosecurity, Sustainably manage Fish and Forest resources outputs to the newly created Department of Economic Development, Jobs, Transport and Resources (DEDJTR). In addition, DELWP assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect, and Planning, Building and Heritage outputs from the former Department of Transport, Planning and Local Infrastructure (DTPLI), and part of the Regional Development (Planning) output from the former Department of State Development, Business and Innovation (DSDBI).

As part of a Machinery of Government administrative arrangements implemented on 15 May 2015 DELWP relinquished its Office of Victorian Government Architect output to the Department of Premier and Cabinet (DPC).

Comprehensive operating statement for the year ended 30 June 2015

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Income from transactions				
Output appropriation	1,340.6	1,463.6	(123.0)	(8.4%)
Interest ¹	21.8	18.4	3.4	18.3%
Sales of goods and services ²	101.1	82.7	18.5	22.4%
Grants ⁷	218.5	27.5	191.1	695.4%
Fair value of assets and services received free of charge or for nominal consideration	0.1	0.0	0.1	0.0%
Other income ³	364.3	334.5	29.7	8.9%
Total income from transactions	2,046.4	1,926.7	119.7	6.2%
Expenses from transactions				
Employee benefits ⁴	408.8	420.9	(12.0)	(2.9%)
Depreciation ⁴	61.3	86.3	(25.0)	(29.0%)
Interest expense ⁴	11.1	19.1	(8.0)	(41.8%)
Grants and other transfers ¹	510.8	641.3	(130.6)	(20.4%)
Capital asset charge ⁴	102.4	114.4	(12.0)	(10.5%)
Other operating expenses ⁴	496.5	544.5	(48.0)	(8.8)%
Total expense from transactions	1,590.9	1,826.5	(235.6)	(12.9%)
Net result from transactions (net operating balance)	455.5	100.2	355.3	354.4%
Other economic flows included in net result				
Net loss on non-financial assets ⁵	21.9	0.1	21.9	29161.2%

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Net loss on financial instruments and statutory receivables/payables ⁴	(2.4)	(1.0)	(1.5)	148.5%
Other losses from other economic flows ⁴	(1.1)	0.0	(1.1)	0.0%
Share of net profits/(losses) of associates and joint venture entities	(2.6)	0.0	(2.6)	0.0%
Total other economic flows included in net result	15.9	(0.9)	16.8	(1851.9%)
Net result	471.4	99.3	372.0	374.5%
Other economic flows - other comprehensive income				
Items that will not be classified to net result				
Changes in physical asset revaluation reserve ⁶	89.4	0.5	88.9	17379.9%
Prior Year Adjustment ⁶	6.3	0.0	6.3	0.0%
Other	0.0	0.0	0.0	0.0%
Total other economic flows - other non-owner changes in equity	95.7	0.5	95.2	18610.3%
Comprehensive result	567.1	99.8	467.3	468.0%

1. Variance to budget in balances is due to additional interest earned from the Goulburn-Murray Connections project related funds
2. Variance is due to additional Sustainability Funds related revenue received by the Department.
3. Variance is due to increase in landfill levy collected during the Financial Year
4. Variances in balances is due to the Machinery of Government change transferring the Planning, Land Victoria and Local Government Portfolios into the Department and the Agriculture Portfolio transferring out
5. Variance is due to additional disposal of plant, property and equipment during the year
6. Variance relates to prior year adjustments for Crown Land and infrastructure revaluations
7. Variance relates to grant funding received for the Goulburn-Murray Connections Project

Balance sheet as at 30 June 2015

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Financial Assets				
Cash and deposit ¹	627.7	300.2	327.5	109%
Receivables ²	295.9	414.9	(119.1)	(29%)
Other financial assets ²	487.7	386.4	101.3	26%
Investment accounted for using equity method	9.6	0	9.6	0%
Total financial assets income from transactions	1,420.9	1,101.6	319.3	29%
Non-financial assets				
Inventories	20.3	22.3	(2.0)	(9%)
Non-financial assets classified as held for sale including disposal group assets	2.3	0.8	1.5	203%
Property, plant and equipment ²	7,589.5	8,391.4	(801.9)	(10%)
Biological assets	0	36.5	(36.5)	(100%)
Intangible assets	42.0	76.1	(34.1)	(45%)
Other ³	78.0	12.0	66.0	550%
Total non-financial assets	7,732.0	8,539.0	(807.0)	(9%)
Total assets	9,152.9	9,640.6	(487.7)	(5%)
Liabilities				
Payables ²	104.2	194.6	(90.4)	(46%)
Borrowings ²	30.4	274.6	(244.2)	(89%)
Provisions ²	150.9	184.4	(33.5)	(18%)
Total liabilities	285.5	653.6	(368.1)	(56%)
Net assets	8,867.3	8,987.0	(119.6)	(1%)
Equity				
Accumulated surplus/(deficit) ²	898.9	520.9	377.9	73%
Reserves ²	5,743.2	5,905.1	(161.9)	(3%)
Contributed capital ²	2,225.3	2,560.9	(335.7)	(13%)
Total equity	8,867.3	8,987.0	(119.6)	(1%)

1. Variance to budget in balances is due to additional funds received for the Goulburn-Murray Connections project and the Machinery of Government changes transferring the Planning, Land Victoria and Local Government Portfolios into DELWP and the Agriculture Portfolio transferring to DEDTJR
2. Variances in balances is due to the Machinery of Government change transferring the Planning, Land Victoria and Local Government Portfolios into DELWP and the Agriculture Portfolio transferring to DEDTJR
3. Variance is due to the timing of expenditure recognition for the Goulburn-Murray Connections project.

Cash flow statement for the year ended 30 June 2015

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Cash flows from operating activities				
Receipts				
Receipts from Government	1,422.6	1,468.1	(45.5)	(3%)
Receipts from other entities ¹	632.3	397.6	234.8	59%
Interest received ¹	21.3	18.4	2.9	16%
Other receipts ²	46.8	13.4	33.4	249%
Total receipts	2,123.1	1,897.5	225.6	12%
Payments				
Payments of grants and other transfers ¹	(523.0)	(641.3)	118.3	(18%)
Payments to suppliers and employees ¹	(1,015.0)	(973.5)	(41.5)	4%
Capital asset charge ²	(102.4)	(114.4)	12.0	(10%)
Other Expense ³	(6.8)	0.0	(6.8)	0%
Interest and other costs of finance paid ²	(11.0)	(18.8)	7.8	(41%)
Total payments	(1,658.3)	(1,748.1)	89.8	(5%)
Net cash flows from/(used in) operating activities	464.8	149.4	315.4	211%
Cash flows from investing activities				
Net investment ⁴	(95.5)	(76.2)	(19.3)	25%
Net Purchase of Investment ⁵	(9.6)	0.0	(9.6)	0%
Payment for non-financial assets ²	(110.4)	(97.9)	(12.5)	13%
Proceeds from sale of non- financial assets ⁶	11.3	(0.1)	11.4	(9100%)
Net cash flows from/(used in) investing activities	(204.3)	(174.3)	(30.0)	17%
Cash flows from financing activities				
Owner contributions by Government ²	374.9	36.2	338.6	934%
Repayment of finance leases ²	(249.0)	(0.1)	(248.9)	393085%
Net borrowings ²	(96.1)	(13.5)	(82.6)	613%
Net cash flows from/(used in) financing activities	29.7	22.7	7.0	31%
Net increase/(decrease) in cash and cash equivalents	290.3	(2.1)	292.4	(13734%)
Cash and cash equivalents at the beginning of the financial year	319.0	302.4	16.6	5%
Cash and cash equivalents at the end of the financial year	609.3	300.3	309.0	103%

1. Variance to budget in balances is due to additional funds received for the Goulburn-Murray Connections project and the Machinery of Government changes transferring the Planning, Land Victoria and Local Government Portfolios into DELWP and the Agriculture Portfolio transferring to DEDTJR
2. Variances in balances is due to the Machinery of Government change transferring the Planning, Land Victoria and Local Government Portfolios into the Department and the Agriculture Portfolio transferring out
3. Variance is due to timing of GST related processes
4. Variance relate to movement in investment balances in Treasury Corporation Victoria
5. Variance is due to the Department receiving a share of the investment in Property Exchange Australia Limited from Machinery of Government changes
6. Variance is due to additional disposal of plant, property and equipment during the year.

