

# Annual Report 2016



The Department of Environment, Land, Water and Planning acknowledges Victoria's Aboriginal communities and pays respect to their Elders both past and present. DELWP acknowledges the richness of Aboriginal cultures in Victoria and their connection to country.

## 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 2016.

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

**Adam Fennessy**

Secretary  
Department of Environment, Land, Water and Planning  
22 September 2016

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## Secretary's message



The purpose of the Department of Environment, Land, Water and Planning (DELWP) is to support liveable, inclusive and sustainable communities and thriving natural environments throughout Victoria.

The department's creation on 1 January 2015 provided a foundation on which to make a positive and lasting impact for Victorian communities. Since then, we have made progress in developing a unique identity, improving organisational culture and embedding our values of Teamwork, Service Excellence, Ownership, and Wellbeing and Safety.

A key focus for DELWP is putting the community at the centre of our work. The expectations of Victorian communities are clear: you are looking for a partner in DELWP that is responsive to your needs, can bring stakeholders together, is integrated and easy to navigate and that can support and empower people to achieve shared outcomes. In response, our community charter makes a promise to Victorians that we will be available and easy to contact, we will speak clearly and honestly, actively listen and seek to understand, and that we will be timely and consistent in taking action.

The community charter is consistent with the recommendations of the November 2015 independent investigation into the Lancefield-Cobaw Fire, which followed a DELWP planned burn that breached containment lines. DELWP deeply regrets what occurred at Lancefield, Cobaw, Benloch and surrounds, and is committed to working together with the community and our partners to reduce the risk of bushfire to protect people, property and the environment. We will ensure our land and fire management actions are community focused and driven by local decision making.

The Lorne-Jamieson Track (Wye River – Jamieson Track) fires, which occurred during the Christmas period, and were started by lightning strikes, reinforced how devastating bushfire can be and how vital our role is in helping to protect communities.

Reflecting our approach to creating a high-performing organisation aligned to the needs and expectations of communities, we have launched our digital online hub, *HaveYourSay at DELWP* to enable us to collaborate with the community on shared solutions. These have included: *Protecting Victoria's Environment - Biodiversity 2036*; the draft *Water for Victoria* discussion paper; *Our Catchments, Our Communities*; and the reform of the *Local Government Act 1989*.

The DELWP Annual Report records the achievements and initiatives across the Environment and Climate Change, Water, Planning, Suburban Development and Local Government portfolios in 2015-16. From 2016-17, following a Machinery of Government change, DELWP will also include the Energy portfolio. We welcome this change and the opportunities and benefits this brings to DELWP's approach to climate change action, and our work across the environment, planning, water and local government portfolios.

We are committed to reflecting the communities we serve through a diverse, inclusive and gender equitable workforce, where our people are empowered to work flexibly and encouraged to think innovatively. We established our DELWP Diversity and Inclusion Council, and support people to work flexibly through our 'All Roles Flex' approach. Our target for 50 per cent of our DELWP executive leadership positions to be filled by women was achieved in July 2016.

We are proud to contribute to these initiatives and we are committed to measuring our performance and holding ourselves accountable to achieving change for communities across Victoria.

A handwritten signature in black 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



## Key initiatives and projects 2015-16

During 2015-16, we delivered a number of key initiatives and projects for Victorian communities. In particular, we:

- Responded to the independent **Lancefield-Cobaw fire investigation** by making significant changes to how the department operates across the state to improve delivery of the planned burning program
- Attended 1,148 fires, including fires on both public and private land. More than 90 per cent of these fires were kept to less than five hectares (compared to a target of 80 per cent), an indication of the effectiveness of first attack
- Treated **197,940 hectares of fuel reduction** activities (this includes 13,247 hectares of mechanical works, such as slashing or mowing)
- Issued the first approvals for rebuilding after the **Wye River–Jamieson Track fire** within six months of the fires
- Launched our **Aboriginal Inclusion Plan *Munganin-Gadhaba***, meaning 'Achieve Together' in Taungurung language, to set out our approach to achieve our outcomes of Recognition and Respect, Opportunity and Prosperity, and Participation and Collaboration over the period of 2016-20
- Launched the **Water for Victoria** discussion paper, proposing potential solutions for Victoria's water future in the short, medium and long term. Twenty eight stakeholder and community workshops were held with over 700 participants
- Conducted two **drought tours** in November 2015 and April 2016, when the Premier, Minister for Water, and Minister for Agriculture visited drought affected areas across the north west of Victoria to hear first-hand from farmers and communities about the impact of the on-going lack of rainfall. Over \$54 million of water infrastructure projects and programs was announced and fast tracked
- Invested in a number of **irrigation upgrades** in southern Victoria including \$20 million for the Macalister Irrigation District and \$14.7 million for the Werribee and Bacchus Marsh Irrigation Districts. These projects will be delivered by Southern Rural Water to improve water efficiency throughout the districts.
- Supported the *Crown Land Legislation Amendment (Canadian Regional Park and Other Matters) Bill 2015* through Parliament, to implement the election commitment for a new 640 hectare **Canadian Regional Park** near Ballarat
- **Know Your Council** helped 65,000 users access information about their council services, on topics ranging from animal management to food safety and financial performance
- Established the **Fair Go Rates System** for the 2016-17 financial year, that places a rate cap of 2.5 per cent.
- Approved the **master plan** for a \$200 million, three tower development, to transform the former Melbourne Convention Centre site on Spencer Street
- Approved 34 **community infrastructure projects** for funding, through the Growing Suburbs Fund totalling \$47.9 million and leveraging more than \$118 million in infrastructure investment in the interface councils, doubling the Government's investment
- Announced a long-term state climate change goal of **net zero greenhouse gas emissions by 2050**, and launched Take 2 – Victoria's Climate Change Pledge
- Tabled the **Review of the Climate Change Act**, which seeks to provide Victoria with a world-leading legislative foundation for its climate change agenda.

These 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.

## Delivering on our promise for all Victorians

DELWP's purpose is to shape and support liveable, inclusive and sustainable communities and thriving natural environments throughout Victoria. To make a real and lasting economic, social and environmental impact, we must truly understand and meet the needs of the communities we serve.

The needs and expectations of our communities are not static. Accordingly, we must anticipate what our communities need and be capable of adapting our approaches. To deliver on our promise we need to build a modern and agile organisation that delivers integrated and innovative policy and place-based programs and services that respond to communities' needs.

### Our community charter

The DELWP community charter (see page 6) guides all of our formal and informal interactions with communities. The way in which we will do this includes utilising local networks, building capacity, and improving the way in which we communicate. These changes will ultimately help DELWP to achieve its objectives for our shared environment and improve outcomes for local communities.

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

- **Community groups** – we will build better relationships, involve the community to reach decisions by participating via *HaveYourSay at DELWP*, improve the capacity of community members and DELWP staff to actively engage, enhance liveability and decrease risk. We will continue to support participation in environmental works by a diverse range of local community groups by supporting Landcare and other not-for-profit and volunteer organisations across the state.
- **Victorian local governments** – underpinned by the Victorian State-Local Government Agreement, DELWP works with Victoria's 79 local governments to support effective local governance, plan for growth and provide infrastructure. DELWP administers the *Local Government Act 1989* and supports councils and their peak bodies to build the sector's capacity to plan and deliver services and infrastructure.
- **Victorian government departments and agencies** – we work with all departments in joint strategic planning and infrastructure development. The DELWP Secretary has signed a memorandum of understanding with the Secretary of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) to implement the Government's *Plan for Jobs and Growth* as well as developing the Government's climate change and energy strategies. DELWP also works with Emergency Management Victoria, Victoria Police, the Country Fire Authority (CFA) and other emergency management agencies to prepare for, respond to and recover from natural disasters and other emergency events.
- **Commonwealth Government** – we work with the Commonwealth to deliver major infrastructure projects and support national agreements and initiatives developed by the Council of Australian Governments and portfolio-based national ministerial councils.
- **Industry and business** – we work with industry and business to identify and facilitate opportunities to improve the state's productivity, attract new investment and generate jobs and growth. This includes engaging the private sector on infrastructure planning and delivery, attracting investment in innovative renewable energy generation technologies, supporting energy efficiency for small and medium businesses, delivering sustainable industrial and housing development, improving regulatory processes and streamlining the state's planning, building and heritage systems.
- **Ministerial advisory bodies** – DELWP works with ministerial advisory bodies across its portfolio areas of responsibility. These include the Victorian Coastal Council, Victorian Environment Assessment Council, a range of advisory committees established by Planning Panels, a Four Wheel Drive Advisory Committee and a Local Government Mayoral Advisory Panel.

- **Peak bodies** – we work with statewide organisations, industry bodies, policy institutes, and universities. These relationships include research, policy development, program implementation and funding support. Our key partners include VicWater, Cooperative Research Centre for Water Sensitive Cities, Victorian Mineral Water Committee, the Municipal Association of Victoria, Victorian Local Governance Association, Law Institute of Victoria, Planning Institute of Australia, Victorian Planning and Environmental Law, Urban Development Institute of Australia, Property Council, Australian Property Institute and land surveying, conveyancing, planning and environmental organisations.
- **Aboriginal Victorians** – we work inclusively with Aboriginal Victorians to manage the public estate and its natural values. Through the Traditional Owner Land Management Boards and other forms of joint management, Victoria's Traditional Owners are partners in managing public land and in creating a shared vision for managing natural and cultural values. Aboriginal communities have many interests and roles within the environment, land, water, planning, heritage, and local government and communities.  
As Native Title Holders, Traditional Owners are recognised, through Recognition and Settlement Agreements, and land management agreements. Government also partners and works closely with registered Aboriginal parties. These partnerships ensure that both Traditional Owners and registered Aboriginal parties maintain a strong connection to Country and work collaboratively with government on policy, planning and approvals for activities run by DELWP and its portfolio partners.
- **Portfolio partners** – DELWP collaborates with a wide range of portfolio partners to create liveable, inclusive and sustainable communities. Our activities to protect our natural environment and ensure reliable ecosystem services are delivered through a range of public sector entities, including the Environment Protection Authority, Parks Victoria, Sustainability Victoria, Royal Botanic Gardens, Zoological Gardens, Trust for Nature, water corporations, the Victorian Environmental Water Holder, catchment management authorities, local governments and waste and resource recovery groups. We collaborate with a wide range of public entities to protect and enhance the built environment. These include Development Victoria, Victorian Building Authority, Victorian Planning Authority, Heritage Council of Victoria, Office of the Victorian Government Architect and Surveyors Registration Board of Victoria.



## DELWP community charter

# Our promise to you

**VICTORIA**  
State Government


Environment,  
Land, Water  
and Planning

Our community charter describes what you can expect from the Department of Environment, Land, Water and Planning (DELWP). We recognise that communities are diverse. We will work with you to deliver services that support liveable, inclusive and sustainable communities and thriving natural environments.

### Delivering on our promise

The community charter is the beginning of our work, not the end – and is only as good as its implementation on the ground. DELWP will be working with you to make this work at a practical level throughout Victoria.

### What you can expect of us In all aspects of our work and interaction with the public, we will

	<b>Be available</b>	<b>Place-based community focus</b>	Talk to you where you live, work and play and be visible in local communities
	<b>Accessibility</b>		Make sure we are easy to contact and our information is straightforward and available in a variety of ways
	<b>Flexibility</b>		Respect the way you want to work with us, and adapt our approach according to local needs
	<b>Speak and listen</b>	<b>Active listening and understanding</b>	Listen to and understand your views and needs and respect different opinions
	<b>Honesty and transparency</b>		Be honest about what's driving our priorities, what we can and can't promise to do, our timelines and why decisions have been made
	<b>Clarity and purposefulness</b>		Be clear why and how we are engaging, making sure we give you real opportunities to influence and make a difference
	<b>Take action</b>	<b>Timely and proactive</b>	Talk to the community as early as we can, responding quickly to issues and feedback
	<b>Consistency</b>		Ensure we are consistent in the way we approach decisions
	<b>Closing the loop</b>		Inform communities about the outcomes of projects and if our plans change we will let you know when this happens and why

### When the charter is working

You will tell us we have communicated openly and honestly

You will be clear about what we do, who your local contacts are and how we can help

You will be open with us and tell us about your issues and aspirations

You trust us to do our jobs and to work with you

You feel included and that you are part of the decision-making process

### Your feedback

We want your feedback on how we are doing, so we know if we are delivering on our promise. It helps us understand your experience and better meet your needs.

**Visit haveyoursay.delwp.vic.gov.au**

**Phone DELWP Customer Service Centre 136 186**

Monday to Friday, 8am to 6pm

If you are deaf or have a hearing impairment or speech impairment, contact us through the National Relay Service on 133 677 or visit [www.relay.vic.gov.au](http://www.relay.vic.gov.au)

### Find out more

**Visit [www.delwp.vic.gov.au](http://www.delwp.vic.gov.au)**



Energy



Environment



Land management



Water and catchments



Cities and towns



Local infrastructure



Climate change



Fire and emergencies



## About DELWP

DELWP manages Victoria's natural and built environments to create and maintain liveable, inclusive and sustainable communities. We do this in a way that protects our natural assets and supports a growing economy while meeting the challenges of climate change and population growth.

DELWP employs more than 3,000 staff, who work across 101 locations throughout the state. DELWP is a key manager of Victoria's public estate. The department directly manages \$9.8 billion of assets - 69 per cent of the asset portfolio comprises various categories of public land. The department owns and manages about \$1.6 billion of other assets including 40,000 kilometres of roads and tracks, office buildings, depots, public toilets, picnic shelters, recreational facilities, firefighting and road maintenance equipment, crossings, water bores and mobile plant. A further \$48.7 billion of assets is managed by portfolio agencies.

### Our vision

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

Our 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

Our 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.

### Our outcomes

The department is guided by six strategic 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.

### 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: Teamwork; Service Excellence; Ownership; and Wellbeing and Safety (page 8). 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 are active role models in how we treat ourselves and others  
.....

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

### Service Excellence

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

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

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

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

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

## Our Ministers

### Special note on Machinery of Government changes

On 23 May 2016, the Victorian Government announced changes to some ministerial portfolios. Minister Neville retained the Water portfolio, while also assuming responsibility as Minister for Police. Minister D'Ambrosio took on the new portfolio of Energy, Environment and Climate Change, with a focus on renewable energy, energy efficiency and combatting the effects of climate change. Minister D'Ambrosio also became Minister for Suburban Development. These changes resulted in the transfer of the Energy portfolio from DEDJTR to DELWP commencing from 1 July 2016.



#### Minister for 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 2014. In 2016, Ms Neville

became Victoria's first female Minister for Police, while also retaining the Water portfolio.



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

The Hon. Liliana (Lily) D'Ambrosio was first elected to the Lower House seat of Mill Park in 2002.

In 2014, Ms D'Ambrosio was named Minister for Industry and Minister for Energy and Resources. In 2016, she became Minister for Energy, Environment and Climate Change and Minister for Suburban Development.



#### Minister for Planning

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

Mr Wynne has been the Member for Richmond since 1999.



#### Minister for Local Government

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



#### Parliamentary Secretary for Environment

The Hon. Anthony Carbin MP was appointed Parliamentary Secretary for the Environment in 2014.

## Our executive

### Adam Fennessy Secretary

Adam is the department's Secretary and has held this role since 1 January 2015. Prior to this, Adam was Secretary of the Department of Environment and Primary Industries (DEPI), and Acting Secretary of the former Department of Sustainability and Environment (DSE).

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

Adam's vision is for DELWP to reflect the communities it serves, through a diverse, inclusive and gender equitable workforce, where

everyone at DELWP is empowered to work flexibly and encouraged to think innovatively.

In his role as a Victorian Male Champion of Change, Adam believes that gender equity is everyone's business and is driving gender equity across DELWP and areas of state government. Adam is serving as Deputy President of the Institute of Public Administration Victoria and sits on the board of Infrastructure Victoria.

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

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

### **Lee Miezis**

#### ***Deputy Secretary, Forest, Fire and Regions***

Lee is the Deputy Secretary, Forest, Fire and Regions Group. Lee became the Acting Deputy Secretary on 4 March 2016 when the Forest, Fire and Regions Group was created, and then appointed as the Deputy Secretary on 31 March 2016.

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

As Deputy Secretary, Forest, Fire and Regions he leads a workforce of more than 1,300 staff delivering effective, forest, fire and emergency management, including managing Victoria's 3.8 million hectares of State forest. Prior to his current role, Lee was the Executive Director, Fire and Emergency Management, and has held a number of senior leadership roles in the former DEPI and former DSE.

Lee led DELWP's response to the independent investigation into the Lancefield-Cobaw fire and the subsequent organisational redesign. He also played a critical role in the development of *Safer Together*, the Government's risk-based approach to bushfire management.

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

### **Christine Wyatt**

#### ***Deputy Secretary, Planning***

Christine 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 (DTPLI), where she was appointed Deputy Secretary, Planning in February 2014.

As Deputy Secretary, Christine is responsible for leading the state's planning, building and heritage systems. The Planning portfolio develops long-term integrated land use strategies and policies for Melbourne and regional Victoria, administers statutory planning, building and heritage responsibilities, and manages and regulates the planning system to support growth and enhance liveability.

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

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

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

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

### **Kate Houghton**

#### ***Deputy Secretary, Water and Catchments***

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

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

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

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

### **Kathryn Anderson**

#### ***Deputy Secretary, Corporate Services***

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

Kathryn leads Corporate Services, which aims to be a core enabler of a high performing DELWP. Kathryn is responsible for the delivery of people and culture, finance and planning, business, executive and ministerial services, legal services, information services and communications support and advice.

Kathryn chairs key governance committees focused on diversity and inclusion, Aboriginal inclusion, finance and performance and implementation of Digital First.

Kathryn has more than 25 years of 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.

### **Paul Smith**

#### ***Deputy Secretary, Environment and Climate Change***

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

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

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 three years in both DELWP and the former DTPLI and has responsibility for the operation of Local Government Victoria, Land Victoria and the Suburban Development Division.

Terry has been a career public servant for 36 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, regional development and strong collaborative partnerships.

Terry holds a Diploma of Arts, a Graduate Diploma of Education (Secondary) and is on the Board of the Institute of Public Administration Australia (Victoria).

### **Bernie O'Sullivan**

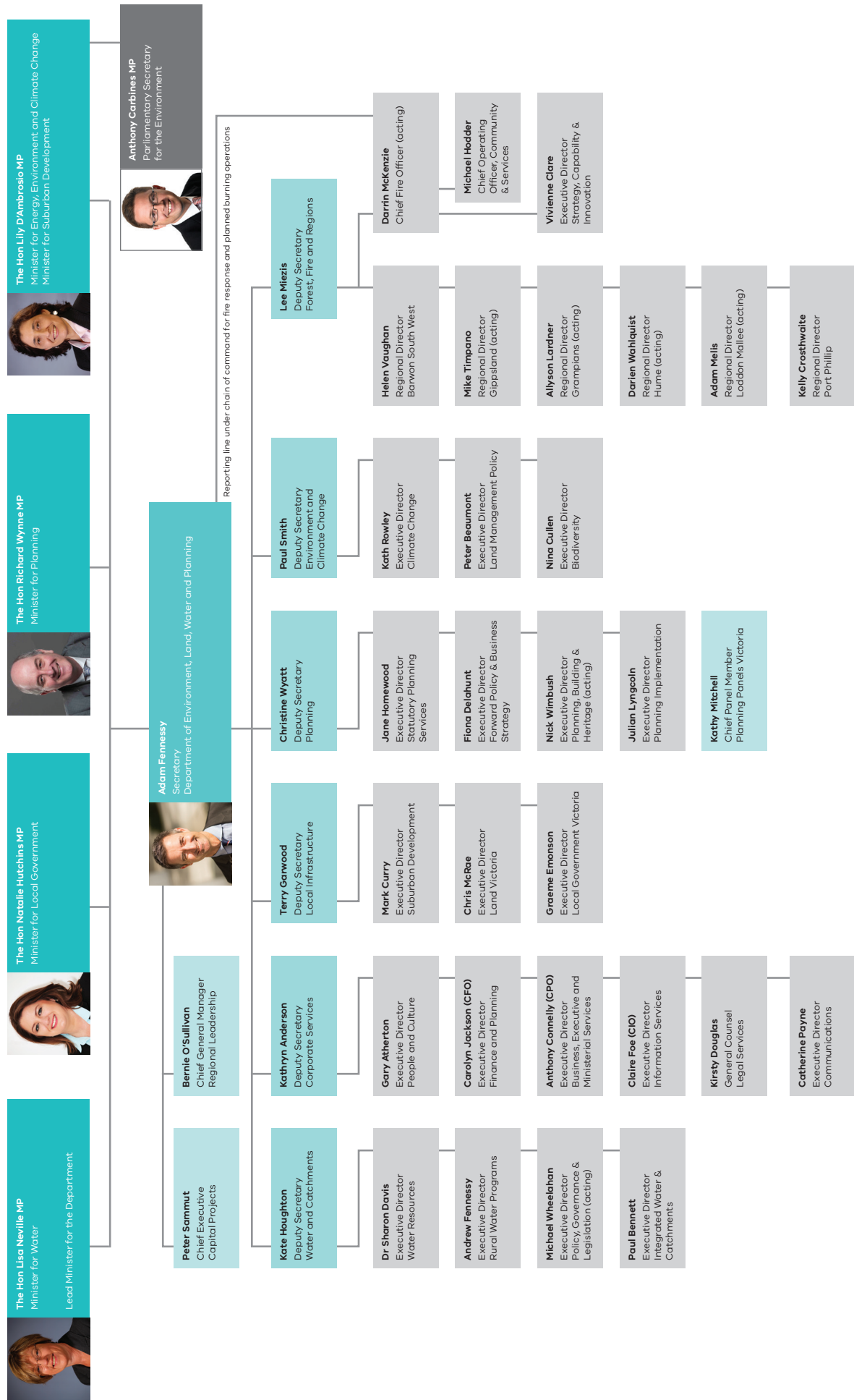
#### ***Deputy Secretary, Regional Services***

Bernie was appointed to the role of Deputy Secretary in the former DEPI on 6 May 2013 and held this until 7 March 2016. Following on from this role, Bernie commenced his role as Chief General Manager Regional Leadership in March 2016, leading important regional and place-based policy priorities for the Victorian Secretaries Board (see page 12).



## Organisational structure

The organisational chart shows the department's structure and senior executives for delivery of functions as at 30 June 2016.



## Structural changes to the department

In November 2015, the Victorian Government launched *Safer Together - a new approach to reducing the risk of bushfire in Victoria*. This new approach, together with Victoria's Regional Statement and the results of the independent investigation into the Lancefield-Cobaw fire and a desire to engage differently with our communities, led DELWP to establish a new Forest, Fire and Regions Group in March 2016.

The Forest, Fire and Regions Group provides end-to-end management of forests, fire and other emergencies including policy and on-ground operational delivery, under a single Deputy Secretary. The new structure provides a single line of responsibility for bushfire management, including planned burning, from local to state levels under the Chief Fire Officer, who reports directly to the Secretary. The new structure aligns with the recommendations of the independent investigation into the Lancefield-Cobaw fire and recognises that bushfire is DELWP's most significant risk to manage.

The new structure also ensures that community is reflected at state, regional and local levels, demonstrating our commitment to engagement and collaboration with the community, as well as our commitment to developing effective partnerships at place to deliver better outcomes. The structure also facilitates increased consistency at the district level, with scope to refine as required to meet local requirements.

The Forest, Fire and Regions Group includes more than 1,300 staff, as well as around 400 seasonal project firefighters and casual staff. The teams work at around 80 locations across the six geographic regions shown in the map on page 14: Barwon South West, Gippsland, Grampians, Hume, Loddon Mallee and Port Phillip. Our statewide resources and local connections enable us to effectively deliver on the Government's priorities across Victoria's regions.

## 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:

**Environment and Climate Change** – provides high quality policy advice to government on directions, principles, strategies and actions to protect the environment, mitigate harmful

impacts and identify ways the environment, economy and society can achieve mutually beneficial outcomes. The Group also leads the whole of government response to climate change. From 1 July 2016, the Energy portfolio will also be included in DELWP and will bring additional opportunities and benefits to the department's approach to climate change action and our work across the environment portfolio.

**Forest, Fire and Regions** – delivers integrated, accessible and high-quality departmental programs and services in partnership with local communities. The group helps communities to prepare for, respond to and recover from natural disasters and other emergencies and provides valuable intelligence to decision makers on how policy and program design can be shaped to better meet the needs of the Victorian community.

**Local Infrastructure** – works with local government to support the delivery of services and infrastructure and build stronger communities across the state. The group also provides administration and information services for the Victorian property industry and the wider community. Following the announcement of the new machinery of government arrangements on 23 May 2016, the Suburban Development portfolio has been established in DELWP to provide Melbourne with the necessary governance and coordination frameworks to strengthen economic planning, better align Government investment in infrastructure and services and engage Melbourne's communities and business in helping shape the city's future liveability.

**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.

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

**Corporate Services** – provides business support services to enable ministers, DELWP business groups and the wider DELWP portfolios to deliver on our shared outcomes.

## 2016 Annual Report



## Our governance structure

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

### Risk and Audit Committee

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

In 2015-16, Risk and Audit Committee members were:

John Rundell (Chair)	Independent member
Suzanne Evans	Independent member
Helen Thornton	Independent member
Mark Peters	Independent member
Fiona Delahunt	Executive Director, Forward Policy and Business Strategy
Graham Phelps	Regional Director, Loddon Mallee
Kathryn Anderson	Deputy Secretary, Corporate Services
Kate Houghton	Deputy Secretary, Water and Catchments (from February 2016)

### Senior Executive Team

The DELWP Senior Executive Team (SET) is the primary executive management body in DELWP. Its role is to lead DELWP and its people in the development of a positive, collaborative high performing organisation that excels in delivery for the government through successful partnerships and a commitment to service excellence. SET comprises the Secretary (Chair) and Deputy Secretaries.

SET establishes sub-committees as required, including the Finance and Performance committee, the Procurement Governance committee (see below) and the Executive Remuneration and Staffing committee.

### Procurement Governance Committee

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

In 2015-16 the committee's membership comprised:

Kathryn Anderson (Chair)	Deputy Secretary, Corporate Services
Anthony Connolly (Chief Procurement Officer)	Executive Director, Business Executive and Ministerial Services
Carolyn Jackson (Chief Finance Officer)	Executive Director Finance and Planning
Fiona Delahunt	Executive Director, Forward Policy and Business Strategy
Andrew Fennessy	Executive Director, Rural Water Programs
Lee Miezis	Deputy Secretary, Forest Fire and Regions (from March 2016)
Ben Wearne	Acting Director, Operations and Business Performance, Environment and Climate Change
Mark Curry	Executive Director, Local Infrastructure Policy and Partnerships
Claire Foo	Executive Director, Information Services
Bernie O'Sullivan	Deputy Secretary, Regional Services (until February 2016)

## Attestation for compliance with Ministerial Standing Direction 4.5.5

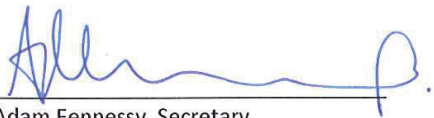
### Risk Management Attestation 2015-16

I, Adam Fennessy, certify that the Department of Environment, Land, Water and Planning (DELWP) has partially complied with the *Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes*. The partial compliance is due to emerging maturity in inter-agency risk management processes. DELWP sees an opportunity to improve inter-agency risk management capability and processes in collaboration with other agencies. DELWP is strongly committed to continuous improvement and over the next year will develop and implement the following remedial actions:

- develop and implement a plan to improve the effectiveness of inter-agency risk management
- incorporate consideration of inter-agency risk management into corporate and business planning activities.

All other mandatory requirements of the *Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes* have been fully complied with.

DELWP's Risk and Audit Committee has verified this.



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

Date: 8 August 2016



# Financial review

## Five-year financial summary

	2016 \$'000 (DELWP)	2015 \$'000 (DELWP)	2014 \$'000 (DEPI)	2013 \$'000 (DEPI)	2012 \$'000 (DSE)
Income from government <sup>1</sup>	1,223,155	1,340,615	1,398,269	1,045,240	1,083,674
Total income from transactions	1,688,819	1,802,945	1,665,813	1,278,847	1,375,567
Total expenses from transactions	1,667,768	1,479,411	1,580,771	1,264,680	1,315,285
Net result from transactions <sup>2</sup>	21,051	323,534	85,042	14,167	60,282
Net result for the period	(33,732)	326,533	69,342	243,820	12,621
Net cash flow from operating activities	140,057	311,435	88,996	46,255	127,780
Total assets	9,817,526	8,581,597	8,703,808	7,749,716	7,579,853
Total liabilities	283,616	295,858	672,102	295,157	283,242

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.

## 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 2015-16, DELWP recorded a net result from transactions of \$21.1 million, which was \$302.5 million lower than in 2014-15.

### Notes on Machinery of Government changes

For comparison, 2015-16 marks the first full year results for the department that reflect the Machinery of Government (MoG) administrative arrangements announced on 4 December 2014 and implemented on 1 January 2015. The 2013-14 results for the former Department of

Environment and Primary Industries (DEPI) reflect the MoG Administrative Arrangements implemented on 1 July 2013.

The MoG Administrative Arrangements announced in 2014-15 resulted in the former DEPI relinquishing its Agriculture, Biosecurity and Sustainably Manage Fish and Forest Resources outputs to 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 MoG Administrative Arrangements implemented on 15 May 2015, DELWP relinquished the Office of Victorian Government Architect output to the Department of Premier and Cabinet (DPC).

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

On 23 May 2016, further MoG changes were announced which transferred the Energy Output to the department from DEDJTR. For accounting purposes, this transfer was effective from 1 July 2016 and as such, the 2015-16 financial results are not impacted by this decision.

### **Financial performance and business review**

In 2015-16, DELWP recorded a lower net result from transactions, due to a decrease in total income from transactions of \$114.1 million and an increase in expenditure from transactions of \$188.4 million.

The decline in income is largely due to the 1 January 2015 MoG change which resulted in a higher value of output appropriations being transferred to DEDJTR on 1 January 2015, than that transferred from the former DTPLI. There was also a significant decrease in Special Appropriation as the one-off transfer to establish the accounting arrangements for the Goulburn-Murray Water (GMW) Connections Project reported in last year's summary was not required in 2015-16. Similarly, the Grant revenue received from the Commonwealth government for the same project was not received this financial year as the project phasing was reset. These decreases were partially offset by the recognition of the Landfill Levy of \$201.2 million for the first time, because of the transfer of the Municipal and Industrial Landfill Levy Trust Account and the Sustainability Trust Fund Account from the Environment Protection Authority (EPA) to DELWP in July 2015.

The expenditure from transactions increase of \$188.4 million is primarily represented by an increase in grants and other transfers of

\$172.2 million due to a full year of grants being paid to local councils. The Local Government output transferred to the department as a result of MoG changes effective 1 January 2015. Major local government programs/projects included the public libraries funding program and the interface councils infrastructure fund. Other items contributing to this result include an increase in expenditure on Supplies and Services predominantly represented by funds transferred from DELWP's controlled entity to the administered entity to allow contributed capital payment to GMW for the Connections Stage 2 project. These increases were partially offset by decreases in the Capital Asset Charge (\$11.0 million) and depreciation expenditure (\$15.3 million) representing six months of charges on assets transferred to DEDJTR as part of the 1 January 2015 MoG, specifically assets associated with the Biosciences Research Centre and Showgrounds Private Public Partnerships.

Other economic flows included in net result decreased by \$57.8 million largely due to the derecognition of land parcels arising from the department's ongoing whole of Victorian Government Crown Land Reconciliation project.

### **Financial position – balance sheet**

Total assets increased by \$1,235.9 million to \$9,817.5 million primarily due to the increase in asset values resulting from the independent valuation of Public Safety and Environment asset purpose group of \$946.9 million, managerial valuation of Public Administration asset purpose group of \$22.1 million, \$8.5 million for the states share of its investment in Property Exchange Australia Limited (PEXA Ltd) and contributions from owners of \$304.3 million which included the transfer of the Sustainability Fund to the department from EPA and other capital funding from the State. This was partially offset by the decrease in prepayments of \$71.1 million associated with the GMW Connections Project as they continued to deliver their obligations.

Total liabilities reduced by \$12.2 million primarily due to a general reduction in trade creditors and accruals due to better historical analysis of accrued expenses and earlier payment of creditors. Consequently DELWP's net assets increased by \$1,248.2 million or 15.1 per cent from last year to \$8,285.7 million.

**Cash flows**

DELWP's net cash inflow from operating activities decreased by \$171.4 million to \$140.1 million. This decrease in cash reflects the DELWP net result from transactions for the year, adjusted for the impact of non-cash items such as depreciation.

**Subsequent events*****Machinery of Government Changes***

On 23 May 2016, the Premier Daniel Andrews announced changes to the Ministry. The department assumed responsibility for the Energy output from 1 July 2016. This output

transferred from DEDJTR and will result in an increase in net assets and contributed capital (equity). The net asset transfer is estimated to be \$1.2 million.

***Investment in Property Exchange Australia Limited***

On 1 July 2016, the department's investment in PEXA Ltd transferred to the Department of Treasury and Finance.

The transfer has resulted in a \$11.3 million decrease in investments accounted for using the equity method (asset) and in contributed capital (equity).

**Departmental controlled expenses from transactions by output**

<b>DELWP payments for outputs (controlled)</b>	<b>\$'000</b>	<b>%</b>
Environmental Policy	38,361	2.3
Environmental Programs	74,076	4.4
Statutory Activities and Environment Protection	93,435	5.6
Effective Water Management and Supply	454,851	27.3
Local Government	120,063	7.2
Planning, Building and Heritage	72,445	4.3
Fire and Emergency Management	396,499	23.8
Management of Forests, Parks, and Public Land	328,231	19.7
Land Victoria	89,807	5.4
	<b>1,667,768</b>	<b>100.00</b>

Note:

As per controlled expenses from transactions in Note 2 of the DELWP 2015-16 financial statements.

## 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.

During 2016, the Minister for Finance issued new Standing Directions that will take effect from 1 July 2016. Existing requirements have been streamlined, clarified and tailored to a range of different agencies. The 2016 Directions will drive a significant modernisation of the state's financial management regime and operations.

The department 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*). In 2016-17, this activity will be further strengthened with the purchase of data interrogation software that will allow detailed analysis of all of the department's financial transactions. The system will be rolled out over the next 12-18 months commencing with Accounts Payable data in September 2016.

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 four 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.

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

## Budget portfolio outcome statements

A comparison of the budget portfolio outcome statements for the department, as published in the 2015-16 Budget Paper No. 5, and the actual results for the year can be found at Appendix 2.

# Our people

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

The department employs 3,092 full time equivalent staff, who work from more than 100 locations across Victoria.

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

For instance, in 2015, the department participated in the Victorian Public Sector Commission's People Matter Survey. Following on from the survey, DELWP staff were trained as internal facilitators to manage staff focus groups aimed at identifying and exploring areas for improvement.

## Wellbeing and safety

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

The department actively supports the physical and psychological wellbeing of our people and promotes a healthy workplace by maintaining safe systems of work.

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

Our commitment to wellbeing and safety is based on four key pillars: Lead, Understand, Act and Improve, which are reflected in the *Safety and Wellbeing Strategic Framework*.

### Wellbeing programs

Approximately 100 staff have volunteered their time to become trained DELWP Peer Supporters.

There were 245 new referrals to the DELWP Employee Assistance Program in 2015-16.

The wellbeing of our staff is further supported through the delivery of:

- annual Flu Vaccination Program
- annual Walk Through Winter Challenge
- workplace support plans for work and non-work related injuries or illnesses
- wellbeing check-in's following critical incidents
- access to a wide range of health services.

### Safety programs

DELWP's Safety and Wellbeing team undertook more than 430 site and field audits across the state during 2015-16, resulting in major improvements in operational areas of DELWP businesses.

They were engaged in more than 420 other activities, including providing support and advice, emergency response and process review, preliminary investigations, chemical risk assessments, manual handling, and slips trips and falls assessments.

In 2015-16, a number of safety programs were rolled out including:

- manual handling
- slips, trips and falls
- provision of first aid to staff who work in remote locations
- asbestos awareness
- volunteer safety management
- driver safety project
- chemical management and handling.

The driver safety project was established specifically to respond to an emerging risk, which has resulted in a technical training project. The project included a review and update of driver training programs, the implementation of a revised training and internal accreditation program and a strategic investigation process around vehicle incidents.

A review of DELWP's procedures to manage asbestos was completed. Building on the learnings from the Wye River fire response, an updated Asbestos Awareness training program was launched in May 2016.



### Key achievements for the year

- Implemented a major upgrade to the *Infosafe* chemical inventory management system, which resulted in improved functionality across all DELWP sites.
- Implemented a 'Leading Safety and Wellbeing in DELWP' program for managers and executives with 922 staff attending (approximately 63 per cent of managers and 60 per cent of executives).
- Conducted training for more than 3,200 participants across various safety awareness courses.
- Updated our approach to dealing with WorkCover claims and return to work issues using manager education and with early intervention methodologies, which has contributed to a significant reduction in DELWP's WorkCover premiums for the second year in succession.
- Transitioned the medical standards function to the People and Culture division to enable a broadening of the program to encompass the 'All Hazards, All Communities' approach. A project team was established to undertake both task and risk analysis of approximately 200 fire roles along with administering more than 1,700 Fit for Fire assessments.
- Investigated more than 200 potential breaches of relevant appropriate behaviour policies, safety investigations and notifiable incidents.
- Implemented a safety duty phone service operating 24 hours a day, enabling staff access to expertise at short notice. This has resulted in approximately 120 calls for assistance across the department.

### Diversity and inclusion

The department is committed to building an inclusive workplace that utilises the full potential of employees, embraces difference and uses diversity of thought as a catalyst for innovation and improved service delivery for Victorian communities.

Working flexibly has been a strong driver for improving work-life balance and recognising the changing needs of employees at different points in their career cycle.

DELWP reported on actions taken to deliver on our responsibilities under the Charter of Human Rights and Responsibilities, the Victorian State Disability Plan and for Multicultural Affairs.