Statement of changes in equity for the year ended 30 June 2015

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Opening accumulated surplus/(deficit)	524.5	421.6	102.9	24%
Net result	374.4	99.3	275.1	277%
Closing accumulated surplus/(deficit)	898.9	520.9	378.0	73%
Opening contributions by owners	2,405.1	2,531.5	(126.4)	(5%)
Net transaction with owners in their capacity as owners	(179.8)	29.4	(209.2)	(712%)
Closing contribution by owners	2,225.3	2,560.9	(335.6)	(13%)
Opening physical asset revaluation reserve	5,654.0	5,904.7	(250.7)	(4%)
Other reserve	89.2	0.5	88.7	17739%
Other comprehensive income	0	0	0	0%
Closing physical asset revaluation reserve	5,743.2	5,905.2	(162.0)	(3%)
Total equity	8,867.3	8,987.0	(119.7)	(1%)

Refer to the notes in the Operating Statement and Balance Sheet for variance commentary

Administered items statement for the year ended 30 June 2015

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Administered income				
Appropriations - Payments made on behalf of the State ¹	628.1	696.7	(68.6)	(10%)
Fair value of assets and services received free of charge or for nominal consideration ²	36.5	0.0	36.5	0
Sale of goods and services ³	338.2	222.8	115.4	1
Grants ³	576.7	24.9	551.8	22
Interest ¹	466.8	478.3	(11.5)	(2%)
Other income	141.5	142.4	(1.0)	(1%)
Total administered income	2187.8	1565.0	622.7	40%
Administered expenses				
Expenses on behalf of the State ¹	584.6	605.1	(20.4)	(3%)
Grants and other transfers ³	558.7	30.7	528.0	1723%
Payments into the Consolidated Fund ³	1017.5	978.8	38.8	4%
Total administered expenses	2160.8	1614.5	546.3	34%
Income less expenses	26.9	(49.5)	76.4	(154%)
Other economic flows included in net result				

	2014-15 Actuals \$ million	2014-15 Published budget \$ million	Variance \$ million	Variance %
Net gain/(loss) on non-financial assets ⁴	(13.6)	42.8	(56.4)	(132%)
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.3)	(0.0)	(0.3)	2321%
Total other economic flows included in net result	(13.9)	42.8	(56.7)	(132%)
Net result	13.1	(6.7)	19.7	(296%)
Other economic flows - other non-owner changes in equity				
Asset revaluation reserve ⁵	8.2	25.8	(17.6)	(68%)
Other	(0.0)	0.0	(0.0)	0%
Total other economic flows - other non-owner changes in equity	8.2	25.8	(17.6)	(68%)
Comprehensive result	21.3	19.1	2.1	11%
Administered assets				
Cash and deposits	1.3	(1.5)	2.8	(186%)
Receivables ¹	4295.4	4254.5	40.9	1%
Other financial assets	0.0	0.1	(0.1)	(67%)
Other	0.0	16.0	(16.0)	(100%)
Property, plant and equipment ⁵	690.8	727.6	(36.9)	(5%)
Intangible assets ³	144.0	103.5	40.5	39%
Total administered assets	5131.5	5100.2	31.3	1%
Administered liabilities				
Payables ¹	88.1	123.0	(34.9)	(28%)
Borrowings ¹	4227.6	4200.6	27.0	1%
Total administered liabilities	4315.8	4323.6	(7.9)	0%
Net assets	815.7	776.6	39.1	5%

1. Variance is due to refinancing activities for the Desalination Plant
2. Variance is due to the reversal of prior year impairment transactions for the Murray Darling Basin Authority Joint Government Enterprise
3. Variances in balances is due to the Machinery of Government change transferring the Planning, Land Victoria and Local Government Portfolios into the Department and the Agriculture Portfolio transferring out
4. Variance is due to additional disposal of plant, property and equipment during the year
5. Variance relates to prior year adjustments for Crown Land and infrastructure revaluations.

Appendix 3: Capital projects

The department and its related portfolio entities manage a number of capital projects. For information on recent capital projects for the department and the broader Victorian public sector, please refer to the most recent Budget Paper No.4 State Capital Program (BP4) available on the Department of Treasury and Finance's website. This publication also contains information on the department's and its related portfolio agencies' asset investment programs, as set out in the table below. Please note the table below only reflects the projects that are intended to be completed in 2014-15 as published in 2015-16 Budget Paper No.4.

Project Name	Original Completion Date	Actual Completion Date	Approved TEI (as reflected in BP4) \$m	Actual TEI \$m	Variation between actual and original TEI \$m	Reason for Variance
Caring for our coast (statewide)	Jun - 14	Jun-15	1.059	0.340	(0.719)	The reduction of \$0.7m relates to works undertaken being reclassified as output in nature
Extending water recycling at Torquay (Torquay)	Jun - 15	Jun-15	10.500	10.500	0.000	
FireWeb (non-metro various)	Jun - 14	Jun-15	19.897	19.929	0.032	The increase of \$0.03m in TEI is predominantly due to additional enhancements undertaken to the FireWeb system.
Footscray central activities area (Footscray)	Mar - 14	Jun-15	51.393	51.393	0.000	
Improved bushfire prevention, preparedness, response and recovery (statewide)	Jun - 14	Jun-16	39.795	40.603	0.808	The increase of \$0.8m in TEI relates to works undertaken being reclassified as capital in nature
Natural disaster emergencies - system development (Melbourne)	Jun - 14	Jun-15	5.141	3.865	(1.276)	The reduction of \$1.3m in TEI predominantly relates to works undertaken being reclassified as output in nature
Project 000 response (statewide)	Jun - 12	Jun-16	23.469	23.469	0.000	The revised project completion date is June 2016 due to the re-phasing of the project

Appendix 4: Disclosure of grants and transfer payments

Notes on machinery of government changes and its impact on data presented

This is the first annual report for the Department of Environment, Land, Water and Planning (DELWP).

The Machinery of Government Administrative Arrangements commenced operations from 1 January 2015 and resulted in the former DEPI relinquishing its Agriculture, Biosecurity, Sustainably Manage Fish and Forest resources outputs to the newly created Department of Economic Development, Jobs, Transport and Resources (DEDJTR). In addition, DELWP assumed responsibility for the Land Victoria, Local Government, Office of the Victorian Government Architect, and Planning, Building and Heritage outputs from the former Department of Transport, Planning and Local Infrastructure (DTPLI), and part of the Regional Development (Planning) output from the former Department of State Development, Business and Innovation (DSDBI).

As part of a Machinery of Government Administrative Arrangements implemented on 15 May 2015 DELWP relinquished its Office of Victorian Government Architect output to the Department of Premier and Cabinet (DPC).