DELWP is also a member of the Diversity Council of Australia.

### Programs and activities

DELWP is a proud contributor and participates in a broad range of activities that raise awareness, celebrate diversity and lead to behaviour change through events including: R U OK Day; National Aboriginal and Islanders Observance Committee Week (NAIDOC); Carers week; International Day for People with a Disability; International Women's Day; Human Rights Day; Midsumma Festival; Cultural Diversity Week; Reconciliation Week; International Day Against Homophobia, Transphobia and Biphobia; and Go home on time day.

### Key achievements for the year

#### Diversity and Inclusion Council

In 2015-16, DELWP established a Diversity and Inclusion Council to focus on the diversity and inclusion agenda, connect it to DELWP's strategic business direction and support DELWP becoming an employer of choice.

#### Munganin-Gadhaba

In December 2015, the Minister for Aboriginal Affairs, Natalie Hutchins, launched the DELWP Aboriginal inclusion plan *Munganin – Gadhaba*, meaning 'Achieve Together', which sets out DELWP's approach to inclusion for 2016 – 2020.

The name *Munganin – Gadhaba* is from the Taungurung language, and brings to life the department's aim to work in partnership with Traditional Owners and Aboriginal communities across the state.

The plan outlines around 60 actions to achieve the outcomes of Recognition and Respect, Opportunity and Prosperity, and Participation and Collaboration.

*Munganin-Gadhaba* includes an Aboriginal Employment Plan that was launched in March 2016. The plan recognises the need to build and strengthen our relationships with Traditional Owners and to work with Aboriginal communities across the state to provide employment, training and business opportunities to Aboriginal people living in Victoria.

The DELWP Aboriginal Employees Network was also established as part of the Aboriginal Employment Plan initiative in *Munganin-Gadhaba*.

### **Lesbian, Gay, Bisexual, Transsexual and Intersex (LGBTI)**

During 2015-16, DELWP continued to offer an independent Lesbian, Gay, Bisexual, Transsexual and Intersex (LGBTI) Employee Assistance Program and maintained DELWP's membership of Pride in Diversity (PiD) - a not-for-profit organisation to support LGBTI inclusion. Together with PiD, 'LGBTI awareness in the workforce' training has been offered to staff and a strategy has been commenced to develop the DELWP Pride network.

### **Gender equity**

The department is a strong advocate for gender equity. The Gender Equity Action Plan guides the DELWP approach and in 2015-16 more than 80 employees participated in targeted development programs for women. The department established the Women's Networking Program, which connects women with each other and key stakeholders in the organisation.

DELWP also continued to invest in a number of networking, training and leadership opportunities for women to help build their careers in the public sector. Also, research was commissioned to better understand the barriers impacting women moving into leadership positions in Fire and Emergency roles. This resulted in more than 700 women and men providing insight into what stops women taking on operational roles and, more specifically, leadership positions. An action plan is being developed for release in 2016-17.

### **Developing our people**

In 2015-16, significant and ongoing investment in leadership and management training continued as we built managerial skills in our highly technical, science-based and community centric workforce.

DELWP also continued to invest in recruitment programs for science, accounting and finance and generalist graduates to build ongoing capability in the department.

### **Key achievements for the year**

- Conducted a department-wide DELWP Community Service and Interaction training program for more than 2,600 DELWP staff to support the successful implementation of the DELWP Community Charter.
- Established a Workforce Capability Committee to help focus and drive investment in our people.

- In line with our commitment to building a constructive culture, nearly 200 of our senior managers participated in a 360 degree feedback process and an associated 'Leading behavioural change' program.

### **Employment and conduct principles**

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

### **Workplace relations**

Negotiations for the new Field Staff Agreement 2016, the Wild Dog Controller Agreement 2016 and the Victorian Public Service Agreement 2016 all concluded in the second half of 2015-16. The Victorian Public Service Agreement 2016 came into operation on 18 May 2016. The Field Staff and Wild Dog Controller Agreements are expected to be approved in 2016-17.

The department also provides advice and assistance to portfolio statutory authorities to process their enterprise agreements. In 2015-16, 17 management logs and 20 final agreements progressed through the approval process.

### **Grievances**

In 2015-16, the department received 15 new grievances with two existing grievances being carried over from 2014-15.

### **2015-16: Grievances by outcome**

Outcome	Number
Withdrawn	3
Not substantiated	1
Partially substantiated	0
Substantiated	2
Rejected	2
No further action required	7
Open	2
<b>Total</b>	<b>17</b>

**OHS performance indicators<sup>1</sup>**

Description	Performance indicator	2014–15	2015–16
<b>Incidents and hazards<sup>1</sup></b>			
	Incidents	752	746
	Lost time incidents	93	98
	Hazards	114	215
	Incident rate per 100 FTE	15.82 <sup>2</sup>	21.03 <sup>2</sup>
<b>WorkCover<sup>3</sup></b>			
Claims	Number of standard claims	60	49
	Rate per 100 FTE	1.49	1.22
	Standard claims with lost time	38	35
	Rate per 100 FTE	0.95	0.87
Fatalities	Number of fatalities	0	0
Claim costs	Average cost per claim (\$)	\$57,312	\$47,277
Return to work (RTW)	Percentage of RTW arrangements initiated for claims exceeding 20 days per 100 FTE	70.6%	70.6%
Management commitment	Evidence of safety and wellbeing policy, strategy, regular reporting to senior management, safety criteria in purchasing guidelines	Achieved	Achieved
Consultation and participation	Designated work group structure, health and safety representatives (HSR) and issue resolution procedure in place	Achieved	Achieved
Risk management	Internal audits/inspections conducted as planned Reporting of incidents and injuries Investigation of incidents and corrective actions initiated	Achieved	Achieved
Training	Safety and Wellbeing Induction Job Safety Planning HSR training Management training	Achieved	Achieved

Note:

1. Data sourced from DELWP Safety Incident Management System (POSSUM).
2. The incident and hazard rates based on 2015–16 FTE count represent March 2016 figures of 3,546.8 FTE and capture the majority of Project Firefighters.
3. The data is sourced from the Victorian WorkCover Authority. The 2015-16 rate is based on FTE count at 30 June 2016. This excludes external contractors/consultants and temporary staff employed by employment agencies.

## Comparative workforce data

### Profile of the DELWP workforce: June 2016

As at 30 June 2016, DELWP employed 3,092 full time equivalent (FTE) staff across Victoria.

**Table 1: FTE staffing trends 2012 to 2016**

	2016	2015	2014	2013	2012
Department	DELWP	DELWP	DEPI	DEPI	DSE
<b>Total staff (FTE)</b>	<b>3,092</b>	<b>2,960</b>	<b>3,470</b>	<b>2,328</b>	<b>2,617</b>

Note:

1. Table reflects the name of the Department over the preceding five years.

**Table 2: Summary of employment levels in June 2015 and June 2016**

Ongoing Employees					Fixed Term and Casual	Total Staff
	Employees (headcount)	Full time (headcount)	Part time (headcount)	Ongoing FTE total	FTE fixed term and casual	Total staff FTE
June 2016	2,898	2,398	500	2,733	359	3,092
June 2015	2,836	2,376	460	2,684	276	2,960

**Table 3: Details of employment levels in June of 2015 and June 2016**

	2016			2015		
	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)
<b>Gender</b>						
Male	1,594	1,574	155	1,583	1,566	119
Female	1,304	1,159	204	1,253	1,118	157
<b>Total</b>	<b>2,898</b>	<b>2,733</b>	<b>359</b>	<b>2,836</b>	<b>2,684</b>	<b>276</b>
<b>Age</b>						
Under 25	42	41	19	41	41	16
25-34	544	520	130	494	475	103
35-44	825	745	113	806	732	83
45-54	753	723	67	713	680	50
55-64	637	618	26	607	590	20
Over 64	97	86	4	175	166	4
<b>Total</b>	<b>2,898</b>	<b>2,733</b>	<b>359</b>	<b>2,836</b>	<b>2,684</b>	<b>276</b>

	2016			2015		
	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)
<b>Classification</b>						
Field Staff	277	276	16	304	303	22
VPS 1	0	0	0	4	2	1
VPS 2	157	134	22	160	144	24
VPS 3	597	559	62	576	542	46
VPS 4	614	574	85	585	547	67
VPS 5	606	564	106	585	542	60
VPS 6	464	449	46	440	427	35
STS	22	22	2	22	22	2
Science Adaptives	53	52	10	54	52	8
Legal Adaptives	20	18	0	16	14	1
Executives	62	61	0	63	62	0
Other	26	24	10	27	27	10
<b>Total</b>	<b>2,898</b>	<b>2,733</b>	<b>359</b>	<b>2,836</b>	<b>2,684</b>	<b>276</b>

Note:

- Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- FTE means full time staff equivalent and is rounded to the nearest whole number.
- Employees reported with a classification of 'other' include the following categories: Principal Scientist, Trainee and Wild Dog Controllers.
- All figures reflect employment levels during the last full pay period in June each year.
- Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.
- Employees attached to the Commissioner for Environmental Sustainability are employees of the Department Secretary and are included in the above figures.
- Employees attached to Sustainability Victoria are employees of the Department Secretary and their numbers are included in following tables. Employee numbers are also reported in their annual report.
- The 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.
- The Environment Protection Authority is a discrete agency within this portfolio that employees 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 2016, Sustainability Victoria (SV) employed 109 FTE staff across Victoria.

**Table 1: Sustainability Victoria FTE staffing trends 2012 to 2016**

2016	2015	2014	2013	2012
109	112	111	106	113

**Table 2: Sustainability Victoria summary of employment levels in June 2016 and June 2015**

Ongoing Employees					Fixed Term and Casual	Total Staff
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE	FTE
June 2016	87	75	12	83	26	109
June 2015	89	73	16	84	28	112

**Table 3: Sustainability Victoria details of employment levels in June 2016 and June 2015**

	2016			2015		
	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)
<b>Gender</b>						
Male	35	35	11	31	31	13
Female	52	48	15	58	53	15
<b>Total</b>	<b>87</b>	<b>83</b>	<b>26</b>	<b>89</b>	<b>84</b>	<b>28</b>
<b>Age</b>						
Under 25	0	0	0	0	0	2
25-34	13	13	12	15	15	10
35-44	41	38	9	41	38	11
45-54	20	19	2	21	19	3
55-64	12	12	3	11	11	2
Over 64	1	1	0	1	1	0
<b>Total</b>	<b>87</b>	<b>83</b>	<b>26</b>	<b>89</b>	<b>84</b>	<b>28</b>

	2016			2015		
	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)	Ongoing (headcount)	Ongoing (FTE)	Fixed Term and Casual (FTE)
<b>Classification</b>						
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	29	27	8	33	30	7
VPS 5	34	32	14	38	35	14
VPS 6	16	16	3	14	15	1
STS	1	1	0	0	0	0
Executive	4	4	0	5	5	0
<b>Total</b>	<b>87</b>	<b>83</b>	<b>26</b>	<b>89</b>	<b>84</b>	<b>28</b>

Note:

- 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.
- FTE means full time staff equivalent and is rounded to the nearest whole number.
- All figures reflect employment levels during the last full pay period in June of each year.
- 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*.
- Sustainability Victoria Workforce numbers are also included in the Sustainability Victoria Annual Report.

## Executive officer data

An executive officer 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 executive officer 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
- '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 2016:

- Table 1 discloses the number of executive officers in the categories of 'ongoing' and 'special projects' and the total numbers of executive officers for the department;
- Table 2 provides a breakdown of executive officers 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 31 'remuneration of executives' in the financial statements.
- Tables 1 to 3 also disclose the variations (Var.) between the current and previous reporting periods. Current vacancies are shown in table 2.

**Profile of DELWP Executive Officers: June 2016****Table 1: Number of Executive Officers classified into 'ongoing' and 'special projects' (including vacancies). Variances refer to difference between June 2015 and June 2016.**

Class	All		Ongoing		Special Projects	
	No.	Var.	No.	Var.	No.	Var.
Secretary	1	0	1	0	0	0
EO-1	2	0	2	0	0	0
EO-2	36	2	36	2	0	0
EO-3	23	-3	23	-3	0	0
<b>Total</b>	<b>62</b>	<b>-1</b>	<b>62</b>	<b>-1</b>	<b>0</b>	<b>0</b>

**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	0	0	0
EO-2	18	-1	18	3	3	0
EO-3	12	-1	11	-2	2	0
<b>Total</b>	<b>32</b>	<b>-2</b>	<b>30</b>	<b>1</b>	<b>5</b>	<b>0</b>

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 31(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 notes to the Financial Statements do not distinguish between executive levels, or disclose separations, vacant positions, executives whose remuneration is below \$100,000, or 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**

	2016	2015
Executives with total remuneration over \$100,000	61	69
Executive employed with total remuneration below \$100,000	15	17
<b>Add</b>		
Vacancies (Table 2)	5	5
Accountable Officers (Secretary)	1	1

	2016	2015
<b>Less</b>		
Separations from DELWP	9	7
Separations - MoG to DEDJTR	0	14
Executives who moved to non-executive roles	1	1
Executive Officers commenced leave without pay	2	2
Ceased Executive Officers who received backpay	<b>3</b>	<b>0</b>
<b>Total executive numbers</b>	<b>67</b>	<b>68</b>

Note:

- At 30 June 2016, the department employed 62 executive officers and had five vacancies.

### Profile of Sustainability Victoria Executive Officers: June 2016

**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
<b>Total</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 2: Breakdown of executive officers 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	0	1	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3: Reconciliation of executive numbers**

	2016	2015
Executives with total remuneration over \$100,000	4	4
Executives employed with total remuneration below \$100,000	0	0
<b>Add</b>		
Vacancies (Table 2)	0	1
Accountable Officers (Secretary)	0	0
<b>Less</b>		
Separations from SV	0	1
Executives who moved to non-executive roles	0	0
Executive Officers commenced leave without pay	0	0
<b>Total executive numbers</b>	<b>4</b>	<b>4</b>

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

Organisation Name	June 2016			June 2015			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Architects Registration Board of Victoria	0	0	0	1	0	1	-1	0	-1
Barwon Coast Committee of Management	0	1	1	0	1	1	0	0	0
Barwon Region Water Corporation (Barwon Water)	3	14	17	3	14	17	0	0	0
Barwon South West Waste and Resource Recovery Group	1	0	1	1	0	1	0	0	0
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	1	0	1	0	0	0
Central Gippsland Region Water Corporation (Gippsland Water)	1	9	10	2	9	11	-1	0	-1



Organisation Name	June 2016			June 2015			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Central Highlands Region Water Corporation (Central Highlands Water)	1	5	6	1	4	5	0	1	1
City West Water Corporation	1	7	8	3	6	9	-2	1	-1
Coliban Region Water Corporation (Coliban Water)	0	6	6	1	6	7	-1	0	-1
Corangamite Catchment Management Authority	0	1	1	0	1	1	0	0	0
East Gippsland Catchment Management Authority	0	1	1	0	1	1	0	0	0
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	0	3	3	0	0	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	1	1	0	0	0
Glenelg Hopkins Catchment Management Authority	0	1	1	0	1	1	0	0	0
Goulburn Broken Catchment Management Authority	1	1	2	1	1	2	0	0	0
Goulburn Valley Region Water Corporation (Goulburn Valley Water)	0	3	3	0	4	4	0	-1	-1
Goulburn Valley Waste and Resource Recovery Group	0	1	1	0	1	1	0	0	0

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Organisation Name	June 2016			June 2015			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Goulburn-Murray Rural Water Corporation (Goulburn-Murray Water)	2	4	6	2	4	6	0	0	0
Grampians Central West Waste and Resource Recovery Group	0	1	1	0	1	1	0	0	0
Grampians Wimmera Mallee Water Corporation (GWM Water)	1	3	4	1	4	5	0	-1	-1
Great Ocean Road Coast Committee	0	1	1	0	1	1	0	0	0
Lake Mountain Alpine Resort Management Board	0	1	1	0	0	0	0	1	1
Loddon Mallee Waste and Resource Recovery Group	1	0	1	1	0	1	0	0	0
Lower Murray Urban and Rural Water Corporation (Lower Murray Water)	1	5	6	1	7	8	0	-2	-2
Mallee Catchment Management Authority	1	0	1	1	0	1	0	0	0
Melbourne Water Corporation	2	9	11	16	35	51	-14	-26	-40
Metropolitan Planning Authority	2	6	8	1	6	7	1	0	1
Metropolitan Waste and Resource Recovery Group	0	1	1	1	3	4	-1	-2	-3
Mount Baw Baw Alpine Resort Management Board	0	1	1	0	0	0	0	1	1
Mount Buller and Mount Sterling Alpine Resort Management Board	0	2	2	1	2	3	-1	0	-1
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

Organisation Name	June 2016			June 2015			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
North East Catchment Management Authority	0	2	2	0	2	2	0	0	0
North East Region Water Corporation	1	4	5	1	4	5	0	0	0
North East Waste and Resource Recovery Group	1	0	1	1	0	1	0	0	0
Parks Victoria	7	12	19	9	9	18	-2	3	1
Phillip Island Nature Park Board of Management	0	1	1	0	1	1	0	0	0
Port Phillip and Westernport 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
South East Water Corporation	4	22	26	4	22	26	0	0	0
South Gippsland Region Water Corporation (South Gippsland Water)	0	4	4	0	4	4	0	0	0
Sustainability Victoria	1	4	5	1	4	5	0	0	0
The Mint Incorporated	0	1	1	1	0	1	-1	1	0
Trust for Nature (Victoria)	1	0	1	1	0	1	0	0	0
Urban Renewal Authority (Places Victoria)	3	18	21	3	15	18	0	3	3
Victorian Building Authority	3	4	7	3	6	9	0	-2	-2
Wannon Region Water Corporation (Wannon Water)	1	4	5	0	5	5	1	-1	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)	0	1	1	1	2	3	-1	-1	-2

Organisation Name	June 2016			June 2015			Annual change		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
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	1	7	8	6	28	34	-5	-21	-26
Zoological Parks and Gardens Board	5	4	9	4	3	7	1	1	2
	<b>51</b>	<b>202</b>	<b>253</b>	<b>78</b>	<b>247</b>	<b>325</b>	<b>-27</b>	<b>-45</b>	<b>-72</b>

Note:

- All figures reflect employment levels during the last pay full period in June of each year unless otherwise stated.
- Excluded are those on leave without pay or absent on secondment, external contractors / consultants and temporary staff employed by employment agencies.
- For the purpose of this table, Executive Officers are defined as employees who have significant management responsibility AND receive a TRP of \$152,560 or more.
- Architects Registration Board of Victoria has declared that they do not have executives that meet the criteria.
- Melbourne Water Corporation and Yarra Valley Water Corporation have applied their own criteria to determine which staff have significant management responsibilities and this has reduced the number of staff included in the list as executives in 2015-16.

# Office-based environmental performance

## Office-based environmental impacts

DELWP's Environment Management System (EMS) is set up to meet government requirements and to reduce the department's impact on the environment. The initial focus has been on the department's office based activities in the areas of energy and paper consumption, transportation, waste generation, water consumption, and green procurement. The program is independently audited biennially by an environmental auditor appointed under the *Environment Protection Act 1970*.

DELWP's EMS objectives are to:

- refine and maintain an EMS that drives continual improvement across the department
- clearly communicate the Environmental Policy Statement and responsibilities to staff and contractors
- set targets and objectives to minimise waste, environmental harm and pollution associated with departmental operations
- ensure operational activities meet or better the requirements of environmental legislation and government policy, and adopt best practice environmental procedures and guidelines
- minimise the consumption of water, energy, materials and other resources in all operational areas through discipline and innovation
- ensure new capital works incorporate comprehensive environmental sustainability principles
- incorporate environmental principles, and where possible, life cycle costing in decision making and procurement processes
- ensure departmental staff have the ability to achieve the above policy objectives
- share our achievements and learnings with other departments
- monitor, measure and publicly report our environmental performance.

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 (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 69 sites covering 92 per cent of FTE (2,844 FTEs of total 3,092). The reportable site list excludes residences, sites where there are fewer than 10 FTE, and where DELWP staff are located within another department's facility (for example Attwood and Horsham). Non-DELWP staff accommodated within a DELWP managed facility are counted towards the DELWP reported consumption figures as per FRD 24C guidance.

Reportable sites are used for emergency response, which can have significant impacts on resource use across the department.

## Key achievements

The key achievements for DELWP in 2015-16 include:

- launch of the DELWP Green Team Strategy, Environmental Policy Statement and Environmental Action Plan 2015-18
- development of sustainable construction guidelines for new builds and refurbishments
- 16 per cent reduction in LPG consumption and related greenhouse gas emissions
- 26 per cent reduction of waste per FTE to landfill
- 8 per cent reduction in waste-related greenhouse gas emissions
- 3.6 tonne of waste material diverted from landfill via Green Collect recycling
- reduction in paper purchase with 0-49 per cent recycled content
- increase in paper purchase with 75-100 per cent recycled content
- 11 per cent increase in staff travelling by sustainable modes of transport to and from work.

## 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 96 per cent of FTE and 98 per cent of work area (m<sup>2</sup>) for DELWP's reported sites. This covers 149,602 m<sup>2</sup> for DELWP, in comparison to 134,848 m<sup>2</sup> in 2014-15.

Total energy usage (E1) increased by 10 per cent in 2015-16, mainly due to a small increase in natural gas consumption and an increase of 16 per cent in FTE at reported sites. Recent construction at Broadford saw the introduction of natural gas on-site, which contributed to a

quarter of the natural gas increase. Natural gas is typically used for heating during the winter months which may explain small increases at the remaining five DELWP sites with natural gas, as the 2015 winter was slightly colder on average in comparison to 2014.

LPG consumption reduced by 16 per cent in 2015-16 compared to 2014-15, as sites such as Broadford switched to natural gas.

Mega joules (MJ) of office electricity per m<sup>2</sup> (E5) is based upon offices where consumption is separately metered. In 2015-16 this metric covered 16 offices, 29 per cent of m<sup>2</sup> (43,945 m<sup>2</sup>) and 81 per cent of FTE (2,294 FTE) of DELWP's reported sites. A slight increase in mega joules per m<sup>2</sup> is in line with the overall increase of energy across DELWP.

Indicator		2015-16				2014-15			
		Electricity	Natural gas	LPG	Green power	Electricity	Natural gas	LPG	Green power
E1	Total energy usage segmented by primary source (MJ)	30,940,817	9,358,660	629,000	0	28,819,100	7,566,447	751,878	0
E2	Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO <sub>2</sub> -e)	9,712	482	1,525	0	9,217	388	1,747	0

Indicator		2015-16	2014-15
E3	Percentage of electricity purchased as green power	0	0
E4	Units of energy used per FTE (MJ/FTE)	13,235	12,311
E5	Units of energy used per unit of office area (MJ/m <sup>2</sup> )	371	354

Note:

- The 2014-15 LPG greenhouse gas emissions figure (E2) was incorrectly reported in the 2014-15 Annual Report. The correct figure has been included in the above table.
- m<sup>2</sup> covers all under cover areas that have power supplied including offices, staff amenities and sheds.
- E1, E2, E3, E4 cover 149,602 m<sup>2</sup> and 2,726 FTE.
- E5 covers 43,945 m<sup>2</sup> and 2,294 FTE.
- Mean temperature data was taken from the Bureau of Meteorology website where trend data shows a small increase from 2014-15 to 2015-16.
- Electricity data excludes 2 Lonsdale Street Melbourne due to data unavailability. This facility covers 4.1 per cent of FTE and 1.5 per cent of m<sup>2</sup> at reportable sites.



- 4.3 per cent of electricity data has been estimated based on the previous year's consumption due to a lag in receiving data.
- DELWP reports from April 1 – March 31 to allow for a full reporting year.
- Conversion factors are taken from the National Greenhouse Accounts Factors July 2015.

Actions undertaken	
Stage 1 Type 3 energy and water audits	Audits were undertaken at 12 facilities across the Loddon Mallee, Grampians and Hume regions. Audits identified a range of efficiency measures that are currently being implemented such as LED lighting upgrades, mechanical services upgrades, building envelope and HVAC opportunities.
Solar photo voltaic (PV) roof installation	Feasibility studies were undertaken for solar installation at nine facilities with total capacity of 285 kilowatts (kW). Installation is expected to occur in early 2016-17.
Solar PV guidelines	Developed guidelines to standardise solar installation and provide project managers with guidance on installing solar PV across DELWP facilities.
Greener Government Buildings program 'Quick Win'	DELWP is in the process of replacing all office incandescent and halogen globes with LED globes in line with this program.
Upgrade of 8 Nicholson Street	An upgrade and refurbishment of 8 Nicholson Street is in process, which will see the building move to a 5 star NABERS rating.
Sustainable construction guidelines	DELWP identified a suite of environmental sustainability considerations and initiatives that could be incorporated into existing building design and construction processes, including an assessment of how this is currently integrated into design and construction. As a result, a design checklist was developed and is incorporated into all tenders. An audit checklist was also developed for use during the construction phase of projects to assist in reviewing contractor construction environmental management plans.
Earth Hour	DELWP participated in the annual Earth Hour, highlighting its commitment to reducing energy consumption.

## Targets

The following targets have been set for 2016-17:

- Progressively reduce energy consumption across DELWP owned and managed facilities
- Undertake Stage 2 of the energy efficiency program, including Type 3 audits across the DELWP portfolio
- Continue to install solar photo voltaic systems where feasible
- Implement pledges as part of TAKE2 on Climate Change action.

## Waste

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

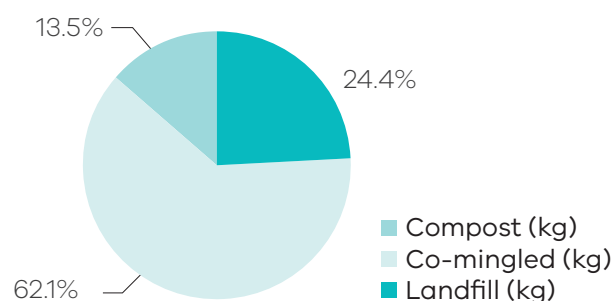
The data presented below is derived from waste audits conducted at nine sites covering non-hazardous solid waste material. It should be noted the list of sites audited varied from 2014-15 to 2015-16 due to refurbishments at 8 Nicholson Street (excluded in 2015-16). Although still in line with 30 per cent FTE

coverage requirement of FRD24C, the 2015-16 audits resulted in a lower number of FTE covered in comparison to 2014-15.

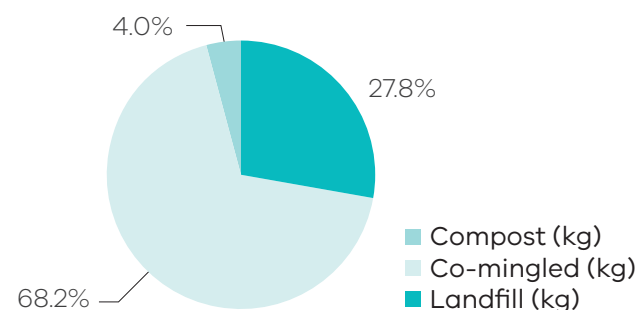
Although total waste generated increased, the amount of material being composted or recycled increased, evident with an improved recycling rate, and associated emission reduction. Figure 1 compares the change of waste make-up between 2014-15 and 2015-16.

**Figure 1: Change in make-up of waste generated**

**2015-16 waste breakdown**



**2014-15 waste breakdown**



Indicator		2015-16			2014-15		
		Landfill	Co-mingled recycling	Compost	Landfill	Co-mingled recycling	Compost
Ws1	Total units of waste disposed of by destination (kg/yr)	46,015	117,233	25,233	30,135	73,890	4,290
Ws2	Units of waste disposed of per FTE by destinations (kg/FTE)	15	38	8	20	49	3

Indicator		2015-16	2014-15
Ws3	Recycling rate (percentage of total waste)	76	78
Ws4	Greenhouse gas emissions associated with waste disposal (t CO <sub>2</sub> -e)	67	73

Note:

- The 2014-15 waste figures were incorrectly reported in the 2014-15 Annual Report. The correct figures are included in the above table.
- The 2015-16 waste audits involved measuring general waste and recycling for contamination and composition, collected by the cleaners on a sample day. The audits were undertaken at the following locations:
  - 570 Bourke Street, Melbourne
  - Alexandra Office/Depot
  - Arthur Rylah Institute (Heidelberg)
  - Bairnsdale Office
  - Benalla Office
  - Bendigo Office/ Depot
  - Geelong Office
  - Knoxfield Office
  - Traralgon Office.
- The 2015-16 waste audits covered 1,111 FTE including 932 DELWP FTE (30 per cent of total DELWP FTE) and 179 other government staff located within the facilities. This meets the FRD 24C requirement of 30 per cent staff coverage.
- Waste data recorded during the site audits is extrapolated to represent a reporting year's 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.
- Conversion factors are taken from the National Greenhouse Accounts Factors July 2015.

Actions undertaken	
Pre-loved Stationery redistribution for 8 Nicholson Street refurbishment	As part of Corporate Services relocating to 385 Bourke Street for the 8 Nicholson Street refurbishment, pre-loved stationery bins were set up for stationery items that were no longer needed, but in good condition. Over 400 folders, 200 markers and pens, 70 Post-it notepads, 50 page divider packets, 750 plastic pockets and sleeves, 15 boxes of labels and over 1,200 bulldog and paper clips, and a range of other miscellaneous items were collected and diverted from landfill.
General Green Collect collection	In addition to the material collected as pre-loved stationery and the general co-mingled recycling, DELWP diverted more than 3.6 tonne of metal, plastics, batteries, mobile phones and accessories, small e-waste and stationery through the Green Collect recycling scheme.
Hard hat recycling	98 per cent of all hard hats used are recycled into building products (over 2,000 annually).
Asset auction services	Assets such as chainsaws, brushcutters, mobile ladders, heavy plant, etc. are sold through public auction instead of being disposed of into landfill.

### Targets

The following targets have been set for 2016-17:

- 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 percent.

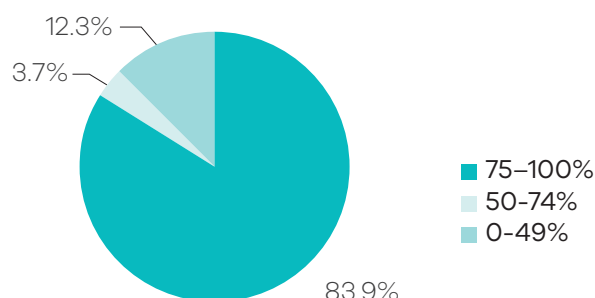
The category '50-75% recycled content copy paper' (P3) comprises 50 per cent recycled content A4 paper sourced primarily to cover 'out of stock' periods of the preferred paper. The category '0-49% recycled content copy paper' (P3) is almost entirely comprised of

A3 sized and coloured A4 papers, which are unavailable in higher recycled content.

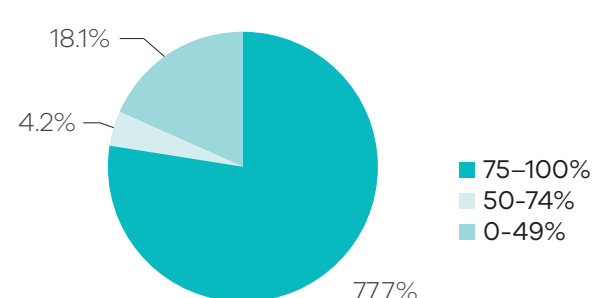
DELWP's total paper purchase increased by 17 per cent, however when comparing the breakdown of recycled content, it is clear DELWP has improved its purchasing habits. In 2015-16, 84 per cent of all paper had a 75-100 per cent recycled content (78 per cent in 2014-15) while the 0-49 per cent category had a reduction of 32 per cent in comparison to 2014-15.

**Figure 2: Recycled content of paper breakdown**

**2015-16 recycled content of paper breakdown**



**2014-15 recycled content of paper breakdown**



Indicator		2015-16	2014-15
P1	Total units of copy paper used (reams)	35,332	30,280
P2	Units of copy paper used per FTE (reams/FTE)	11	10
P3	Percentage of 75-100% recycled content copy paper purchased	84%	78%
	Percentage of 50-74% recycled content copy paper purchased	4%	4%
	Percentage of 0-49% recycled content copy paper purchased	12%	18%

Note:

- P1, P2 and P3 cover 3,092 FTE.
- DELWP reports from April 1 – March 31 to allow for a full reporting year.

Actions undertaken	
Printing practices	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.
Default paper	Default copy paper purchased through our stationary supplier is 80 per cent recycled content. If this is unavailable, supply defaults to 50 per cent recycled content. Some sites choose to use 100 per cent recycled content.

## Targets

The following target has been set for 2016-17:

- 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 89 per cent of FTEs and 96 per cent of m<sup>2</sup> for DELWP's reported sites.

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

DELWP reduced its total water consumption by 25 per cent in comparison to 2014-15, which can be contributed to projects such as harvesting rainwater for wash down bays and amenities.

Indicators W2 and W3 are based upon a subset of the portfolio where office consumption is separately metered. In 2015-16 this metric covered 13 offices, 24 per cent of m<sup>2</sup> (36,984 m<sup>2</sup>) and 85 per cent of FTE at DELWP's reported sites.

Indicator		2015-16	2014-15
W1	Total units of metered water consumed by usage types (kilolitres)	36,157	48,008
W2	Units of metered water consumed in offices per FTE (kilolitres/FTE)	7.2	8.1
W3	Units of metered water consumed in offices per unit of office area (kilolitres/m <sup>2</sup> )	0.4	0.3

Note:

- W1 covers 145,543 m<sup>2</sup> and 2,532 FTE
- W2 and W3 cover 36,984 m<sup>2</sup> and 2,082 FTE
- Water data excludes 2 Lonsdale Street and 1 Spring Street Melbourne due to the unavailability of consumption data. These facilities cover 11 per cent of FTE and 4 per cent of m<sup>2</sup> at reportable sites
- 2.8 per cent of water data has been estimated based on the previous year's consumption due to a lag in receiving data
- A meter issue identified in 2014-15 (where one of two meters was not working) at 8 Nicholson Street, East Melbourne, was rectified in 2015-16, resulting in an increase in water use recorded at this facility. This facility is DELWP's largest water user. The increase has been accounted for in the water metrics above.
- DELWP reports from April 1 – March 31 to allow for a full reporting year.

Actions undertaken	
Stage 1 Type 3 energy and water audits	Type 3 audits undertaken at 12 facilities across the Loddon Mallee, Grampians and Hume regions. Audits identified a range of efficiency measures that are currently being implemented such as installation of rainwater tanks, plumbing rainwater tanks into the amenities and wash down bays, and installation of flow aerators.
Sustainable construction guidelines	DELWP identified a suite of environmental sustainability considerations and initiatives that could be incorporated into existing building design and construction processes, including an assessment of how this is currently integrated into design and construction. As a result, a design checklist was developed and is incorporated into all tenders. An audit checklist was also developed for use during the construction phase of projects to assist in reviewing contractor construction environmental management plans.

## Targets

The following targets have been set for 2016-17:

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

## Transport

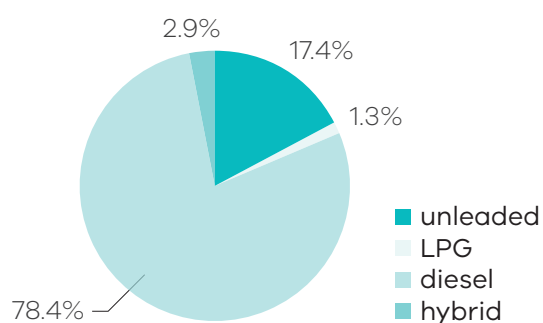
### Fleet

The department's fleet comprises 848 vehicles, 95 per cent of which are operational vehicles, with the executive fleet accounting for the remainder. Of the operational fleet, one per cent are LPG, 17 per cent unleaded, 77 per cent diesel fuelled and three per cent are hybrid. The executive fleet comprised 67 per cent unleaded, 29 per cent diesel fuelled and five per cent hybrid vehicles.

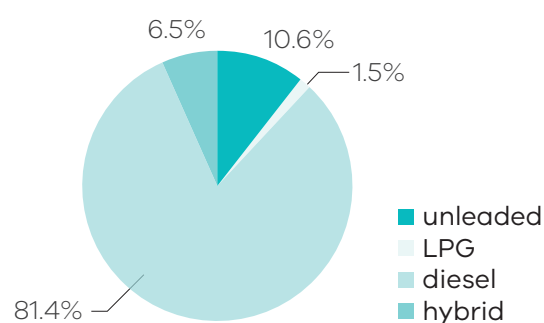
In 2015-16, changes to DELWP's fleet resulted in a change to the fuel make-up of vehicles. Twenty per cent of the fleet consisted of unleaded vehicles (in 2014-15, 11 per cent), 77 per cent of diesel (in 2014-15, 81 per cent) with LPG vehicles staying approximately 1 per cent (see figure 3). In 2015-16, kilometres travelled increased by 4 per cent in comparison to 2014-15, which is reflected in the increase of associated greenhouse gas emissions.

**Figure 3: Change in make-up of vehicles**

**2015-16 breakdown of total fleet**



**2014-15 breakdown of total fleet**



Indicator		2015-16			2014-15		
		Unleaded	LPG	Diesel	Unleaded	LPG	Diesel
T1	Total energy consumption by vehicles (MJ)	9,950,809	707,646	80,103,558	9,575,800	945,636	70,805,395
T2	Total vehicle travel associated with entity operations (km)	4,061,952	223,232	14,191,626	4,198,336	429,138	13,058,929
T3	Greenhouse gas emissions from vehicle fleet segmented by vehicle type (t CO <sub>2</sub> -e)	671	27	5,634	641	57	4,943
T4	Greenhouse gas emissions from vehicle fleet per 1,000 km travelled (t CO <sub>2</sub> -e)	0.17	0.12	0.40	0.15	0.13	0.38

Note:

- T1 – T4 covers 3,092 FTE.
- 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 from April 1 – March 31 to allow for a full reporting year.