Effective Water Management and Supply	\$	Effective Water Management and Supply	\$
Other < \$5,000	1,098,226	RMIT University	40,000
Moriac Primary School	5,000	Stockland Development Pty Ltd	40,000
Nagambie Golf Club Inc	6,000	Stonnington City Council	40,000
Waminda Community House	6,300	Port Phillip EcoCentre Inc	42,849
Coimadai Avenue of Honour Restoration Association Inc	6,600	Indigo Shire Council	42,950
Carranballac P-9 College	9,000	Hamilton Harness Racing Club	45,720
Victorian Water Industry Association	10,000	Pinarc Disability Support	46,500
Colac Otway Shire	13,098	Casey Grammar School	50,000
Benalla Rural City Council	13,334	Australian Flat Oyster Company Pty Ltd	50,400
Deakin University	13,425	William Angliss Institute of TAFE	53,030
Mansfield Bowls Club Inc	13,926	Westernport Water	54,104
Department of Health	15,000	Footscray Primary School	61,000
Dingley Village Neighbourhood Centre Inc	17,510	Greenhills Primary School	62,100
V R Fish	18,285	CRC for Spatial Information	75,000
Summerhill Park Kindergarten	19,954	West Wyck Pty Ltd	75,000
City of Greater Geelong	23,182	Merri Creek Management Committee Inc	78,865
Murray-Darling Basin Authority	27,195	Victorian State Emergency Service	82,321
Nufarm Australia Ltd	30,000	East Gippsland Water	86,684
Yallourn North Primary School	30,140	Park Lane Nursery and Garden Centre	88,000
Tatura Civic Halls Committee Inc	34,240	Southern Metropolitan Cemeteries Trust	90,000
Whitehorse City Council	34,545	Surf Coast Shire	90,000
South Gippsland Water Authority	38,668	Hepburn Springs Golf Club Inc	96,000

Effective Water Management and Supply	\$
Knox City Council	100,000
Portland Community Garden Landcare Group Inc	100,000
Water Technology Pty Ltd	100,000
Goulburn Valley Water Authority	100,833
Heytesbury District Landcare Network	110,880
Baw Baw Shire Council	113,182
City of Boroondara	113,636
Carlton Neighbourhood Learning Centre Inc	119,056
Murray Darling Freshwater Research Centre	119,320
Western Water	122,049
Leakes Road Rockbank Pty Ltd	122,570
Metropolitan Planning Authority	125,000
Rural City of Wangaratta	125,000
GWM Water	125,149
Nature Glenelg Trust	128,000
Nillumbik Shire Council	130,000
VicRoads	131,818
Centre for Education and Research in Environmental Strategies	136,000
Gippsland Water	137,494
Violet Town Bush Nursing Centre	143,000
Body Corporate Plan 9774	149,808
Horsham Rural City Council	155,227
North East Region Water Corporation	158,458
City of Greater Bendigo	160,000
Melton City Council	163,844
Frankston City Council	170,000
University of Melbourne	180,000
Victorian Association for Environmental Education	180,000
Coliban Water	198,196
eWater Ltd	198,900
Wannon Water	224,583
Brimbank City Council	239,300

Effective Water Management and Supply	\$
Falls Creek Alpine Resort Management Board	250,000
Parks Victoria	250,000
City of Wodonga	300,000
Rodger Constructions Pty Ltd	325,000
Barwon Region Water Authority	358,207
Melbourne Water	371,655
Cape Paterson Ecovillage Pty Ltd	400,514
Bureau of Meteorology	504,000
Department of the Environment (Commonwealth)	758,396
Marist College Bendigo	759,112
Monash City Council	774,244
Latrobe University	855,000
Southern Rural Water	880,683
Central Highlands Region Water Authority	938,920
Environment Protection Authority	995,273
Pakenham Racing Club	1,000,000
Yarra Valley Water Ltd	1,074,212
Goulburn-Murray Rural Water Corporation	1,117,652
City of Melbourne	2,400,000
City West Water Ltd	2,599,547
Lower Murray Water	2,607,513
South East Water Ltd	2,768,232
Department of Justice	2,963,929
Department of Economic Development, Jobs, Transport and Resources	3,111,000
Port Phillip and Westernport Catchment Management Authority	3,941,875
Wimmera Catchment Management Authority	5,677,459
North East Catchment Management Authority	5,791,231
Glenelg-Hopkins Catchment Management Authority	6,653,290

Effective Water Management and Supply	\$
West Gippsland Catchment Management Authority	7,202,220
Corangamite Catchment Management Authority	8,563,837
Victorian Environmental Water Holder	9,552,939
East Gippsland Catchment Management Authority	9,936,056
Mallee Catchment Management Authority	12,310,264
North Central Catchment Management Authority	15,044,646
Goulburn Broken Catchment Management Authority	22,029,773
Goulburn-Murray Water Connections Project	23,788,867
Total	166,310,999

Environmental Policy	\$
Other < \$5,000	198,536
Carlsruhe Upper Campaspe Development and Protection Task Force Inc	5,000
Greater Shepparton City Council	5,000
Hindmarsh Shire Council	5,000
Loddon Shire Council	5,000
Mildura Rural City Council	5,000
Mitchell Shire Council	5,000
St Arnaud Field Naturalists	5,130
Hamilton-Coleraine Railway Line Committee	5,145
Carlisle River Community Group	5,190
Australian Forest Growers	5,245
Post Office Hill Action Group	5,360
Axe Creek Landcare Group	5,455
Saint Ignatius College Geelong	5,455
Lions Club of Geelong Breakfast Inc	5,510
Whitehorse City Council	5,558
Lalor Gardens Primary School	5,864

Environmental Policy	\$
Phillip Island Nature Park Board of Management	5,894
Aberfeldie Primary School	5,909
Mount View Primary School	6,236
Solway Primary School	6,536
Donvale Primary School	6,818
Loddon Plains Landcare Network	6,973
Bittern Bushland Preservation Association Inc	7,170
Morwell Park Primary School	7,327
Labertouche Landcare Sustainable Farming Group	7,700
St James Primary School	7,727
Horsham and District Kindergarten Assoc Inc	7,818
Moe Yallourn Railtrail	7,909
Friends of Somers Foreshore Inc	8,000
Mt Alexander Shire Council	8,000
Upper Hopkins Land Management Group	8,160
Billanook Primary School	8,345
Angair Inc	8,353
Warrnambool Coastcare Landcare Group Inc	8,380
Victoria University	8,407
Melton Specialist School	8,491
Surf Coast and Inland Plains Network	8,636
Conservation Ecology Centre	8,745
Frankston Beach Association Inc	8,792
Ferntree Gully North Primary School	8,805
Camperdown-Timboon Rail Trail Management Committee Inc	8,900
Geelong Landcare Network	8,909
Damascus College	9,000
Golden Plains Shire Council	9,000
Wooragee Landcare Group	9,000
Woody Yaloak Catchment Group	9,005
Sherbrooke Community School	9,014

Environmental Policy	\$
Niddrie Primary School	9,064
Moyston Landcare Group Inc	9,073
Gazette Land Action Group	9,075
Banyule City Council	9,091
Belgrave Heights Christian School	9,091
Buxton Primary School	9,091
Castlemaine Steiner School and Kindergarten	9,091
Frankston High School	9,091
Greta Valley Landcare Group	9,091
Kara Kara Conservation Management Network Inc	9,091
Kilsyth Primary School	9,091
Lal Lal Catchment Landcare Group Inc	9,091
Middle Yarra Landcare Network	9,091
Nagle College	9,091
Ringwood Secondary College	9,091
Silvan Primary School	9,091
Tawonga Primary School	9,091
Thornbury Primary School	9,091
Up2Us Landcare Alliance	9,091
Western Melbourne Catchments Network Inc	9,091
Farm Tree and Landcare Association Inc	9,148
Upper Mt Emu Creek Landcare Network	9,450
Lake Lascelles/Coorong Committee of Management	9,455
Broadford Land Management Group Inc	9,500
Australian Network for Plant Conservation Inc	9,623
Golden Point Landcare	9,700
Australian Plants Society Maroondah Inc	9,937
Beulah Landcare Group	9,938
Hopetoun Landcare Group Inc	9,938
Rainbow and District Landcare Group	9,938
Woomelang Lascelles Landcare Group	9,938

Environmental Policy	\$
Tyabb Primary School	9,960
Upper Ovens Valley Landcare Group	9,980
Bellarine Bayside Foreshore Committee of Management Inc	9,986
Batesford Fyansford Stonehaven Landcare Inc	10,000
Friends of Grampians Gariwerd Inc	10,000
Friends of the Royal Botanic Gardens Cranbourne Inc	10,000
Habitat Restoration Fund	10,000
McKenzie's Hill Action and Landcare Group	10,000
Nulla Vale Pyalong West Landcare Group Inc	10,000
Southern Dandenongs Landcare Group	10,000
St Thomas More Primary School	10,000
Tallangatta Rail Trail Advisory Group	10,000
Tylden Landcare Group	10,000
Watson Creek Catchment Group	10,000
West Gippsland Relic Mining and Heritage Protection	10,000
Williamstown High School	10,000
Wodonga to Cudgewa Rail Trail Advisory Committee	10,000
Friends of Cornish Hill Inc	10,758
Friends of Chiltern Park Inc	10,990
Campaspe River and Land Management	11,080
Balcombe Estuary Rehabilitation Group Inc	11,174
Moreland City Council	11,800
Harrietteville Dredge Hole Recreation Reserve	12,000
Stoney Rises Landcare Group	12,565
Bellarine Catchment Network Inc	13,550
Alvie Tree Planters	13,950
Murrindindi Shire Council	14,050
Friends of Dandenong Valley Parklands	14,205
Friends of Westgate Park	14,236

Environmental Policy	\$
Essex Heights Primary School	14,418
East Gippsland Rainforest Conservation Management Network	14,878
City of Boroondara	15,000
Northern Grampians Shire Council	15,000
Cornish Hill Reserve Committee of Management	15,305
Cardinia Environment Coalition Inc	16,312
Friends of Sassafras Creek Inc	17,479
Mount Waverley North Primary School	18,500
Cairnlea Conservation Reserves Committee of Management	18,675
Emu Plains Racecourse and Recreation Reserve Committee of Management	18,850
Wodonga Urban Landcare Network	19,091
Deakin University	19,300
Yarrilinks Inc	19,364
Australian Car Wash Association Ltd	20,000
Glenelg Shire Council	20,000
Rural City of Wangaratta	20,000
Wangaratta Urban Landcare Group	20,273
Yarriambiack Shire Council	21,818
Harston Community Land Care Group	22,031
Yea River Catchment Landcare Group Inc	22,500
Warrnambool Mountain Bike Club Inc	23,000
Monash University	25,000
Regent Honeyeater Project Inc	27,273
Kooloonong Natya Landcare Group	27,449
Woodend and Five Mile Creek Landcare Group	28,400
Maryborough Education Centre	28,995
Horsham Rural City Council	30,377
Department of the Environment (Commonwealth)	31,072
Friends of Leadbeaters Possum Inc	31,582
Merri Creek Management Committee Inc	31,825
Birdlife Australia	32,000

Environmental Policy	\$
Yarrowee Leigh Catchment Group Inc	33,548
Mount Elephant Community Management	34,617
Project Platypus Inc	36,364
Kiewa Catchment Landcare Group Inc	36,428
Harcourt Valley Landcare Group Inc	37,004
Upper Goulburn Landcare Network	38,927
Maroondah City Council	40,000
Ballarat Environment Network Inc	41,040
Syndal South Primary School	44,435
Western Port Catchment Landcare Network	44,596
Powlett Project	44,945
Cardinia Catchment Landcare Inc	45,100
Bass Valley Landcare Group Inc	45,136
French Island Landcare	45,136
Upper Murray Landcare Network	45,259
Phillip Island Landcare Group	45,364
Brentwood Secondary College	45,450
Blampied-Kooroocheang Landcare Group	45,455
Mount Waverley Secondary College	45,455
St Louis De Montforts Primary School	45,455
St Paul's Anglican Grammar School	45,455
Honeysuckle Recreation Environment Project	46,273
Frankston Nature Conservation Reserve Committee of Management Inc	49,548
Rutherglen Park and Recreation Reserve Committee of Management	49,905
Wedderburn Conservation Management Network	49,950
Hepburn Shire Council	50,000
Hume City Council	50,000
Moorabool Landcare Network	50,000
Southern Grampians Shire Council	50,000
Tarrangower Cactus Control Group	50,000
Royal Botanic Gardens Board	51,000

Environmental Policy	\$
Bellarine Landcare Group Inc	51,285
VFF Farm Tree and Landcare Association Inc	53,000
Warby Range Landcare Group	54,382
Moorabool Catchment Landcare Group	54,545
Rutherglen Landcare Group	54,755
Knox City Council	55,000
Australasian Native Orchid Society (VIC Group) Inc	57,456
Huoncare Landcare Incorporated	59,843
City of Casey	60,000
City of Port Phillip	60,000
Longwood Plains Conservation Management Network Inc	60,000
Mt Rothwell Landcare Volunteers Inc	60,000
Darebin City Council	65,000
West Gippsland Catchment Management Authority	73,774
Euroa Arboretum Inc	73,900
Central Goldfields Shire Council	75,000
East Gippsland Landcare Network Inc	75,000
Upper Barwon Landcare Network Inc	75,000
Moira Shire Council	80,000
Newham and District Landcare Group	81,000
Wyndham City Council	82,000
Greening Australia - Victoria	84,000
Bass Coast Landcare Network Inc	87,000
South Gippsland Shire Council	87,750
Parklands Albury Wodonga	91,591
Landcare Laharum	92,000
Indigo Shire Council	94,091
Alpine Shire Council	95,000
Nature Glenelg Trust	103,591
Lismore Land Protection Group	104,200
Mornington Peninsula Shire Council	110,000
Corangamite Catchment Management Authority	114,037
Southern Otway Landcare Network Inc	118,662

Environmental Policy	\$
City of Whittlesea	125,000
Euroa Environment Group Inc	125,000
Zoological Parks and Gardens Board	126,000
Grampians Central West Waste and Resource Recovery Group	130,000
Loddon Mallee Waste and Resource Recovery Group	130,000
Barwon South West Waste and Resource Recovery Group	135,000
Latrobe Catchment Landcare Network	150,000
West Wimmera Shire Council	150,000
University of Melbourne	157,764
City of Melbourne	165,000
Melbourne Water	170,064
East Gippsland Shire Council	175,000
Conservation Volunteers Australia	186,377
Friends of Merri Creek Inc	191,341
Cardinia Shire Council	194,911
Connecting Country (Mt Alexander Region) Inc	195,227
Goulburn Valley Waste and Resource Recovery Group	201,000
North East Waste and Resource Recovery Group	201,000
Trust for Nature Victoria	215,121
Yarram Yarram Landcare Network	219,191
Gippsland Waste and Resource Recovery Group	236,000
City of Greater Geelong	272,420
Nillumbik Shire Council	277,665
South Gippsland Landcare Network Inc	323,136
Commissioner for the Environment	345,457
Colac Otway Shire	420,000
Goulburn Broken Catchment Management Authority	621,845
National Association of Charitable Recycling Organisations Inc	650,000
Mallee Catchment Management Authority	929,252

Environmental Policy	\$
Parks Victoria	1,078,558
Wimmera Catchment Management Authority	1,161,476
North Central Catchment Management Authority	2,059,589
Environment Protection Authority	2,455,482
Metropolitan Waste Management Group	2,676,364
Sustainability Victoria	3,727,273
Total	26,326,999

Environmental Programs	\$
Other < \$5,000	159,410
Port Fairy Consolidated School	5,376
Maffra Secondary College	5,488
Calmo Farms	5,682
Brimbank City Council	5,700
Rotary Club of Nhill Inc	5,739
Arrabri Community House Inc	6,206
Myrtleford P-12 College	6,400
David K Morris	6,550
Ballarat Sebastopol Cycling Club	6,560
Wetlands Environmental Taskforce Public Fund	6,625
C J Lewis and S E Lewis	7,016
Upper Beaconsfield Community Centre Inc	7,365
Mitchell Shire Council	7,500
Sharkey Farming Trust	7,500
Morison Alden Superannuation Pty Ltd	8,200
Newham Primary School	8,752
Field Naturalists Club of Ballarat	8,760
Beulah Community Garden Group	8,800
Willera Ag Pty Ltd	9,241
Flynn Peter J and Brenda V	9,374
Knox City Council	10,000
Mid Loddon Sub-Catchment Management Group	10,223