## Air travel

Air travel includes intrastate, interstate and overseas trips. In 2015-16 short haul flights increased by 29 per cent, medium haul flights by 17 per cent, and long haul flights by 62 per cent.

Indicator		2015-16	2014-15
T5	Total distance travelled by air (km)	4,120,798	3,077,565

Note:

- T5 covers 3,092 FTE.
- The increase in long haul flights is a result of Emergency Management team deployments to overseas destinations including Boise (United States of America), Vancouver and Edmonton (Canada).

## Staff commuting

DELWP measures how staff travel to and from the workplace through an annual travel survey. In 2015-16, 28 per cent of DELWP staff completed the survey (859 respondents). Sixty-six per cent of respondents were from the central business district (CBD), 9 per cent from the metro area and 25 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, while 22 per cent from regional areas travelled by sustainable modes, up from 20 per cent in 2014-15.

Indicator		2015-16			2014-15		
		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	18	22	89	30	22

Note:

- T6 covers 859 FTE
- Conversion factors are taken from the National Greenhouse Accounts Factors July 2015.

## Targets

The following target has been set for 2016-17:

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

## Greenhouse gas emissions

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

Indicator		2015-16	2014-15
G1	Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> -e)	11,719	11,352 *
G2	Total greenhouse gas emissions associated with vehicle fleet (t CO <sub>2</sub> -e)	6,332	5,641
G3	Total greenhouse gas emissions associated with air travel (t CO <sub>2</sub> -e)	1,134	814
G4	Total greenhouse gas emissions associated with waste production (t CO <sub>2</sub> -e)	67	73

Note:

- Conversion factors are taken from the National Greenhouse Accounts Factors 2015.

### Targets

The following target has been set for 2016-17:

- 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 tenderers to demonstrate their environmental credentials, and allow tender evaluation teams to weight and score this as a separate assessment criterion, where relevant. Staff seeking approval from the Chief Procurement Officer for procurement greater than \$150,000 are requested to advise how sustainability was considered in the evaluation process and to provide reasons if this was not the case.

Actions undertaken	
Emergency Services Sector	Electrolyte replacement drink 'Paramount Safety' is an Australian made product used in the Emergency Services Sector that comes in recyclable plastic bottles.
	Bottled spring water 'Cottonwood Springs' is sourced locally in Victoria and also comes in recyclable plastic bottles. Sourcing locally reduces transport miles and greenhouse gas emissions.

\* Corrects a calculation error published in the Annual Report

# Departmental objectives, indicators and outputs

This section provides an overview of key activities associated with DELWP's medium-term objectives. It also reports on the delivery of the department's outputs, including performance results against the output measures consistent with what was published in the *2015-16 Budget Paper Number 3: Service Delivery* (BP3).

Note: output costs reported under Departmental objectives, indicators and outputs vary to the output costs reported in Note 2 of the DELWP 2015-16 Financial Statements due to the different methodologies used to allocate department wide costs.

The table below provides a summary of DELWP's objectives, indicators and outputs as set out in BP3.

Departmental objectives	Indicators	Outputs
Healthy, resilient and biodiverse environment	<ul style="list-style-type: none"> <li>Participation in community based environmental programs</li> <li>Level of support from key stakeholders for environmental and adaptation policy development and implementation</li> <li>Reduction in pollutants from priority hotspots</li> </ul>	Environmental programs Environmental policy Statutory activities and environmental protection
Productive and effective land management	<ul style="list-style-type: none"> <li>Efficient provision of timely and authoritative land administration and property information services</li> <li>Number of visits to the public land estate managed by the department's portfolio agencies: Parks Victoria</li> <li>Bay and park assets rated in average to excellent condition</li> </ul>	Land Victoria Management of forests, parks and public land
Safe and sustainable water resources	<ul style="list-style-type: none"> <li>Proportion of new homes and businesses connected to an alternative water source</li> <li>Proportion of properties completely connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts)</li> <li>Number of river reaches/wetlands with maintained or improved environmental condition</li> </ul>	Effective water management and supply
A quality built environment	<ul style="list-style-type: none"> <li>Efficient provision of timely and authoritative information on population growth and change</li> <li>Public participation in planning, building and heritage initiatives</li> <li>Efficient administration of Victoria's planning, building and heritage systems</li> </ul>	Planning, building and heritage
Sustainable and effective local governments	<ul style="list-style-type: none"> <li>Satisfaction with the performance of councils as measured through the Local Government Community Satisfaction Survey</li> </ul>	Local government
Reduced impact of major bushfires and other emergencies on people, property and the environment	<ul style="list-style-type: none"> <li>Percentage of bushfires contained at first attack and/or under five hectares to suppress bushfires promptly, keep bushfires small and minimise loss</li> <li>Area of public land treated through planned burning and other treatments</li> <li>Adoption of consistent systems across the department to support efficient and effective emergency management</li> <li>Percentage of agreed departmental emergency management obligations met on time and to standard</li> </ul>	Fire and emergency management

## Healthy, resilient and biodiverse environment

This objective aims to deliver 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.

### Progress towards achieving this objective

#### Context and performance trends

Biodiversity in Victoria is continuing to decline. More than 2,000 species of plants are now considered to be at risk in Victoria and more than one quarter of Victoria's mammals, birds, reptiles and amphibians are threatened to some degree. This is inconsistent with community values about the protection of biodiversity and undermines the long term prosperity of Victoria, through increased risk to ecosystem services and natural resources for economic and social benefit.

The 2015-16 Budget provided \$6 million for the Threatened Species Protection initiative. To date, more than 400 groups (including about 40,000 volunteers), including many Landcare and Coastcare groups, have been funded to deliver 156 local priority projects across Victoria.

Introduced (pest) plants and animals are a key threat to Victoria's terrestrial, coastal, marine and freshwater environments. These pests affect the diversity and function of ecosystems, reduce land productivity and water quality, reduce amenity values and tourism opportunities, and increase fire risk. Over-abundant native wildlife can also pose a threat to a resilient and biodiverse local environment.

In March 2016, the department released two major documents for consultation to inform the future of Victoria's biodiversity management; *Protecting Victoria's Environment – Biodiversity 2036*, a 20-year strategy for halting the decline of Victoria's native biodiversity. DELWP also released the *Native Vegetation Clearing Regulations* consultation paper as part of a review of the native vegetation clearing regulations.

Climate change is already causing adverse impacts on our people, environment and

industry. Victoria will experience more frequent and intense extreme weather related events including bushfires, heatwaves and coastal inundation. Global action to reduce greenhouse gas emissions is driving major changes in the global economy, including a shift away from fossil fuels towards new low emission technologies and industries.

In February 2016, the *Independent Review of the Climate Change Act 2010* was tabled in the Victorian Parliament. The review looked at the effectiveness of the Act in achieving its objectives, identified options and made recommendations to strengthen the Act. The government's response to the review, released on 9 June 2016, supports or supports-in-principle nearly all of the review's 33 recommendations. The Victorian Government will seek to amend the *Climate Change Act 2010* to provide Victoria with a world-leading legislative foundation for its climate change agenda.

In June 2016, the Premier and the Minister for Energy, Environment and Climate Change announced a long-term state climate change goal of zero net greenhouse gas emissions by 2050, and launched *TAKE2 – Victoria's Climate Change Pledge* which will allow state government, businesses, local councils, community groups, educational organisations and individuals to support Victoria's transition to a zero emission economy. All government departments are now required to contribute to a whole of government pledge to reduce emissions of greenhouse gases.

DELWP is working with land managers and the community to deliver weed and pest control programs. These include: the Roadside Weeds and Pests program that supports rural councils; the Weeds and Pests on Public Land program that protects Victoria's key biodiversity assets;

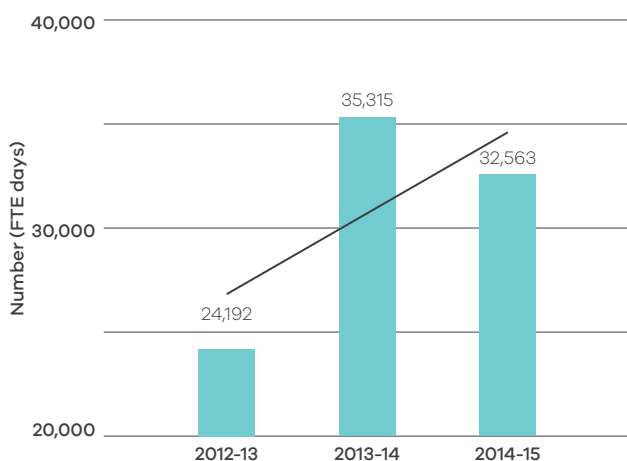
the Peri-urban Weed Management Partnership program that funds collaborative projects in Melbourne's urban fringe; and the Good Neighbour Program that protects the values of private land at the interface with public land. In addition, the new Sustainable Water Management – Riparian Land program will protect key waterways and catchments from invasive pests and weeds.

## Objective indicators

### **Participation in community based environmental programs**

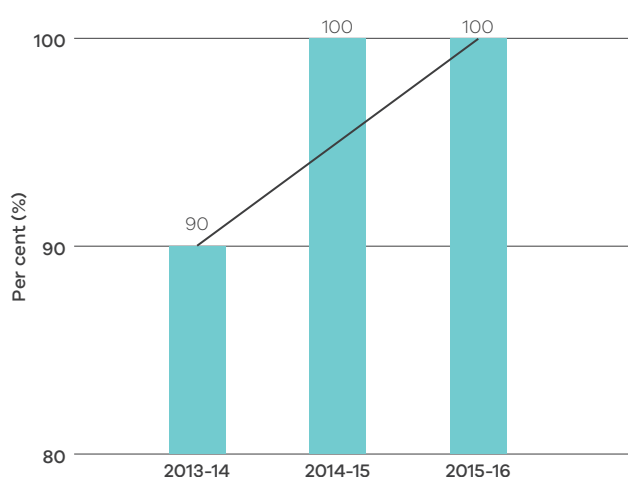
Volunteers working in community-based environmental programs have contributed about 31,500 full days to Landcare related community activities over 2015-16. This estimate is based on the reported 2014-15 actual total of 32,563 days, reported by 66 of Victoria's 68 Landcare groups. The actual number of FTE days for 2015-16 will be provided in the 2016-17 DELWP Annual Report.

The assistance provided by facilitators to support the volunteer activity of Landcare groups is resulting in a general trend of greater participation, with 2013-14 being a particularly high year in terms of recorded participation.



### **Level of support from key stakeholders for environmental and adaptation policy development and implementation**

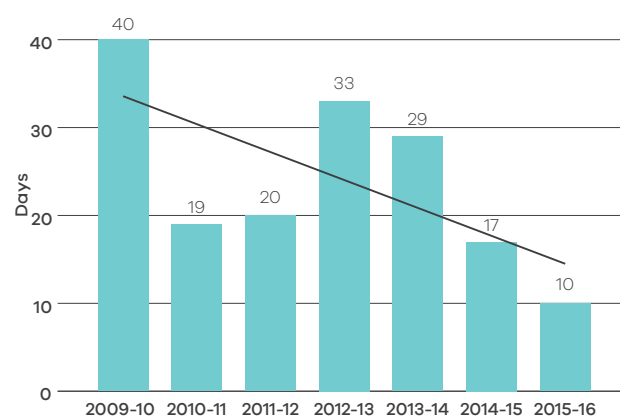
The objective indicator for level of support from key stakeholders for environmental and adaptation policy development and implementation achieved 100 per cent in 2015-16. It is projected to remain at or above 90 per cent in the next few years.



### **Reduction in pollutants from priority hotspots**

We have reduced pollutants from priority hotspots by 41 per cent compared to last financial year.

#### *Days where dust levels (PM10) exceeded the limit*



Focusing on the industrial area of Brooklyn, in Melbourne's north-west, the EPA has continued working with local government, industry and the community and actively regulating industrial sources of dust. In 2015-16, sealing Jones and Bunting roads contributed to reducing the number of days where PM10 levels exceeded the goal in the Brooklyn Industrial Estate to 10 days, compared with 17 days in 2014-15 (PM10 particles are smaller than 10 microns in diameter; PM10 is a size measure rather than a volume). 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.

In May 2016, the then Minister for Environment, Climate Change and Water released the final report of an independent inquiry into the EPA. The inquiry focused on the need for a strong and independent environmental regulator able to protect the community from current and

emerging environmental and health risks. The final report made 48 recommendations to clarify and strengthen the EPA's role. DELWP is leading preparation of the Government's response to the report, due in late 2016.

## Output performance measures

### 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 government priorities on waste, resource recovery and efficiency, ecosystem sustainability, as well as climate change adaptation and mitigation.

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.

Output performance measures	Unit of measure	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Number of Victorian Adaptation Sustainability Partnership grant project evaluations and acquittals completed	number	7	9	-22.2	■
Final report/evaluation and acquittals have been completed for seven projects. The remaining two will be completed by the end of September 2016. This is due to some councils having to make variations on their project milestones.					
Percentage of Victorian schools accredited in the ResourceSmart Schools program	per cent	54	46	17.4	✓
Out of 2,226 schools in Victoria, 1,215 schools have participated in the ResourceSmart Schools program.					
<b>Quality</b>					
Completion of annual reporting and board appointment processes in accordance with legislation	per cent	95	100	-5.0	○
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	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	44.4	48.0	-7.5	■
The lower than budgeted output cost is primarily the result of further planning and works being required for the Remediation of Surplus Government Land initiative.					

Note:

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



## Environmental programs

This output delivers investment, regulatory and research functions that support diverse and resilient natural ecosystems for a liveable 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 undertakes research and 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	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Area of revegetation protected or enhanced through DELWP supported Landcare activities	hectares	1,602	1,500	6.8	✓
The 2015–16 result is in line with the expected level of revegetation funded via Landcare.					
Landcare members and community volunteers participating in Landcare activities	number	81,000	81,000	0*	✓
<b>Quality</b>					
Presentations made and scientific publications in peer reviewed journals	number	63	60	5.0	✓
<b>Timeliness</b>					
Native Vegetation Credit Extracts processed within 10 days	per cent	100	90	11.1	✓
All credits have been processed within 10 days.					
Planning referrals relating to native vegetation processed within statutory timeframes	per cent	77	80	-3.8	○
Wildlife Licence renewals processed by target dates	per cent	96	96	0	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	82.1	81.5	0.7	✓

Note:

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

## Statutory activities and environment protection

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

This output focuses on reducing local pollution problems, working with stakeholders to improve environmental outcomes and using knowledge and science to underpin decision making to shape

\* Corrects a calculation error published in the Annual Report

Victoria's environmental future. Through collaboration, communication and information programs, this output enables greater community involvement in, and ownership of, environmental issues.

Output performance measures	Unit of measure	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Environmental condition research reports issued, improvement tools, guidelines, policies, systems and plans completed and issued	number	45	54	-16.7	■
A number of publications were rescheduled to enable further consultation and advice and they are planned for release in 2016-17.					
EPA notices issued for illegal dumping of waste	number	98	70	40.0	✓
EPA's continuing focus on illegal dumping resulted in more notices issued than targeted. After continued positive results in this area, the target for this measure will be reviewed during the development of 2017-18 targets.					
<b>Quality</b>					
EPA prosecutions are successful, and conditions in enforceable undertakings are focused on improving environmental performance	per cent	100	90	11.1	✓
EPA was successful in all prosecution outcomes in 2015-16.					
Land audits submitted by EPA appointed auditors are reviewed to ensure compliance with statutory requirements and guidelines	per cent	99	90	10.0	✓
The 2015-16 result reflects EPA's streamlined administrative quality assurance processes to enable Environmental Audits received to be checked for compliance with guidelines.					
Notices complied with by due date or escalation in line with Compliance and Enforcement policy	per cent	88	90	-2.2	○
<b>Timeliness</b>					
Pollution reporters requesting follow-up by EPA receive contact within three working days	per cent	83	80	3.8	✓
Works approvals and licences completed within required statutory timelines	per cent	99	96	3.1	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	151.8	154.1	-1.5	○

Note:

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

## Productive and effective land management

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

DELWP works with statutory agencies, committees 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.

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

### Progress towards achieving this objective

#### Context and performance trends

Victoria's public land - including its parks, forests, coasts and Crown land reserves - has significant economic, environmental, cultural and recreational value. DELWP manages 3.1 million hectares of state forest, 4.1 million hectares of parks and reserves, 29,000 parcels of Crown land and 45,000 kilometres of roads and bridges.

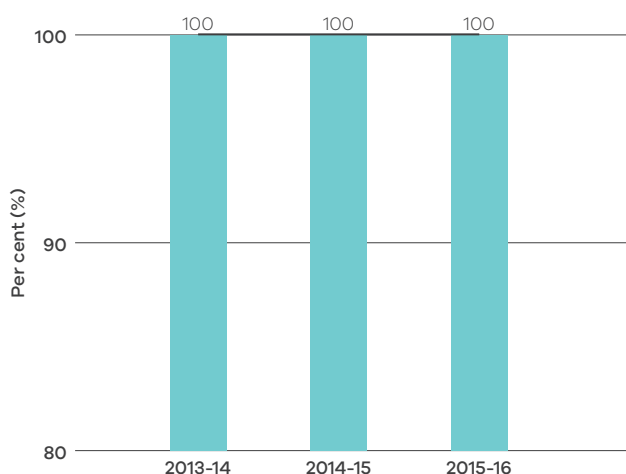
In March 2016, the *Crown Land Legislation Amendment (Canadian Regional Park and Other Matters) Bill 2015* passed through Parliament. The new 640 hectare Canadian Regional Park near Ballarat will support a variety of community recreational activities, while protecting a north-south wildlife corridor. DELWP is engaging with Traditional Owners to find an Aboriginal name for the new park.

In April 2016, Victorian construction company, Browns Wangaratta, was awarded the contract for restoration work on the Mount Buffalo Chalet. Work is due for completion by 30 June 2017, which will be guided by the Mount Buffalo Destination Advisory Group.

In May 2016, the Minister for Energy, Environment and Climate Change announced a \$9.8 million investment in Victoria's iconic Shipwreck Coast to deliver Stage One of the *Shipwreck Coast Master Plan*. This will encourage longer visitor stays and increase spending in local communities along the Great Ocean Road by providing a greater range of tourism facilities.

#### Objective indicators

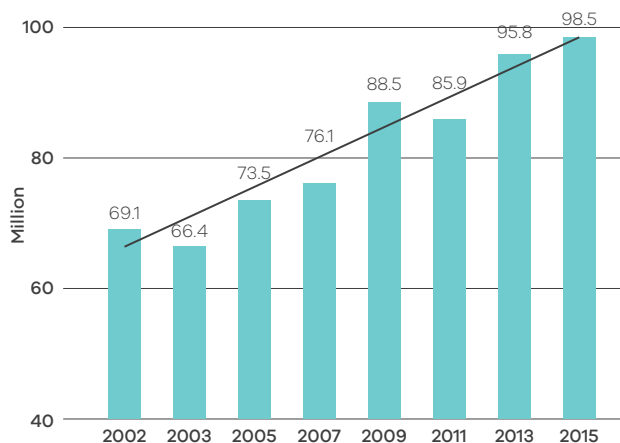
##### ***Efficient provision of timely and authoritative land administration and property information services***



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

Performance against a range of key land administration and property information service deliverables continued at a high standard resulting in DELWP maintaining the efficient provision of timely and authoritative land administration and property information services at 100 per cent in 2015-16. In total, more than 855,000 property transactions were lodged during 2015-16, an increase of 7 per cent compared to the previous year.