Environmental Programs	\$
Dickins JS and A	10,350
Greenhill Social Club Inc	10,452
Golden Point Landcare	10,690
Narrawong District Primary School	10,760
Friends of the Kooyoorra State Park	11,024
Warrnambool City Council	11,754
Ian Fraser	12,006
JC and NT Smith	13,000
Mandurang Strathfieldsaye Landcare Network	13,425
GJ Mcnaughton Pastoral Co	13,468
Kirby Tania	13,670
Jeroen and Margaret Van Veen	13,863
Stephen Watson	14,024
Woodvale Recreation Reserve Committee of Management	14,280
Bland Dairies	14,300
Stonnington City Council	14,409
Walkerville Foreshore Committee of Management	14,769
Merri Creek Management Committee Inc	15,000
Wildlife Victoria	15,000
JA Michelson and RJ Michelson	16,000
Kevin Heinze Garden Centre Inc	16,000
O'Brien MJ and SK	16,250
Sedgwick Public Hall Recreation and Conservation Reserves Committee	16,352
Active Seeds	17,300
Syer Stephen and Woodward Elisabeth	17,885
David K Hung	18,245
Friends of Dandenong Valley Parklands	18,268
AJ and KJ Rowe Pty Ltd	18,686
VicSuper Ecosystems Services Pty Ltd	19,028
City West Water Ltd	19,467
Marlborough Primary School	19,526
Cleaveland Park Pty Ltd	20,123

Environmental Programs	\$
D J and M A Trigg	20,560
David J Peddie	21,217
Yarram Recreation Reserve Inc	23,272
K and K Hooke	23,300
Frayne College	23,469
Merricks Beach Foreshore Committee of Management	24,235
Perri Joseph	24,914
Brandon Park Primary School	24,992
K and RJ Matthews Quarries Pty Ltd	25,000
D J Baker-Gabb and J C Fitzherbert	25,125
The Scout Association of Australia Victorian Branch	26,264
Great Western Recreation Reserve Committee of Management Inc	27,388
Somerville Secondary College	27,544
Koetong Landcare Group	27,965
Apex Club of Bairnsdale Inc	28,000
Lancefield Park Recreation Reserves Inc	28,240
Warrnambool Community Garden Inc	28,585
Upper Hopkins Land Management Group	29,803
Woody Yaloak Catchment Group	31,103
Kaniva District Landcare	31,763
Southern Otway Landcare Network Inc	33,563
Gonzaga Reserve Committee of Management	33,600
Snowy River Interstate Landcare Committee	33,705
Western Melbourne Catchments Network Inc	33,750
Buloke and Northern Grampians Landcare Network	34,172
Indigo Shire Council	35,144
Zoological Parks and Gardens Board	35,684
Mornington Peninsula Shire Council	35,850
Kara Kara Conservation Management Network Inc	36,065

Environmental Programs	\$
Euroa Arboretum Inc	36,320
Rowen Park Committee of Management	36,500
Habitat Restoration Fund	36,820
Pannyabyr Landcare Group	37,159
Basalt to Bay Landcare Network	37,323
Upper Deep Creek Landcare Network	37,425
Bass Coast Landcare Network Inc	37,500
Bellarine Landcare Group Inc	37,500
Beyond Bolac Cag	37,500
Blampied-Kooroocheang Landcare Group	37,500
Connecting Country (Mt Alexander Region) Inc	37,500
Far East Victoria Landcare Inc	37,500
Geelong Landcare Network	37,500
Hamilton to Coleraine Railway Line Landcare Group	37,500
Heytesbury District Landcare Network	37,500
Hindmarsh Landcare Network	37,500
Horsham Rural City Council	37,500
Hughes Creek Catchment Collaborative	37,500
Kiewa Catchment Landcare Group Inc	37,500
Kowree Farm Tree Group Inc	37,500
Lexton Landcare Group Inc	37,500
Lismore Land Protection Group	37,500
Loddon Plains Landcare Network	37,500
Mid Ovens Landcare Consortium	37,500
Mitta Valley Landcare Group Inc	37,500
Murrayville Landcare Group	37,500
Nillumbik Shire Council	37,500
Ovens Landcare Network	37,500
Pentland Hills Landcare Group Inc	37,500
Southern Dandenongs Landcare Group	37,500
Southwest Goulburn Landcare Inc	37,500
Surf Coast and Inland Plains Network	37,500
Tarragal Landcare Group	37,500

Environmental Programs	\$
Upper Campaspe Combined Landcare Groups	37,500
Upper Mt Emu Creek Landcare Network	37,500
Yarrilinks Inc	37,500
Hamilton to Coleraine Railway Line Committee	37,780
Friends of the Helmeted Honeyeater Inc	38,750
Friends of Willow Park	39,410
City of Greater Bendigo	39,540
Wandobah Pastoral Co Pty Ltd	39,565
Bethanga Recreation Reserve Committee of Management	39,856
Friends of Kevin Hoffman Walk Inc	39,903
DW and SR McGillivray	39,940
Parklands Albury Wodonga	40,000
Sussex Heights Primary School	40,000
Yarragon Primary School	40,000
Upper Murray Landcare Network	40,680
Robert Swinburn	42,364
Vegetation Link Pty Ltd	44,000
RL and SN Gundry	45,000
Terricks Rural Investments Unit Trust	45,000
Yarrowee Leigh Catchment Group Inc	46,511
Commissioner for the Environment	47,853
Landcare Australia Ltd	50,000
James Patrick Fowler	50,539
Cardinia Environment Coalition Inc	51,696
Phillip Island Nature Park Board of Management	51,700
Latrobe City Council	53,925
Sharp Transport	57,851
J Alden and PJ Morison	60,635
Woods MD and SM	67,193
Harvey Spring Creek	69,703
Department of Economic Development, Jobs, Transport and Resources	72,107

Environmental Programs	\$
Grant Flynn	72,791
Michelle Eustice	73,004
Conservation Volunteers Australia	73,189
Garryowen Banool Pty Ltd	73,200
Wodonga Urban Landcare Network	74,031
G and J Wallis	78,150
Dunkeld Pastoral Co Pty Ltd	78,792
East Gippsland Landcare Network Inc	112,500
Greenhouse Balanced	122,658
Corrections Victoria	175,000
Fechner BA and SJ	181,381
Goulburn Murray Landcare Network Inc	187,500
East Gippsland Catchment Management Authority	278,000
VicForests	286,481
Nargundy Pty Ltd	289,680
Mount Rothwell Biodiversity Pty Ltd	296,002
Wimmera Catchment Management Authority	326,000
Glenelg-Hopkins Catchment Management Authority	346,000
North Central Catchment Management Authority	346,000
Port Phillip and Westernport Catchment Management Authority	346,000
Corangamite Catchment Management Authority	383,500
Glen Goulburn	497,891
North East Catchment Management Authority	507,000
West Gippsland Catchment Management Authority	509,371
Mallee Catchment Management Authority	516,000
Parks Victoria	683,420
Trust for Nature Victoria	693,301
Goulburn Broken Catchment Management Authority	936,000
Total	12,857,000

Fire and Emergency Management	\$
Other < \$5,000	825,481
Federation University Australia	5,000
Forrest Public Hall Inc	5,000
University of Tasmania	70,000
West Gippsland Catchment Management Authority	80,895
Commissioner for the Environment	189,637
East Gippsland Catchment Management Authority	268,255
Metropolitan Waste Management Group	300,000
Department of Justice	386,961
Bushfire and Natural Hazards CRC Ltd	560,000
Environment Protection Authority	2,157,445
University of Melbourne	2,856,913
Parks Victoria	13,934,413
Total ¹	21,640,000