**Number of visits to the public land estate managed by the department's portfolio agency: Parks Victoria**

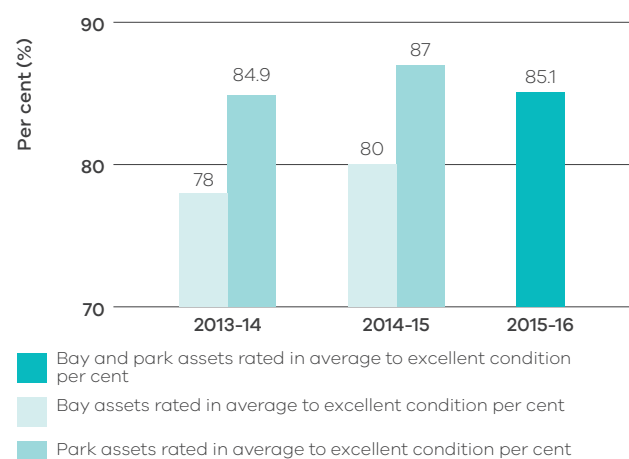


Parks Victoria recorded around 98.5 million visitors in the most recent Visitor Number Monitor survey conducted in 2014-15, against a target of 93-97 million. The next visitor survey is scheduled for 2016-17.

The number of visits to the public land estate managed by Parks Victoria is anticipated to remain within the target range over the next few years.

On 18 December 2015, the Victorian Government reduced fees for camping at 55 mid-level campsites around Victoria to ensure all Victorians can continue to have access to these parks. This included campgrounds, such as Borough Huts and Jimmy Creek in the Grampians National Park, and popular sites in the Great Otway National Park including Johanna Beach, Blanket Bay and Aire River West, and Bear Gully at Cape Liptrap Coastal Park.

**Bay and park assets rated in average to excellent condition**



Performance against the objective indicators for bay and park assets rated in average to excellent condition, improved over 2013-14 to 2015-16, with bay assets improving from 78 to 80 per cent and park assets improving from 84.9 to 87 per cent. This is a combined result of 85.1 in 2015-16.

On 22 October 2015, the Victorian Parliament passed the *National Parks Amendment (No 99 Year Leases) Act 2015*. This removes the ability to grant 99-year leases and protects Victoria's national parks from new large-scale private development. It follows the release of the *Valuing Victoria's Parks* report which found parks generated \$1.4 billion a year in visitor spending, supported 14,000 jobs and, through their role as water catchments, provided filtration services worth \$83 million a year.

## 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.

DELWP works to ensure natural, built and historic assets are managed responsibly, and incorporates management of public land in partnership with statutory agencies, committees and local government.

Output performance measures	Unit of measure	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Crown land leases directly managed by the Department	number	696	684	1.8	✓
Crown land licenses directly managed by the Department	Number (000)	44	43	2.3	✓
Maps generated on Land Channel	Number (million)	17.5	14	25.0	✓
The 2015-16 result is higher than the 2015-16 target due to increased demand for maps.					
Number of activities undertaken by Coastcare Victoria participants	number	669	600	11.5	✓
Increased performance against this measure reflects the success of the Summer by the Sea 2016 program.					
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)	1,100 (estimate)	1,100	0	✓
Number of visitors to the Royal Botanic Gardens in Melbourne and Cranbourne	number (million)	1.8	1.6-2.0	0	✓
Number of visits to Parks Victoria managed estate	number (million)	98.5	93-97	1.5	✓
Reports generated on Land Channel	number (million)	3.3	3.9	-15.4	■
The 2015-16 result is lower than the 2015-16 target due to a lower than expected demand for reports. A significant proportion of this lower than anticipated demand is attributed to the implementation of the Surveying and Planning through Electronic Applications and Referrals (SPEAR) portal which has reduced the number of reports that agencies and the public are requesting on Land Channel. Note for accurate historical comparison, the unit of measure has been corrected from 'number' to 'number (million)' as per the 2016-17 budget papers.					
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 (000)	4,104	4,106	0	✓
Visitors to Zoos Victoria at Melbourne, Werribee and Healesville	number (million)	2.45	1.95	25.6	✓
The 2015-16 result is higher than the 2015-16 target due to an increase in Zoos Victoria memberships and repeat visits.					

Output performance measures	Unit of measure	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quality</b>					
Audited Vicmap digital map base not requiring correction	per cent	97	97	0	✓
Foreshore protection assets around Port Phillip and Western Port bays rated as 'good' to 'very good' condition	per cent	55	55	0	✓
Level of compliance with environmental regulatory framework for commercial timber operations as required by the Forest Audit Program	per cent	82	90	-9.3	■
The 2015-16 result is lower than the 2015-16 target due to the introduction of a new risk-based approach that focuses on key compliance priorities, such as the protection of mandatory exclusion areas from the impacts of timber harvesting and the rehabilitation of waterway crossings.					
Publicly elected committees of management that have a current statutory appointment	per cent	93	90	3.3	✓
Recreational facilities in state forests with a life expectancy greater than five years	per cent	81	60	35.0	✓
The 2015-16 result is higher than the 2015-16 target due to maintenance works completed at key sites across the state. The 2016-17 target has been increased to reflect the works.					
Significant built bay assets managed by Parks Victoria rated in average to excellent condition	per cent	82	70	17.1	✓
The 2015-16 result is higher than the 2015-16 target due to improvement and maintenance works completed at key sites across the state. The 2016-17 target has been increased to reflect these works.					
Significant built park assets managed by Parks Victoria rated in average to excellent condition	per cent	88	83	6.5	✓
The 2015-16 result is higher than the 2015-16 target due to the addition of new assets across the state. The 2016-17 target has been increased to reflect these new assets.					
<b>Timeliness</b>					
Rent reviews of Department managed Crown land leases undertaken within specified time frames	per cent	94	95	-1.1	○
Update transactions for the Vicmap digital map base processed within the required timeframes	per cent	99	98	0.9	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	321.7	304.2	5.8	■
The higher 2015-16 output cost is attributable to additional funding provided for the Werribee Mansion, Small Alpine Resorts - Mt Baw Baw and Lake Mountain, and Junction Oval Redevelopment not included in the published budget.					

Note:

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



**Land Victoria**

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

Output performance measures	Unit of measure	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Planning certificates issued	number (000)	57	55	3.6	✓
Property transfers, discharge of mortgages and registration of new mortgages	number (000)	855	750	14.0	✓
The 2015-16 result is higher than the 2015-16 target due to increased activity in the property market.					
Proportion of title searches supplied (remotely) online	per cent	99	98	1.0	✓
Title searches supplied	number (000)	2,232	2,220	0.5	✓
<b>Quality</b>					
Government owned properties sold, bought or leased within 10 per cent of valuation	per cent	80	80	0	✓
<b>Timeliness</b>					
Land dealings registered within five days	per cent	99	95	4.2	✓
New titles (subdivisions) created within three weeks	per cent	78	95	-17.9	■
The 2015-16 result is lower than the 2015-16 target due to higher than anticipated levels of demand for service and more complex plans being lodged.					
<b>Cost</b>					
<b>Total output cost</b>	\$ million	95.6	65.8	45.3	■
The higher than budgeted 2015-16 output cost predominately relates to greater than expected Electronic Conveyancing and Landata services resulting from an improved property market.					

Note:

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

## Safe and sustainable water resources

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

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

### Progress towards achieving this objective

#### Context and performance trends

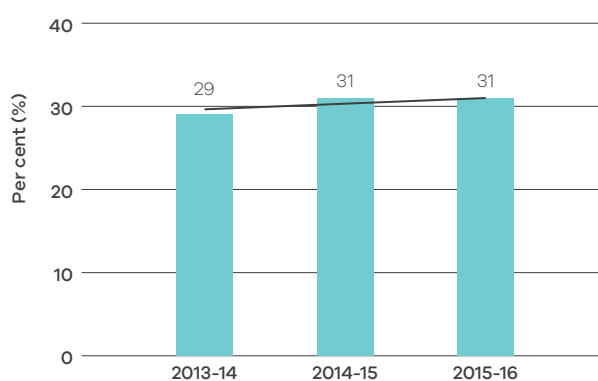
Water is a public resource and is essential for the environment, community health and economic sustainability. Climate change, a growing population and a growing economy will continue to put pressure on water system services and our natural environments. Climate change means that the medium to long term outlook for Victoria is for a drier future with more variable weather patterns. The reduced rainfall means drier soils and catchments, and reduced streamflows in waterways. Typically for every 10 per cent reduction in rainfall, streamflows reduce by 20 to 30 per cent.

In addition to the impacts of climate change, a growing population and economy will increase demand for water services from industrial, residential and agricultural users. The community expects high quality water 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.

Resilient and liveable cities and towns are fundamental to our state's economic prosperity, social and environmental needs, and community identity and wellbeing.

#### Objective indicators

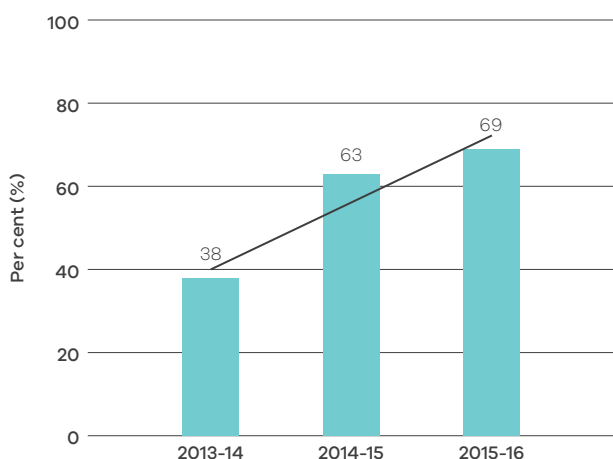
##### *Proportion of new homes and businesses connected to an alternative water source*



In 2015-16, the proportion of new homes connected to an alternative water source was maintained at 31 per cent (as in 2014-15). This is a favourable result because of the increasing ratio of infill area development, where new homes cannot be connected to third-pipe schemes.

In March 2016, the then Minister for Environment, Climate Change and Water announced the Target 155 water efficiency campaign would be reactivated in 2016-17. During the millennium drought (2006-2010) Melburnians reduced their water use per capita by more than 20 per cent.

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

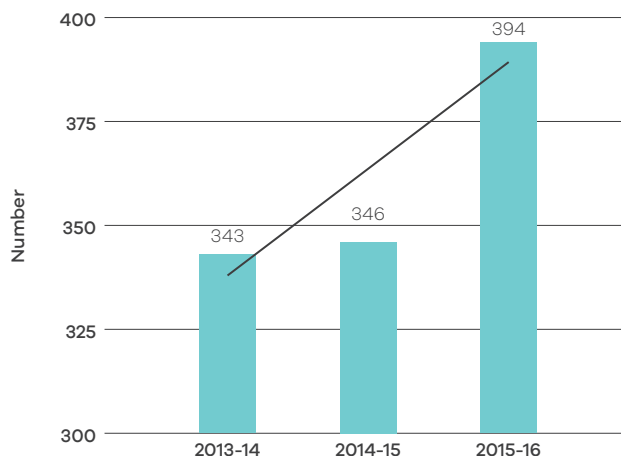


DELWP continues to support a sustainable and productive irrigation sector through large-scale irrigation modernisation projects, including the Goulburn-Murray Water (GMW) Connections project and the Macalister Irrigation District modernisation.

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 69 per cent over 2013-14 to 2015-16. This is despite delays to the completion of Stage Two of the GMW Connections project in 2015-16, which will now be implemented from 2016-17.

In June 2016, the Minister for Water released details of the reset of GMW Connections, including a new project roadmap outlining key strategies for moving the project forward. DELWP and its portfolio partners will work with local stakeholders and irrigators to find the best solutions for increased productivity, delivery of modern and efficient irrigation systems and secure water savings as part of Victoria's work to deliver the Murray-Darling Basin Plan.

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



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 statewide investment in on-ground works. In 2015-16, the number of river reaches/wetlands with maintained or improved environmental condition increased from around 343 to 394 from 2013-14 to 2015-16 period, with an increase of nearly 14 per cent in 2015-16.

A *Floodplain Management Strategy*, which clarifies the roles and responsibilities for floodplain management in relation to land use planning decisions and improving flood warning systems, was released in April 2016. The strategy received \$25 million in the 2016-17 Budget, which included \$11 million for local flood mitigation measures in 15 rural communities.

The then Minister for Environment, Climate Change and Water launched Victoria's catchments strategy, *Our Catchments, Our Communities* in May 2016. The strategy will better integrate catchment management activities through a regionally focused and community-based approach. From 2016-17, DELWP will invest \$222 million to improve the health of our waterways and catchments in partnership with catchment management authorities, catchment management partners and the broader community.

## Output performance measures

### Effective water management and supply

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

Output performance measures	Unit of measure	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Area of waterway vegetation works undertaken to improve the health and resilience of waterways	hectares	8,010	3,000	167.0	✓
The 2015-16 expected result is higher than the 2015-16 target due to once-off funding provided in the 2015-16 Budget for riparian and wetland works. The 2016-17 target has been increased following the allocation of funding for improving the health of waterways in regional Victoria.					
Corporate plans submitted by Catchment Management Authorities are aligned with ministerial guidelines and template, and meet the requirement of relevant Acts	per cent	100	100	0	✓
Cumulative water savings (permanent reduction in irrigation distribution system delivery losses) realised through water recovery projects	megalitres	681,056 (estimate)	749,600	-9.1	■
The 2015-16 expected actual result is lower than the 2015-16 target due to delays in implementing the works program for the GMW Connections project. Water recovery targets will also be revised as part of the reset of the GMW Connections project. Note: This is an estimated result only. Final data for this performance measure will be available following completion of an annual audit process in late 2016.					
Number of people engaged to increase the knowledge/capacity of water management	number	8,601	4,500	91.1	✓
The 2015-16 result is higher than the 2015-16 target due to increased levels of community engagement and participation associated with once-off funding provided in the 2015-16 Budget for additional riparian and wetland works.					
Number of sites where works have been undertaken to improve instream health	number	173	50	246.0	✓
The 2015-16 result is higher than the 2015-16 target due to the provision of once-off funding in 2015-16 for additional riparian and wetland works which has enabled more works to be delivered at more sites. The 2016-17 target has been increased following the allocation of funding for the Improving the health of waterways in regional Victoria initiative.					
Number of sites with environmental water managed to meet environmental objectives	number	179	134	33.6	✓
The 2015-16 result is higher than the 2015-16 target due to favourable seasonable conditions, water availability and environmental requirements.					

Output performance measures	Unit of measure	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
Other Victorian retail water entitlements (including licences to take and use water and other miscellaneous entitlements) recorded in the water register as the authoritative record	per cent	95	90	5.6	✓
Rebates approved for small business for improved water efficiency	number	654	350	86.9	✓
The 2015-16 result is higher than the 2015-16 target due to an increase in claims received before the program ended in September 2015. The 2015-16 result represents the final number of rebates to be approved under the program.					
Rebates approved to households for improved water efficiency in the house and garden	number	4,063	3,500	16.1	✓
The 2015-16 result is higher than the 2015-16 target due to an increase in claims received before the program ended in September 2015. The 2015-16 result represents the final number of rebates to be approved under the program.					
Water information products (including annual water accounts, water resource condition reports and water monitoring materials) delivered for greater accountability in sustainable water resource management	number	5	5	0	✓
<b>Quality</b>					
Manage Victoria's salinity impacts in the Murray Darling Basin so that Victoria is compliant with the Murray Darling Basin Agreement	per cent	100	100	0	✓
Percentage of bulk and environmental entitlement records publicly available	per cent	100	100	0	✓
<b>Timeliness</b>					
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	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	384.6	603.3	-36.3	■
The lower output cost predominately relates to the GMW Connections Project due to delays in obtaining required signed landowner agreements before payments can be made to landowners to connect to the new delivery system. The project timeline for the GMW Connections Project is being reset. In addition, less funding was received for Commonwealth funded initiatives, including the Victorian Farm Modernisation project.					

Note:

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

## A quality built environment

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

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

### Progress towards achieving this objective

#### Context and performance trends

An integrated approach to managing our built and natural environment is vital to accommodating population growth and change in a way that maintains our world-class liveability and protects our heritage. Victoria's population is growing fast and projected to increase from six million in 2016 to almost eight million in 2031, and exceeding 10 million by 2051. Eight million people are projected to live in greater Melbourne and 2.1 million in Victoria's regions.

The quality of our built and natural environments influences Melbourne and Victoria's ability to attract jobs, investment and skills. As population growth and climate change impact our built and natural environment, it is critical that we protect and enhance our natural, cultural and heritage places.

In 2015-16, more than 57,000 planning permit applications were processed through Victoria's planning system, totalling around \$24 billion in economic investment potential.

The Victorian Government is investing \$25.5 million in Smart Planning reforms, which will streamline and improve the state's planning system. Since the last major reforms more than 20 years ago, planning schemes and provisions have expanded to 75,000 pages and 15,000 static maps. Smart Planning will reform and modernise the system, bringing it into the 21st century. We will reduce the size and complexity of regulation and improve citizen engagement and tools, delivering significant economic and social benefits.

#### Objective indicators

##### ***Efficient provision of timely and authoritative information on population growth and change***

DELWP's annual deliverables in regard to the efficient provision of timely and authoritative information on population growth and change

were delivered on time and to specification, including a report on the supply, consumption and adequacy of residential and industrial land, and the updated annual state population projections.

##### ***Public participation in planning, building and heritage initiatives***

Public participation in DELWP's planning, building and heritage initiatives is vital to our stewardship of these systems. Through our planning panel and advisory committee processes, we give the public the opportunity to have their say on planning issues and projects that matter to them. These include conducting community consultation processes and establishing specific committees to advise on planning reviews, development applications and amendments to planning schemes. Key advisory committee processes undertaken in 2015-16 include the Brunswick Terminal Station Upgrade Advisory Committee, Macedon Ranges Protection Advisory Committee, Major Hazard Facilities Advisory Committee, and Melbourne C270: Central City Built Form Review Advisory Committee.

In 2015-16, DELWP also engaged with the public as part of delivering many significant pieces of work, such as the *Review of the Heritage Act 1995*. Public consultation on the Act was undertaken between June and August 2015, with submissions invited in response to the discussion paper. More than 120 submissions and survey responses were received. Copies of submissions were made available online. All submissions received have been reviewed and feedback is being carefully considered to guide the future direction of the *Heritage Act*. To keep the public informed, updates will be provided on the DELWP website.

DELWP ensures that community views are incorporated into the government's long-term strategies to accommodate the challenges and

opportunities presented by Victoria's population growth. DELWP will ensure the vision and priorities of Victorians are reflected in the refresh of *Plan Melbourne*. This strategy will complement other work to guide future infrastructure and facilitate economic development. In October 2015, the *Plan Melbourne Refresh* discussion paper was released to engage the community in a conversation about our city's future. The paper focused on how we can sustainably manage Melbourne's growth, while maintaining world-class liveability and protecting our diverse natural environments. In particular, the paper addressed complex issues that affect the community directly, such as housing affordability and climate change.