Land Vic ¹	\$
Other < \$5,000	1,000
Total ¹	1,000

Local Government ¹	\$
Rotary Club of Whittlesea	5,000
Casey City Council	10,000
Oakgrove Community Centre	11,979
Djerriwarrh Health Services	30,000
Colac Otway Shire	33,591
Whittlesea City Council	40,000
Nillumbik Shire Council	44,022
Corangamite Shire Council	48,748
Hindmarsh Shire Council	50,000
Loddon Shire Council	50,000
Maribyrnong City Council	50,000
Moir Shire Council	50,000
West Wimmera Shire Council	50,000
City of Casey	60,000
Warrnambool City Council	66,597

Local Government ¹	\$
Bass Coast Shire Council	75,265
Baw Baw Shire Council	95,576
South Gippsland Shire Council	101,570
City of Greater Bendigo	109,510
Moyne Shire Council	110,000
Alpine Shire Council	120,000
Mount Alexander Shire Council	145,831
Golden Plains Shire Council	157,865
Towong Shire Council	166,101
Greater Shepparton City Council	167,826
Northern Grampians Shire Council	170,000
Ararat Rural City Council	176,102
City of Greater Geelong	178,000
Macedon Ranges Shire Council	217,944
Murrindindi Shire Council	237,170
Gannawarra Shire Council	237,601
Maroondah City Council	240,000
Swan Hill Rural City Council	245,167
Surf Coast Shire	282,440
Rural City of Wangaratta	283,796
Central Goldfields Shire Council	302,697
Pyrenees Shire Council	314,659
Buloke Shire Council	329,367
Benalla Rural City Council	330,872
Mansfield Shire Council	334,877
Indigo Shire Council	340,745
Southern Grampians Shire Council	343,122
Strathbogie Shire Council	348,949
Glenelg Shire Council	350,205
Mitchell Shire Council	371,723
Cardinia Shire Council	386,098
Campaspe Shire Council	389,748
Shire of Yarra Ranges	393,458
City of Wodonga	407,241
Horsham Rural City Council	489,000
East Gippsland Shire Council	496,769

Local Government ¹	\$
Moorabool Shire Council	513,081
Wellington Shire Council	516,954
Mildura Rural City Council	547,871
Hobsons Bay City Council	573,585
City of Whittlesea	581,339
City of Maribyrnong	601,840
Bayside City Council	619,300
High Country Library Corporation	619,374
Wimmera Regional Library Service	638,018
Stonnington City Council	648,625
City of Port Phillip	691,154
City of Ballarat	711,395
Moonee Valley City Council	722,665
Hepburn Shire Council	745,143
Goulburn Valley Regional Library Corporation	785,349
West Gippsland Regional Library Corporation	802,172
Corangamite Regional Library Corporation	816,192
City of Yarra	844,007
Glen Eira City Council	872,892
City of Kingston	948,080
City of Greater Dandenong	959,201
Frankston City Council	1,019,826
City of Boroondara	1,033,555
City of Melbourne	1,048,541
Mornington Peninsula Shire Council	1,056,102
Moreland City Council	1,060,741
Monash City Council	1,110,534
Wyndham City Council	1,223,665
North Central Goldfields Regional Library Corporation	1,267,374
Darebin City Council	1,280,502
Latrobe City Council	1,330,692
City of Melton	1,366,364
Hume City Council	1,522,708

Local Government ¹	\$
Vision Australia Ltd	1,610,836
Whitehorse Manningham Regional Library Corporation	1,721,062
Geelong Regional Library Service	1,821,692
Brimbank City Council	1,894,144
Casey-Cardinia Library Corporation	2,241,836
Yarra Plenty Regional Library Service	2,322,605
Eastern Regional Libraries Corporation	2,554,586
Total ¹	53,292,833

Management of Forests, Parks and Public Land	\$
Other < \$5,000	371,790
Animalia Wildlife Shelter Inc	5,000
Corryong Recreation Reserve Inc	5,000
Southern Otway Landcare Network Inc	5,500
Far East Victoria Landcare Inc	5,750
Wandiligong Preservation Society Inc	5,896
Tooleen Recreation Reserve	5,905
Johnsonville Public Hall Committee of Management	6,000
Port Franklin Public Purposes and Foreshore Committee	6,000
Dromana Foreshore Committee of Management Inc	6,505
Friends of Williamstown Wetlands	6,525
Capel Sound Foreshores Committee of Management Inc	6,725
Ocean Grove Coastcare	6,760
Phillip Island Conservation Society	6,800
Balcombe Estuary Rehabilitation Group Inc	6,830
Narrawong District Association Inc	6,995
Phillip Island Landcare Group	7,000
Torquay Coast Action Group	7,000
Beazleys Bridge Hall and Recreation Reserve Committee	7,260
Granya Hall	7,300
Ensay Recreation Reserve Inc	7,708

Management of Forests, Parks and Public Land	\$
Merricks Beach Foreshore Committee of Management	7,945
Alpine Shire Council	7,975
Whitecliffs to Camerons Bight Foreshore Reserve Committee	8,878
Dargo Public Hall and Recreation Reserve Inc	9,300
Jan Juc Coast Action Group	9,350
Swifts Creek Recreation Reserve	9,500
Surfers Appreciating Natural Environment	9,885
Halls Gap Caravan Park and Recreation Reserve Committee of Management	10,000
East Gippsland Rainforest Conservation Management Network	10,500
Friendship House Committee of Management	10,530
Lower Tambo Landcare Group Inc	10,580
Making A Difference (MAD) for the Merri Inc	11,372
Lake Tyers Coast Action Inc	11,500
City of Greater Geelong	11,925
Romsey Mechanics Institute	12,000
South Gippsland Shire Council	12,000
Borough of Queenscliffe	12,372
Hepburn Shire Council	13,000
Tarnagulla Public Hall Committee of Management	13,000
Campaspe Park Management Committee	13,467
Central Highlands Region Water Authority	13,530
Friends of Beware Reef Inc	13,615
Harmers Haven Residents and Ratepayers Group	14,000
IRRA/SGCS - Projects Committee	14,560
Wyndham City Council	15,000
Barwon Coast Committee of Management	18,554

Management of Forests, Parks and Public Land	\$
Balnarring Foreshore Parks and Reserves	18,568
Blackwood Crown Reserves Committee of Management	18,573
Nature Glenelg Trust	19,500
3 Creeks Landcare Network Inc	20,000
Federation of Victorian Traditional Owner Corporations	20,000
Narrawong Camping and Recreation Reserve Corporation	20,000
Western Port Seagrass Partnership Ltd	20,000
Winton Wetlands Committee of Management Inc	20,400
Gunbower Camping and Recreation Reserve Committee of Management	21,000
Lake Bolac Foreshore Committee Inc	22,055
City of Greater Bendigo	26,429
Gippsland Ports Committee of Management	30,000
Crib Point Stony Point Foreshore Committee of Management Inc	31,500
Warrnambool City Council	33,981
Otway Coast Committee	35,497
Gippsland Plains Conservation Management Network	35,660
Outdoors Victoria	40,000
Bass Coast Shire Council	45,872
Gippsland Plains Rail Trail Committee of Management	49,100
Cardinia Shire Council	50,000
City of Casey	50,000
Frankston City Council	56,813
Seaspray Reserves Committee of Management Inc	57,200
Great Southern Rail Trail (Leongatha-Yarram Rail) Committee of Management	60,000
San Remo Foreshore Reserve Committee of Management	63,000