### **Efficient administration of Victoria's planning, building and heritage systems**

DELWP oversees land use planning, building regulations and the conservation of heritage places. We work with councils, and across council boundaries, to facilitate strategic outcomes.

In December 2015, the Minister for Planning announced an independent review into the application of the new residential zones. The Minister also announced a new committee to overhaul planning rules along the Yarra River. The Yarra River Protection Ministerial Advisory Committee is consulting with surrounding

residents, businesses, river users and the wider community to draft the new *Yarra River (Birrarung) Protection Act*.

The Minister for Planning has approved the development of several significant regional projects in 2015-16 including: a second Echuca-Moama bridge; a new wind farm for north east Victoria, a livestock exchange for Ballarat; a sky lift for Arthurs Seat and a multi-storey tower for Geelong's CBD. The Minister has also approved several significant developments in Melbourne's central city, including: redevelopment of the Melbourne Convention Centre, a two-tower development at 385 Queen Street, a six tower project on Kavanagh Street Southbank, the first stage of the Melbourne Quarter development on Batman's Hill and a major development at 447 Collins Street.

The Minister established the Fishermans Bend Taskforce to draft detailed plans for five separate neighbourhoods in the urban renewal area which will accommodate up to 80,000 new residents. The Minister also strengthened heritage protection. In 2015-16 for some of Melbourne's landmark sites such the Shrine of Remembrance, Bourke Hill (which includes the Windsor Hotel, the Princess Theatre and Parliament House) and Williamstown.

## **Output performance measures**

### **Planning, building and heritage**

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

Output performance measures	Unit of measure	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
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	51	45	13.3	✓
The 2015-16 result exceeded the 2015-16 target due to an increased number of major projects requiring assessment.					
Research published: demographic and spatial trends	number	7	5	40.0	✓
The 2015-16 result exceeded the 2015-16 target due to the development of two additional ad hoc reports.					



Output performance measures	Unit of measure	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quality</b>					
Community Works Program/ Community Support Grant projects completed meet agreed project objectives	per cent	100	100	0	✓
Environmental effects statements, referrals and assessments are completed effectively and within the timeframes necessary to meet targets in the Ministerial Guidelines	per cent	80	70	14.3	✓
Performance is higher than anticipated due to a continuing focus on timeliness and the scale and complexity of statements, referrals and assessments submitted during 2015-16.					
<b>Timeliness</b>					
Average number of days to issue an archaeological consent	days	22	30	26.7	✓
The 2015-16 result exceeds the 2015-16 target and reflects streamlined processing.					
Average number of days to issue heritage certificates	days	7	7	0	✓
Community Works/ Community Support Grant payments made within 21 days of completion of agreed milestones in funding agreement	per cent	100	95	5.2	✓
Heritage permits issued within initial 60 day statutory timeframes	per cent	98	90	8.9	✓
The 2015-16 result reflects improvements to administration and monitoring processes for permit applications and dedicated permit staff for major projects.					
Median number of days taken by the department to assess a planning scheme amendment	days	36	25	-44.0	■
The full year result improved on the half year result (37 days) but falls short of the target. Resourcing measures are being implemented to improve the timeliness of planning scheme amendments in 2016-17.					
Report annually on analysis of supply, consumption and adequacy of residential and industrial land	date	Dec 2015	Dec 2015	0	✓
State population projections reviewed and updated	date	Feb 2016	Feb 2016	0	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	81.8	120.0	-31.8	■

The lower 2015-16 actual resulted primarily from underspends of approved funding within the Growth Area Public Transport Fund and Building New Communities Fund due to the complexity of the infrastructure projects being undertaken and the need to closely consider community issues and feedback.

Note:

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

## Sustainable and effective local governments

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

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

### Progress towards achieving this objective

#### Context and performance trends

A strong relationship with local government is central to achieving the government's economic, environmental and liveability outcomes. Local government has a significant impact on the lives of all Victorians. In addition to providing democratically-elected local governance and leadership, Victorian councils propose spending \$7.9 billion in 2016-17, and employ more than 35,000 full time equivalent staff to deliver a wide range of services and facilities for their communities. They work in partnership with the local community, to provide a suite of state and federal government programs along with other agencies.

Melbourne's 10 interface councils have rapidly growing populations, productive rural land and some of Victoria's most vulnerable conservation corridors. These municipalities will accommodate 46 per cent of the state's population growth between 2016 and 2031, an extra one million residents. These municipalities 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. This support includes the \$50 million *Growing Suburbs Fund* that is delivering community infrastructure for the 10 interface councils.

DELWP partners with the local government sector to support effective and efficient governance and service and infrastructure provision through the *Know your Council* website, the *Fair Go* rating system and support for the Victoria Grants Commission who in 2015-16 allocated \$539.796 million in financial assistance grants to Victorian councils.

The *Local Government Amendment (Fair Go Rates) Act 2015* received Royal Assent in December 2015 to implement a system for capping of council rates. From 2016-17, the

Act provides the Essential Services Commission (ESC) with responsibilities to assess applications for rate increases above the designated annual cap and monitoring of overall compliance and outcomes for communities, as well as providing recommendations on the cap to the Minister for Local Government.

After a Commission of Inquiry, Greater Geelong City Council was dismissed by the passage of the *Local Government Amendment (Greater Geelong City Council) Act 2016*. In April 2016, a panel of administrators was appointed to act as the council until October 2017.

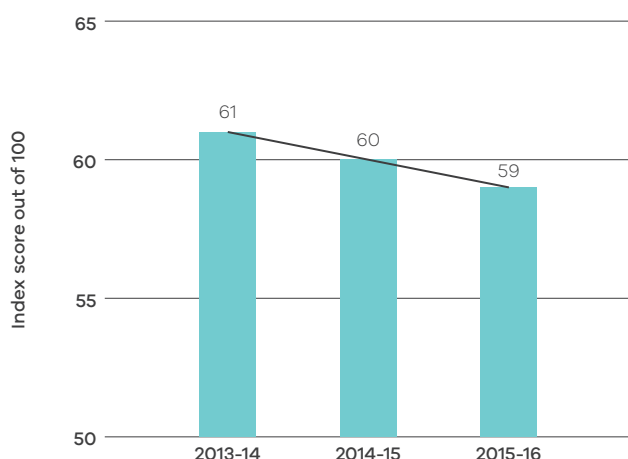
In March 2016, amendments to the *Local Government Act 1989* came into effect to empower councils to more effectively deal with councillor misconduct. Allegations of code of conduct breaches will be heard by independent Councillor Conduct Panels with the power to suspend councillors. In extreme cases of misconduct, the Minister for Local Government can recommend to the Governor in Council that a councillor be stood down.

In May 2016, DELWP's *Know Your Council* website came runner up in the Government 2.0 category of the *2016 Australian Government ICT Awards*. As at 30 June 2016, 65,000 users have accessed information about council services, on topics ranging from animal management to food safety and financial performance.

On 23 May 2016, the Hon. Lily D'Ambrosio MP was allocated responsibility for the new portfolio of Suburban Development in addition to her other portfolio of Energy, Environment and Climate Change. This new DELWP portfolio coordinates suburban development-related activities across Melbourne's local government areas, with a high-priority focus on the outer suburbs which are dealing with population growth.

## Objective indicator

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



The Statewide Overall Performance index score in 2016 of 59 represents a one point decline on the 2015 result; performance is two points from the state's 2014 high score of 61. Almost all demographic and geographic groups rated overall performance within one or two points

of 2015 ratings. The exception was regional centres, where residents rated their councils, on average, three index points lower than last year (58 to 55).

Perceptions of performance are largely positive to neutral. Forty-five per cent of residents rated their council's overall performance as 'very good' or 'good' and 36 per cent as 'average' compared with only 16 per cent who rated their council's performance as 'very poor' or 'poor'.

On average, large rural councils (54) perform lower on overall performance than other council groups, while metropolitan councils perform higher (66 while other scores were 61 among interface councils, 57 among small rural councils and 55 among regional centres).

As with other core measures, on average residents aged 18 to 34 rated their respective councils higher for overall performance (62) than other age groups. Residents aged 50 to 64 years rated them lower (55, with an index score of 59 among residents aged 65+ years and an index score of 57 among residents aged 35 to 49 years).

## Output performance measures

### Local government

This output delivers activities in partnership with the local government sector to support effective and efficient governance and service provision. Through this output, DELWP administers programs to support local governments to provide public library services and respond to and recover from natural disasters and provides support to the Victoria Grants Commission.

Output performance measures	Unit of measure	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Meetings held with Ministerial Mayors Advisory Panel	number	5	4	25.0	✓
The final meeting of the Ministerial Mayors Advisory Panel for 2014-15 was rescheduled and held in July 2015.					
Percentage of Roadside Weeds and Pest Management grant payments made against completion of milestone deliverables under funding agreement	per cent	100	100	0	✓
Percentage of identified councils funded as part of the Vulnerable People in Emergencies Program who have met milestone criteria	per cent	100	100	0	✓
Percentage of Public Library Services grant payments made against completion of milestone deliverables	per cent	100	100	0	✓

Output performance measures	Unit of measure	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quality</b>					
Local Government Victoria's legislative and regulatory initiatives incorporate stakeholder feedback	per cent	100	100	0	✓
Local Government Victoria's policy and program development processes incorporate stakeholder feedback	per cent	100	100	0	✓
<b>Timeliness</b>					
Victoria Grants Commission allocations finalised to support the completion of council budgets within statutory timeframes	per cent	100	100	0	✓
<b>Cost</b>					
<b>Total output cost</b>	\$ million	120.1	112.1	7.1	■

The higher output cost primarily reflects additional projects funded in 2015-16 including grants passed onto local governments for the Community and Recreational Sports Package initiative, the clean-up of Morwell following the Hazelwood Mine Fire in 2014, infrastructure redevelopment in Colac Otway Shire following bushfires, and Weeds and Pests.

Note:

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

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

This objective aims to deliver 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.

DELWP 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.

### Progress towards achieving this objective

#### Context and performance trends

Victoria experienced unseasonably hot conditions in December, hotter and wetter conditions than average in January, and drier than normal conditions in February. March was significantly hotter and drier than average. According to the Bureau of Meteorology, the 2015-16 summer was warmer in comparison to previous years, with temperatures about one-and-a-half degrees higher than average. There were 21 Total Fire Ban days – more than double the number from last season – six days of extreme fire danger and 21 days of severe fire danger. Most of these were in November and December.

On 19 December 2015, two bushfires were ignited by lightning strikes in Victoria's Barwon Otway area. Between 19 December 2015 and 21 January 2016, the bushfire that became known as the Wye River–Jamieson Track fire burned 2,500 ha in the Otway Ranges in the Lorne–Wye River region. By the end of 25 December, the fire had destroyed 116 structures– 95 in Wye River and 21 in Separation Creek and damaged many others. The Wye River–Jamieson Track fire continued to burn for 34 days until it was contained on 21 January 2016.

The fires in northern and south-west Victoria in the lead-up to and during the Christmas break served as a reminder of how devastating bushfire can be and how vital our role is in helping protect all communities. Since the fires, DELWP has played a critical role in supporting joint efforts with the community, Emergency Management Victoria and Colac Otway Shire Council to address the immediate aftermath of the fires, and to support a comprehensive resettlement plan. The partnerships across the local community, government, council, and

business have led to a number of key milestones being reached, including:

- clean-up of 171 properties by Grocon
- significant tree management works completed to make conditions safe on public and private land
- hosting more than 50 community events, meetings and workshops and extensive communication activity
- completion of priority works to reinstate public land facilities, including Paddy's Path
- implementation of detailed research and technical studies to support rebuilding
- creation of 'one-stop-shops' to support affected property owners to deal with a broad range of questions
- streamlining planning requirements to facilitate rebuilding work
- addressing the resolution of emerging priorities including reinstatement of high risk retaining walls, and repair and improvement to the drainage system
- the first approvals for rebuilding to get underway were issued within six months of the fires.

In March 2016, DELWP introduced a new organisational structure and Community Charter in response to several drivers including the government's public sector reform agenda to improve regional service delivery, recommendations of the Inspector-General for Emergency Management (IGEM) and the independent investigation into the Lancefield–Cobaw fire. The new Forest, Fire and Regions (FFR) Group brings forest, fire and emergency management together and creates a clear line of accountability for bushfire prevention,

preparedness and response. The FFR Group is adopting a place-based approach to service delivery across the state.

Bushfire risk is not evenly distributed across the state. For the purpose of measuring bushfire risk, Victoria is divided into seven bushfire risk landscapes. The amount of bushfire risk in a landscape is related to where communities and assets are located, the size of those communities, the types and arrangements of vegetation and the topography. Not all communities at highest risk from bushfires are located next to forests. Bushfire risk in Victoria exceeded 90 per cent in 2002. After the millennium drought and campaign fires between 2002 and 2009 (the 1.5 million ha Alpine fires in 2002-2003, the 1.0 million ha Great Divide fires in 2006-07 and the 500,000 ha 2009 Black Saturday fires) bushfire risk fell to below 60 per cent in 2010. With vegetation recovery increasing fuel loads, bushfire risk in Victoria has risen to 65 per cent and is projected to exceed 70 per cent by 2020 without effective intervention.

For 2016-17, DELWP has adopted all recommendations from the *IGEM Review of performance targets for bushfire fuel management on public land* through the development of *Safer Together*. This includes adopting a new departmental objective indicator in 2016-17: Area treated through planned burning and other treatments to maintain statewide bushfire risk at or below 70 per cent. This replaces DELWP's former hectare-based fuel reduction target, however DELWP will continue to monitor the area of public land treated to reduce fuel load, including planned burns, mechanical and chemical treatments, and roadside vegetation management.

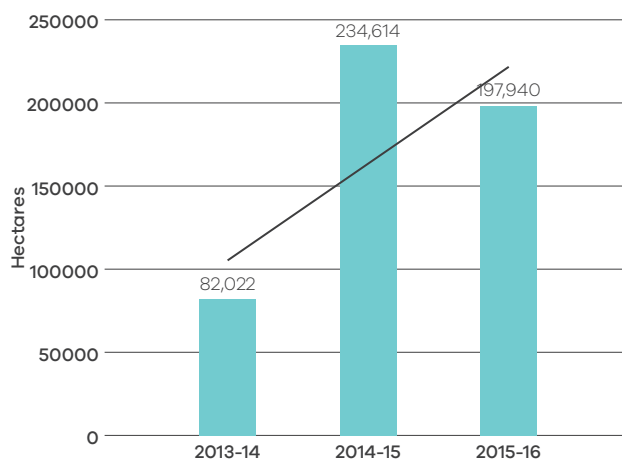
### Objective indicators

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

The objective indicator for fires controlled at first attack has improved from 74 to 84 per cent over the 2013-14 to 2015-16 periods. The objective indicator for fires controlled at less than five hectares also improved from 79.5 to 91 per cent over 2013-14 to 2015-16. These results highlight the effectiveness of DELWP's first attack strategy to suppress fires

before they become established, and minimise impacts. Performance in this area is subject to seasonal conditions and can fluctuate.

#### **Area of public land treated through planned burning and other treatments**



An early start to the 2015-16 fire season limited the amount of planned burning able to be conducted in spring. Prolonged dry, summer conditions delayed the start of autumn planned burning until 1 April 2016 and rain at the end of April prevented further substantial burning. DELWP personnel made the most of favourable conditions throughout April 2016 and were able to treat more than 120,000 hectares with fuel reduction activities.

As part of this, DELWP delivered a number of key planned burns that will play a vital role in reducing risks to the Victorian community, including Arthur's Seat (28ha), Mt Dandenong (8.01ha) and Big River (1642ha). These planned burns had been scheduled for many years, but had been unable to proceed as a result of weather and fuel conditions and potential adverse community impacts. Late May 2016 saw more favourable conditions in western Victoria, although shortened burn days limited burning to smaller burns.

As at 30 June 2016, DELWP and its partners had treated 197,940 hectares with fuel reduction activities. This represents 72 per cent of the annual fuel management target. The area treated included 184,693 ha of planned burning and 13,247 ha of mechanical works.



### **Adoption of consistent systems across the Department to support efficient and effective emergency management**

DELWP maintained the adoption of consistent systems across the department to support efficient and effective emergency management at 100 per cent in 2015-16. Consistency across applications is a key consideration for the adoption or development of fire and emergency management systems. Where possible, systems across the department and the sector share information.

### **Percentage of agreed departmental emergency management obligations met on time and to standard**

DELWP maintained the percentage of agreed departmental emergency management obligations met on time and to standard at 100 per cent in 2015-16. DELWP committed to making significant changes to how it operates across the state to improve its planned burning program in response to the independent investigation into the Lancefield-Cobaw fire.

## **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 on people, property 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	2015-16 actual	2015-16 target	Performance variation (%)	Result <sup>1</sup>
<b>Quantity</b>					
Bushfire fuel management completed to protect key assets	hectares (000)	198	275	-28.0	■
An early start to the fire season limited the level of spring burning, and very dry summer conditions extended well into March, resulting in conditions in many parts of the state being too dry to commence burning until well into autumn. Good conditions prevailed for most of April, with almost 120,000 hectares of fuel management activity undertaken, the majority in the east of the state. At the end of April, Victoria experienced a number of significant rain events. While late autumn saw more favourable conditions in western Victoria, shortened burn days limited burning to smaller burns. The 197,940 hectares treated includes 13,247 hectares of mechanical works. Note this measure has been replaced in 2016-17 to focus on reducing risk rather than hectares burned.					
Community engagement plans developed and implemented in accordance with the statewide strategy for bushfire management engagement	number	6	6	0	✓
Length of strategic fire access roads and fuel breaks treated to manage safety risks posed by dangerous trees	km	415	400	3.8	✓
Personnel with accreditation in a fire and emergency management role	number	1,979	1,800	9.9	✓
The 2015-16 result is higher than 2015-16 target due to an increased focus on fire resources as a result of <i>Safer Together</i> .					
State forests roads (Category 1) and bridges (on Category 1 roads) with documented inspections and/or maintenance programs to meet regulatory obligations	per cent	100	100	0	✓



Output performance measures	Unit of measure	2015–16 actual	2015–16 target	Performance variation (%)	Result <sup>1</sup>
Strategic engagement forums held to enhance stakeholder and community understanding of bushfire management	number	13	12	8.3	✓

Strategic forums have been held in several locations as part of ongoing community engagement processes, most notably in the Grampians, far east Gippsland and in Melbourne with a statewide peak body group.

### Quality

Agreed departmental emergency management obligations met on time and to standard	per cent	100	100	0	✓
Fires contained at less than 5 hectares to suppress fires before they become established, minimising impact	per cent	91	80	13.8	✓

Of the total 1,148 fires, 1,046 were contained at less than 5 hectares with 102 fires 5 hectares and over in size. In 55 of these fires DELWP was supporting CFA as the control agency; in one fire DELWP was supporting the MFB; one fire was in South Australia; and one fire was in New South Wales. Of the 44 DELWP controlled fires, 54 per cent were caused by lightning.