Management of Forests, Parks and Public Land	\$
Bellarine Bayside Foreshore Committee of Management Inc	64,003
Phillip Island Nature Park Board of Management	64,237
Moyne Shire Council	80,500
Dja Dja Wurrung Clans Aboriginal Corporation	88,122
Falls Creek Alpine Resort Management Board	95,000
Towong Shire Council	96,540
Gippsdown Heritage Park	98,636
Yorta Yorta Nation Aboriginal Corporation	100,944
Great Ocean Road Coast Committee of Management	103,010
Parklands Albury Wodonga	108,497
Environment Protection Authority	131,884
Nillumbik Shire Council	137,200
Native Title Services Victoria Ltd	139,002
Bayside City Council	142,948
Hobsons Bay City Council	204,930
National Trust of Australia (Vic)	241,779
Mornington Peninsula Shire Council	246,225
City of Port Phillip	246,716
Macedon Ranges Shire Council	250,000
Four Wheel Drive Victoria	253,000
Barengi Gadjin Land Council	263,000
Commissioner for the Environment	265,005
Melbourne Water	300,000
Gunaikurnai Land and Waters Aboriginal Corporation	407,037
Seaspray Surf Life Saving Club Inc	409,091
Department of Economic Development, Jobs, Transport and Resources	500,000
Department of Transport, Planning and Local Infrastructure	870,000
Gunaikurnai Traditional Owner Land Management Board	892,963

Management of Forests, Parks and Public Land	\$
Shrine of Remembrance	914,000
Frankston Nature Conservation Reserve Committee of Management Inc	1,645,279
Lake Mountain Alpine Resort Management Board	2,740,400
University of Melbourne	2,744,095
Mt Baw Baw Resort Management Board	4,027,304
Royal Botanic Gardens Board	14,536,099
Zoological Parks and Gardens Board	18,817,429
Parks Victoria	136,536,392
Total	190,430,999

Planning, Building and Heritage	\$
Other < \$5,000	37,988
Mornington Peninsula Shire Council	15,000
Shire of Yarra Ranges	15,000
University of Melbourne	50,000
Horsham City Council	55,000
Manningham City Council	200,000
City of Wodonga	250,000
Department of State Development, Business and Innovation	310,571
Municipal Association of Victoria	334,000
Places Victoria	397,000
City of Greater Geelong	500,000
Heritage Council Victoria	500,000
Moyne Shire Council	500,000
Wellington Shire Council	500,000
Frankston City Council	510,000
Metropolitan Planning Authority	11,402,928
Total	15,577,507
Grand Total	486,437,337

Note:

¹ Table changed to correct an error in the printed report.

Appendix 5: Environmental contributions

Under the *Water Industry Act 1994*, water authorities are required to make an environmental contribution to fund initiatives that promote the sustainable management of water or address adverse water-related environmental impacts, equivalent to 5 per cent of urban authorities' revenues and 2 per cent of rural water authorities' revenues. In June 2012 the former Victorian Government established a third tranche of the environmental contribution, which commenced on 1 July 2012 and will cease on 30 June 2016. This tranche is expected to collect around \$405.3 million over the four years to fund initiatives consistent with the purposes set out in legislation.

Section 195 of the Act requires the department to report on the details of expenditure funded by environmental contributions from water supply authorities in its annual report. The table below displays expenditure funded by environmental contributions in 2014-15. Further information on the Environmental Contribution, including project descriptions and progress reports on each of these initiatives is available on the DELWP website.

Program title	2014-15 Expenditure \$'000
Output funding	
Living Melbourne, Living Victoria	2,260.6
Breathing life back into the Yarrowee River	500.0
Management of environmental entitlements and onground delivery	10,886.2
Maintaining capability in groundwater management	603.3
Securing Priority Waterways: Regional on-ground works	16,671.9
Demonstrating waterway health outcomes	2,139.9
Surface water monitoring and data management	2,784.8
Groundwater monitoring of the State Observation Bore Network	2,113.3
Improving modelling for water resource management and transitioning to the National Hydrologic Platform	1,172.1
Managing risks to water availability	637.1
Water user entitlement refinement and market development	736.8
Enhancing the Victorian Water Register	1,672.2
Integrated water analysis and reporting	517.1
Simplifying the Bulk Water Entitlements Framework	247.2
Improved integrity in water savings assessment and management	186.0
Water Law Review	434.2
Coordination of Murray-Darling Basin Plan activities within the department	646.7
Linking Farms and Catchments to Modernisation II (Whole Farm Planning in the GMID)	994.6
G-MW Connections project management - ensuring governance and accountability	789.9
Floods resilient communities and catchments	750.7
Basin Plan modelling	780.7
Living Victoria	7,401.5

Program title	2014-15 Expenditure \$'000
Macalister Irrigation District 2030	182.5
Implementing the Government's commitments to flood inquiries	2,486.6
Implementing environmental water charges	3,755.0
Rural water management	1,828.9
Sustainable Irrigated Agriculture Program	4,371.1
Catchment Management Authority water statutory functions	6,801.0
Total output funding	74,351.9
Asset funding	
Macalister Irrigation District 2030	7,512.00
Groundwater bores	1,251.65
Total asset funding	8,763.6

Appendix 6: Ministerial Statements of Expectations

Ministerial Statements of Expectations 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.

Departmental regulators

In relation to Ministerial Statements of Expectations, DELWP has two broad areas of regulatory responsibility – Planning; and land, fire and environment. Regulatory powers and functions are allocated to the Minister for Planning; the Minister for Environment, Climate Change and Water; and the Secretary of DELWP, and in many cases these powers are delegated. The Ministerial Statements of Expectations for these regulatory activities are issued to the Secretary.

Land, fire and environment

In June 2014, the then Minister for Environment and Climate Change wrote to the former Department of Environment and Primary Industries (DEPI), providing a Statement of Expectations for the regulation of land, fire and environment business 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
- Stakeholder consultation and engagement
- Clear and consistent regulatory activities
- Risk-based strategies
- Accountability and transparency.

Machinery of Government impacts

On 1 January 2015, Machinery of Government changes were implemented by the Victorian Government, which transferred the Environment and Climate Change portfolio from the former DEPI to the new Department of Environment, Land, Water and Planning (DELWP). The ongoing responsibility for implementing Ministerial Statement of Expectation improvement strategies identified by the former DEPI in relation to Land, Fire and Environment now resides with DELWP. The wording for all ministerial expectations and associated improvement strategies has been updated to apply to DELWP.

Progress for each commitment and the associated improvement strategies are presented below.

Regulatory principles

In the correspondence between the department and the Minister for Environment and Climate Change, a set of six regulatory principles was agreed to guide regulatory staff in their interactions with the public.

Principle	What stakeholders can expect
Helpful	I can expect to receive appropriate and timely information, advice and assistance to help me understand and meet my compliance obligations
Respectful	I can expect to be professionally and respectfully treated by DELWP compliance staff at all times
Proportionate	I can expect my compliance experience to match the relative risk, impact and intent of my behaviour
Predictable	I can expect to be able to anticipate my compliance experience based on my behaviour and to be treated the same as any other regulated individual or organisation for equivalent circumstances
Clear	I can expect to receive a clear explanation of a compliance decision
Transparent	I can expect to easily understand the way in which DELWP regulates both industry and community members

Regulatory principles - Land, Fire and Environment improvement strategy

Relevant LFE areas	Improvement strategy	Targets
All 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	Participate in preparing the standard, collect and report on baseline data by 1 July 2015 and subsequent year's data by 1 July 2016

2014-15 progress

Prior to the Machinery of Government changes, regulators had participated in discussions on how to develop a standard for measuring the department's performance in delivering against these principles. It was decided that the most direct and suitable measure would be an annual stakeholder survey. Some preliminary work was undertaken in terms of identifying the appropriate stakeholders to potentially include in the survey and the mechanics of undertaking such a survey. There were synergies for managing stakeholder surveys in the department as it was delivering multiple services to some of the same stakeholder clients. Following the Machinery of Government changes, the task was put on hold.

However, individual regulators have undertaken some work on these principles for their regulatory areas, as outlined below.

Tour operators: Parks Victoria manages and administers the majority of tour operator licences in national parks and various other parks and reserves under its management. Parks Victoria also administers the tour operator licence system on behalf of DELWP for licensed commercial tours and activities which occur on unreserved Crown land (including waters) and state forests. Parks Victoria collected baseline data on their performance in June 2015. This data will provide the basis for future performance measurement.

Beekeeping: DELWP administers the allocation of bee licenses on public land including Crown land, forests and parks, in consultation with land managers. Baseline data on performance has been collected from July 2014 to June 2015 which will contribute to performance measurement for 2016.

Role clarity - Land, Fire and Environment improvement strategies

Relevant LFE areas	Improvement strategies	Targets
Native vegetation, Tour operators, Wildlife	Regulatory areas will develop policy establishing a clear chain of accountability between all parties involved in the regulatory regime	Updated policy documents by 1 July 2015
Beekeeping, Native vegetation, Timber harvesting	Regulatory areas to review existing compliance monitoring and assurance regimes to ensure that regulatory objectives are being met	Complete reviews by 1 July 2016

2014-15 progress

Tour operators: A role clarity document between DELWP and Parks Victoria has been drafted and is expected to be finalised before the end of 2015.

Native vegetation: The Victorian Government announced, in its November 2014 election commitments, a review of the current native vegetation permitted clearing regulations. This review has commenced and the terms of reference include examination of compliance activities and system stewardship. The review will be complete in September 2016 and it was considered appropriate to complete this action through the review.

Stakeholder consultation and engagement - Land, Fire and Environment improvement strategy

Relevant LFE areas	Improvement strategy	Target
Beekeeping, Wildlife	Strengthen stakeholder relationships with the development of a stakeholder consultation and engagement plan	Complete plans by 1 July 2016

2014-15 progress

Beekeeping: Work has commenced on the beekeeping stakeholder consultation and engagement plan and it is expected that the July 2016 deadline will be achieved.

Clear and consistent regulatory activities - Land, Fire and Environment improvement strategy

Relevant LFE areas	Improvement strategy	Target
Timber harvesting	Streamline and align the various regulations that the timber industry is required to comply with to provide a more linear framework that improves clarity and efficiency	Publish revised <i>Code of Practice for Timber Production</i> as per improvement strategy, supported by a single consolidated set of operational prescriptions by 30 December 2014

2014-15 progress

Timber harvesting: Completed - A new streamlined *Code of Practice for Timber Production 2014* was published by the department in October 2014.

Risk-based strategies - Land, Fire and Environment improvement strategies

Relevant LFE areas	Improvement strategy	Targets
All LFE regulatory areas	LFE Group will develop Compliance Strategies, which should include risk-based approaches	Complete Strategies by 1 July 2015
	Regional Services Group will develop, use and report against Regional Compliance Plans, reflecting priorities identified in the Compliance Strategies	Complete Plans and start reporting against them by 1 July 2015

2014-15 progress

Timber harvesting: Completed - An internal compliance strategy was established by the department for timber harvesting on public land in April 2015. A public “statement of approach” to document the department’s compliance approach is also in preparation and is expected to be published in 2015. The timber harvesting compliance strategy was used to establish a new risk-based approach for the department’s forest audit program in 2015 which will review VicForests’ compliance against key regulatory priorities. The audit reports are expected in 2016.

Tour operators: Tour Operator Licence Compliance Strategy was developed and approved in March 2015. The focus from 2015–16 is on working with Regional Services to address the high risk compliance priorities as identified in the strategy.

Native vegetation: Development of a compliance and enforcement strategy for the native vegetation permitted clearing regulations commenced in 2014–15 in collaboration with local government. The completion of the strategy is incorporated into the review of the current native vegetation permitted clearing regulations. The review announced by the Victorian Government as part of its election commitment in order to ensure the regulations sensibly protect sensitive native vegetation. The review is expected to be completed by September 2016.

Accountability and transparency - Land, Fire and Environment improvement strategy

Relevant LFE areas	Improvement strategy	Target
All LFE regulatory areas	Publicly report on all SOE regulatory activities in the department’s annual report	Commence annual reporting by 1 July 2015

2014-15 progress

This report fulfills the accountability and transparency requirement.

Planning

In October 2014, the then Minister for Planning wrote to Heritage Victoria and Heritage Council of Victoria, providing a SOE 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 was identified for performance improvements, they are:

- Role clarity between Heritage Victoria and Heritage Council
- Clear and consistent regulatory activities and strengthen risk based strategies
- Accountability and transparency
- Compliance related assistance and advice.

Heritage Victoria and the Heritage Council have progressed well against the performance measures outlined in the SOE.

2014-15 progress

SOE performance measures	Performance activity	2014-15 Progress	Status
Heritage Victoria and the Heritage Council of Victoria will agree protocols, procedures and standards of operating	Enter into a Memorandum of Understanding (MOU) by October 2014. The MOU will set out agreed protocols, procedures and standards of operating	A review of the <i>Heritage Act 1995</i> is currently underway. The proposed changes to the Act will strengthen the autonomy of the Heritage Council and provide greater clarity about the roles of both Heritage Victoria and the Heritage Council. In light of the Act review, it is not proposed to proceed with a Memorandum of Understanding at this time	To be achieved through amendments to the Heritage Act rather than a MOU – no longer required
Review opportunities to streamline statutory processes	Review opportunities to streamline statutory processes based on risk assessment, to reduce 'red tape' for applicants and stakeholders	The review of the Heritage Act will modernise the legislation and improve statutory processes. Consultation is currently underway to identify opportunities for streamlining of processes and greater alignment with the Victorian Planning and Environment Act 1987. Consultation will conclude in August 2015 and approval in principle will be sought from Cabinet in October 2015	Progressing
Heritage Victoria and the Heritage Council of Victoria will improve the presentation and quality of heritage data to facilitate sharing with stakeholders	Improve the presentation and quality of heritage data to facilitate sharing with stakeholders through the redevelopment of the Victorian Heritage Database by December 2014	Development of the Victorian Heritage Database completed in December 2014. The database was launched by the Minister for Planning in April 2015	Completed
Review and revise permit conditions using plain English by February 2015	Heritage Victoria and the Heritage Council of Victoria will ensure advice given is clear and concise	Work has commenced but not yet completed. It is anticipated that the consultation associated with the Heritage Act review will confirm requirements for standard permit conditions and other types of standardised advice	Progressing

Appendix 7: Acronyms

AAS	Australian Accounting Standards	OHS	Occupational Health and Safety
AIIMS	Australasian Inter-service Incident Management System	PFF	Project Firefighter
APU	Accredited Purchasing Unit	PPP	Public Private Partnership
ARI	Arthur Rylah Institute for Environmental Research	PV	Parks Victoria
CFA	Country Fire Authority	SCC	State Coordination Centre
CMA	Catchment Management Authority	SES	State Emergency Service
DEDJTR	Department of Economic Development, Jobs, Transport and Resources	SGV	Surveyor-General Victoria
DEPI	Department of Environment and Primary Industries	SOE	Ministerial Statement of Expectation
DELWP	Department of Environment, Land, Water and Planning	SV	Sustainability Victoria
DPC	Department of Premier and Cabinet	VBRC	Victorian Bushfires Royal Commission
DPCD	Department of Planning and Community Development	VCAT	Victorian Civil and Administrative Tribunal
DSDBI	Department of State Development, Business and Innovation	VG	Valuer-General Victoria
DTF	Department of Treasury and Finance	VGPB	Victorian Government Purchasing Board
DTPLI	Department of Transport, Planning and Local Infrastructure	VIPP	Victorian Industry Participation Policy
EMS	Environmental Management System	VPS	Victorian Public Service
EO	Executive Officer	Units of measure	
EPA	Environment Protection Authority	L	Litre
EWR	Environmental Water Reserve	G	Gigalitre
FMCF	Financial Management Compliance Framework	MJ	Megajoules
FOI	Freedom of Information	ML	Megalitre
FMA	Financial Management Act 1994	Ha	Hectare
FRD	Financial Reporting Direction		
FTE	Full-Time Equivalent		
IPAA	Institute of Public Administration Australia		
ISO	International Organisation for Standardisation		
MFB	Metropolitan Fire Brigade		
MW	Melbourne Water		
MoG	Machinery of Government		
N/A	Not Applicable		
NEO	Networked Emergency Organisation		

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