Personnel accredited to serve in a senior capacity (level 2 or 3) in a fire and emergency management role	number	286	300	-4.7	○
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### Timeliness

Assessment of model of cover completed prior to fire season to assess resources available and requirement for the upcoming fire season	date	Dec 2015	Dec 2015	0	✓
District fire operations plans completed	date	Sept 2015	Oct 2015	0	✓
Fires contained at first attack to suppress fires before they become established, minimising impact	per cent	84	80	5.0	✓
Readiness and response plans completed prior to fire season	date	Nov 2015	Dec 2015	0	✓

### Cost

<b>Total output cost</b>	\$ million	393.0	335.1	17.3	■
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The higher 2015-16 output cost is primarily due to budget supplementation to meet the cost of responding to major bushfire incidents in the 2015-16 season.

Note:

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

# Legislative and other information

## Major entities

### Environment, Climate Change and Water

Alpine Advisory Committee

Alpine Resorts Coordinating Council

Barwon Region Water Corporation

Barwon South West Waste and Resource Recovery Group

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 (various) <sup>1</sup>

Corangamite Catchment Management Authority

Director of National Parks

Dhelkunya Dja Land Management Board

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

Glenelg Hopkins Catchment Management Authority

Goulburn Broken Catchment Management Authority

Goulburn Valley Region Water Corporation

Goulburn Valley Waste and Resource Recovery Group

Goulburn-Murray Rural Water Corporation

Grampians Central West Waste and Resource Recovery Group

Grampians Wimmera Mallee Water Corporation

Gunaikurnai Traditional Owner Land Management Board

Lake Mountain Alpine Resort Management Board

Loddon Mallee Waste and Resource Recovery Group

Lower Murray Urban and Rural Water Corporation

Mallee Catchment Management Authority

Melbourne Water Corporation

Metropolitan Waste and Resource Recovery Group

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

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 Victoria

Trust for Nature (Victoria)  
Trustees for Crown land reserves <sup>2</sup>  
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 Traditional Owner Land Management Board  
Zoological Parks and Gardens Board

## Planning

Architects Registration Board of Victoria and Panel List  
Building Advisory Council  
Building Appeals Board  
Building 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 and advisory committees established under the *Planning and Environment Act 1987* (various)  
Plumbing Advisory Council  
Surveyors Registration Board of Victoria  
Victorian Building Authority

## Local Government

Councillor Conduct Panel List<sup>3</sup>

Panels of Administrators (Brimbank, Geelong<sup>4</sup> and Wangaratta)

Local Government Ministerial Mayors Advisory Panel

Victoria Grants Commission

Note:

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

## Acts administered

### Environment, Climate Change and Water<sup>1</sup>

*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 Ministers through 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 for Part 1 (except section 4B), Parts III, IIIA, VIII and IX, sections 16, 35, 41-44, 47D, 48-48C, 53-58B, 86-86C, and 87 (insofar as it relates to the effective management of hunting, including preserving good order among hunters of wildlife) (which are jointly administered with the Minister for Agriculture); and Part IIIB (insofar as it relates to the hunting of game) and sections 58C, 58D and 58E (these sections 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 (insofar 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 (insofar 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 (insofar 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 (insofar 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 (Greater Geelong City Council) Act 2016*

*Local Government (Rural City of Wangaratta) Act 2013*

*Municipal Association Act 1907*

*Municipalities Assistance Act 1973*

*Prahran Mechanics' Institute Act 1899*

*Victoria Grants Commission Act 1976*

Note:

- 1 Energy will be included in this list in the 2016-17 Annual Report, in line with MoG changes that transferred Energy to DELWP from 1 July 2016.

## Implementation of the Victorian Industry Participation Policy (VIPP)

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

### Contracts commenced

During 2015-16, the department commenced 20 contracts totalling \$91 million in value to which the VIPP applied. The contracts commenced included five in metropolitan Melbourne with a total value of \$24.2 million, 11 in regional Victoria with a total value of \$27.2 million and four statewide with a total value of \$39.6 million.

The number and percentage of 'local content' committed under the contracts that commenced in 2015-16 where a VIPP Plan was not required (due to nil or limited contestability) was split by:

- (i) six contracts with local content ranging between 85 per cent and 100 per cent that are local by nature
- (ii) five contracts with local content ranging between 15 per cent and 50 per cent that are international by nature.

There are 21 small and medium sized businesses that prepared a VIPP Plan for contracts which commenced in 2015-16.

The number and percentage of 'local content' committed under contracts that commenced in 2015-16 to which a VIPP Plan was required are split by projects that are:

- (i) metropolitan based - one contract with local content of 100 per cent
- (ii) statewide regionally based - eight contracts with local content between 77 per cent and 99 per cent.

The commitments by contractors under VIPP as a result of these contracts included 273 Annualised Employee Equivalent positions and 53 apprentices/trainees.



Benefits to the Victorian economy from these commitments in terms of skills and technology transfer increases include:

- research and development programs
- plant operator
- occupational health and safety training
- traffic management
- various computer programs
- red card induction
- occupational medicine
- audiometry and spirometry.

### Contracts completed

During 2015-16, DELWP completed 19 contracts totalling \$80.8 million in value to which VIPP applied. The contracts included one in metropolitan Melbourne with a total value of \$4.3 million, 10 contracts in regional Victoria with a total value of \$19.8 million and eight statewide contracts with a total value of \$56.7 million.

The number and percentage of 'local content' under contracts completed in 2015-16:

VIPP Plan was not required:

- (i) regionally based - five contracts that were local by nature with local content ranging between 85 per cent and 100 per cent and one international by nature with 14 per cent local content.

VIPP Plan was required:

- (i) metropolitan based - one contract with local content of 70 per cent
- (ii) regionally based - five contracts with local content ranging between 80 per cent and 100 per cent
- (iii) statewide based - seven contracts with local content ranging between 71 per cent and 100 per cent.

The achieved outcomes reported by contractors under VIPP include 272 Annualised Employee Equivalent and 41 apprentices/trainees Annualised Employee Equivalent positions.

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

- research and development programs
- drainage and culvert construction

- structural concrete construction
- road pavement construction
- earthworks and plant operating
- carpentry
- steel reinforcement handling and tying
- guard fence and traffic barrier installation
- project induction
- operation of new specialised equipment
- helicopter underwater escape training and crew resource management
- occupational health and safety
- fire support operations
- business management systems
- operational surveillance and mapping
- pilot aerial firefighting
- first aid training
- wildfire awareness training
- air attack supervision
- aerial firebombing
- airborne infra-red and camera systems
- fire bombing.

DELWP did not award any grant or design contracts that met the VIPP threshold in 2015-16.

### Consultancies\*

In 2015-16, there were 44 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015-16 in relation to these consultancies is \$3.155 million (excluding GST). Details of individual consultancies are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

In 2015-16, there were 13 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015-16 in relation to these consultancies is \$0.089 million (excluding GST).

### Disclosure of major contracts

During 2015-16, the department entered into two 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>).

\* Corrects a calculation error published in the Annual Report



## Disclosure of government advertising expenditure

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

Campaign name	Start / end date	Advertising (media expenditure) (ex GST)	Creative and campaign development expenditure (ex GST)	Research and evaluation expenditure (ex GST)	Print and collateral expenditure (ex GST)	Other campaign expenditure (ex GST)	Total
Planned burning	14 September 2015 to 31 May 2016	\$222,312	\$8,285	\$74,249	\$0	\$165,039	\$469,885

## Details of Information and Communications Technology (ICT) expenditure

ICT expenditure refers to the department's costs in providing business enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non Business As Usual (Non BAU) ICT expenditure. Non BAU ICT expenditure relates to extending or enhancing the department's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

For the 2015-16 reporting period, the department had a total ICT expenditure of \$107 million with the details shown below:

Business As Usual (BAU) (Total) \$'000	Non Business As Usual (non BAU) (Total = Operational expenditure and Capital Expenditure) \$'000	Operational expenditure \$'000	Capital expenditure \$'000
\$ 73,358	\$ 33,523	\$30,169	\$ 3,354

Further detail on ICT Reporting standards and guidelines can be found at <http://www.enterprisesolutions.vic.gov.au>.  
Total ICT expenditure = ICT BAU expenditure + ICT Non BAU expenditure.

## Freedom of Information

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

FOI requests have to be made in writing. A request can be submitted using the website FOI Online ([www.foi.vic.gov.au](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 Victoria 8002

From 1 July 2016, the application fee to make an FOI request is \$27.90. DELWP can waive this fee in certain circumstances. There may be further charges depending on the time it takes to find the documents and photocopy them and the number of pages to be photocopied.

For the period from 1 July 2015 to 30 June 2016, the department received 169 new FOI requests. They came from:

	Number	Per cent
Individuals	66	39%
Members of Parliament	57	34%
Lawyers	23	14%
Journalists	11	7%
Community groups	7	4%
Companies	5	2%

For the same period, the department made decisions on 122 requests. Ten of these requests were received during the previous financial year. The outcomes were:

	Number	Per cent
Full access granted	26	21%
Partial access granted	57	47%
Access denied	9	6%
No relevant documents found	30	26%

The processing time for the FOI requests is shown below, with an average of 40 days.

	Number	Per cent
0 – 45 days	91	75%
46 – 90 days	22	18%
91+ days	9	7%

The department closed 29 requests, including one received during the previous financial year, with the outcomes shown below:

	Number
Request not processed *	18
Unreasonable diversion	11

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

The department also responded to an additional 45 requests, including six received during the previous financial year, with the outcomes shown below:

	Number
Invalid request *	18
Transferred	27

\*Application fee not paid or request terms unclear and applicant did not provide clarification.

## Freedom of Information Commissioner

### Reviews

Notification of 12 requests for a review of an FOI decision were received from the Freedom of Information Commissioner (FOI Commissioner) between 1 July 2015 and 30 June 2016. Four reviews are complete. Eight are ongoing.

### Complaints

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

## Victorian Civil and Administrative Tribunal

No applications for review of FOI decisions made by the department were made to the Victorian Civil and Administrative Tribunal.

## 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](http://www.flickr.com/photos/heritage_victoria/sets)

[www.youtube.com/vicheritage](http://www.youtube.com/vicheritage)

## Planning

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

There is an extensive amount of information available on the DELWP website. All Victorian planning schemes including exhibited and approved amendments are published at *Planning Schemes Online*. The *Minister's Planning Permit Application Register Online* provides access to up-to-date information on the status of permit applications where the Minister for Planning is the Responsible Authority. The *Planning Property Report* provides easy access to planning scheme information for any property in Victoria, including property details like zoning and overlay controls, and state heritage information where it applies to land. The report can be accessed from the website or from *PlanningVIC: Planning Property Report*, the app for iOS and Android mobile devices.

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

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

DELWP also provides online access to planning information, forms and services through the DELWP website.

## Compliance with the Protected Disclosure Act 2012

DELWP did not directly receive any Protected Disclosures during 2015-16.

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 Victoria 8002  
Telephone: (03) 9637 8697  
email: [protected.disclosures@delwp.vic.gov.au](mailto:protected.disclosures@delwp.vic.gov.au)

Stuart Atkins  
Manager, FOI and Privacy – Protected Disclosure Officer  
Department of Environment, Land, Water and Planning  
PO Box 500  
East Melbourne Victoria 8002  
Telephone (03) 9637 8331  
email: [protected.disclosures@delwp.vic.gov.au](mailto:protected.disclosures@delwp.vic.gov.au)

The Independent Broad-based Anti-corruption Commission (IBAC)  
Level 1, North Tower  
459 Collins Street  
Melbourne Victoria 3000  
GPO Box 24234, Melbourne Victoria 3001  
Telephone: 1300 735 135  
Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

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

Further information about protected disclosures can be found on the department's website at [www.delwp.vic.gov.au](http://www.delwp.vic.gov.au).

## Compliance with the Carers Recognition Act 2012

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

- Events held in recognition of National Carers Week in October 2015. All workplaces across DELWP were encouraged to celebrate Carers week locally, with activities to recognise local carers, supported by an electronic resource pack. Information about support available to DELWP employees is regularly communicated via an internal online Parents and Carers network.
- Consideration of the carer relationship principles set out in the Act when setting

policies and providing services (e.g. reviewing our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act; developing a satisfaction survey for distribution at assessment and review meetings between workers, carers and those receiving care).

## Compliance with the Building Act 1993

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

Major works projects commenced or completed in 2015-16 include:

- Knoxfield office and depot redevelopment
- Noojee office and depot redevelopment
- Rushworth depot redevelopment
- Gellibrand office and depot redevelopment
- Mitta Valley office and depot development
- Altona depot radio workshop and pump test facility
- Orbost North depot redevelopment.

## 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 JLL, formerly Five D Holdings Pty Ltd, for 154 of its owned portfolio assets. The owned portfolio includes offices, combined office/depot sites, depots, residences, airbases and fire lookout towers. DTF and JLL are responsible for maintaining the buildings in a safe and serviceable condition and for providing the annual essential safety measures report for the assets. Quality assurance, performance measures and governance are incorporated into the contract to ensure that contract requirements are met and standards maintained.

## Compliance with the Local Government Act 1989

### Annual Reports 2014-15

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.

Ballarat City Council and Mornington Peninsula Shire Council were late in submitting their annual report for 2014-15.

### Budgets 2015-16

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 2015-16.

## Compliance with the Heritage Act 1995

### Protocol for disclosure of interests

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

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

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

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

## Compliance with DataVic Access Policy

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. At the end of 2015-16, DELWP had released more than 3,000 datasets and web mapping services under the Policy.

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

## National Competition Policy

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

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

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

Competitive neutrality requires government businesses to ensure where services compete – or potentially compete – with the private sector, any advantage arising solely from their government ownership be removed if they are not in the public interest. Government businesses are required to cost and price these services as if they were privately owned and thus be fully cost-reflective. Competitive neutrality policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service. The department will ensure that requirements on competitive neutrality are fulfilled.

## Lancefield-Cobaw planned burn

On 30 September 2015, DELWP conducted a planned burn at Lancefield-Cobaw Croziers Track in the Macedon Ranges – a standard practice in DELWP's Bushfire Fuel Management Program. Three days later, the burn breached containment lines and burned for a further 10 days. The fire was contained on 13 October 2015 after burning more than 3,000 hectares, destroying a number of dwellings, sheds, and many kilometres of fencing.

In response to the fire, the Victorian Government announced an independent investigation to be led by Mr Murray Carter, Director of the Office of Bushfire Risk Management in Western

Australia. The Terms of Reference stated that the investigation was to focus on:

- the adequacy of planning and resourcing of the Lancefield-Cobaw Croziers Track planned burn (the planned burn)
- the appropriateness of the weather and other conditions for conduct of the planned burn on 30 September 2015
- what caused the planned burn to break containment lines on 3 October 2015 and on 6 October 2015
- decision making, management and control of the planned burn, including the adequacy of the patrol strategy adopted following its ignition
- the adequacy of communication with the community in the lead up to the planned burn and after it broke containment lines.

The Investigation recommended improvements to the systems and processes of DELWP crucial to the delivery of planned burning throughout Victoria. All 22 of the recommendations were accepted by DELWP, as well as a commitment to making changes to the way it operates across the state, to improve delivery of Victoria's planned burning program.

DELWP's *Response to the recommendations of the independent investigation into the Lancefield-Cobaw fire* also outlined additional commitments to improve the delivery of the Bushfire Fuel Management Program. Broadly, these additional commitments included:

- rebuilding community trust
- making it clear who is in charge of the planned burning program
- implementing improved systems and processes
- addressing other issues in the planned burning program
- building on the positives
- independent oversight of the monitoring and reporting of the implementation of recommendations.

DELWP developed a program of work to implement the 22 recommendations and 10 commitments that were grouped under seven themes:

- implementation of *Safer Together*
- implementing improved systems and processes



- audit and quality assurance framework
- organisation structure
- operational improvements
- community engagement
- independent oversight.

The Inspector-General for Emergency Management (IGEM) released its final (August 2016) progress report on implementation of recommendations and commitments from the independent investigation into the Lancefield-Cobaw fire. In the final progress report, IGEM found that the department had satisfactorily implemented 19 of the 22 recommendations and all 10 of the additional commitments made by the department. The three outstanding recommendations will be implemented as part of *Safer Together*, the government's new approach to reducing the risk of bushfires in Victoria. IGEM will report on implementation of these three recommendations as part of the *Safer Together* progress reporting.

### Implementation of Victorian Bushfires Royal Commission recommendations and actions

In September 2014, the Victorian Government requested the 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:

- (1) An infrastructure project that will support the delivery of the new systems and tools. This project is now complete.
- (2) The eWeb project that will replace the FireWeb platform after the 2015-16 summer season. Completion of the eWeb build is expected by late 2016.

- (3) The Fuel Management System (FMS) to replace the Burns and Works module in FireWeb. A phased implementation of FMS will begin in August 2016, with FMS to have fully replaced the Burns and Works module by April 2017.

IGEM considers this action to be closed.

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

The Minister for Planning approved drafting of the new regulations on 29 March 2016.

The proposed amendments will:

- require an assessment of the building's potential exposure to bushfire attack
- impose construction requirements according to the assessed exposure to bushfire risk
- require a minimum construction standard that ensures each building is able to better withstand an ember attack.

This action is expected to be completed by August 2016, subject to relevant approvals. IGEM will continue to monitor progress.

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

See 56(f) for progress.

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

Since 2010 there has been a significant increase in the investment and corresponding targets for fuel management. In 2015-16 the fuel management target was 275,000 hectares. In 2015-16 the department undertook almost 200,000 hectares of fuel management. This is the final year of a hectare based target.

IGEM's *Review of Performance Targets for Bushfire Fuel Management on Public Land* (2015) recommended a risk reduction target as the most effective form of performance target for bushfire fuel management on public land. DELWP's response to the review, *Safer Together: A New Approach to Reducing the Risk of Bushfire in Victoria*, has set a target of using fuel management on public land to maintain statewide bushfire risk at or below 70 per cent. This target takes effect as of 1 July 2016.

IGEM considers these actions to be closed.

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

DELWP has adopted a new document control system and framework for all of DELWP's fire

management manuals and over the past few years has been progressively updating the fire management manuals.

Progress of the manuals is as follows:

- Response (completed on 8 December 2014)
- Preparedness (completed mid-August and comes into effect on 29 August 2016)
- Prevention (due for completion 2016-17)
- Fuel Management (completed June 2016 and comes into effect in August 2016)
- Recovery (will be completed as part of the Recovery Framework commencing in the 2016-17 financial year)
- Occupational Health and Safety (incorporated into each of the other manuals).

As manuals or sections of manuals are approved, they are immediately published on FireWeb, therefore becoming available to DELWP and partner agencies.

IGEM considers this action to be closed.

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

Part 9B of the *Planning and Environment Act 1987* came into effect on 1 July 2010. Growth Areas Infrastructure Contribution (GAIC) information is available on DELWP, Metropolitan Planning Authority (MPA) and State Revenue Office (SRO) websites. GAIC applies to particular land in Melbourne metropolitan growth areas.

The MPA is responsible under the Act to notify SRO and the Registrar of Titles of the properties that fall within the GAIC area.

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

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

The MPA investigates any planning and zoning anomalies that may be raised as they relate to GAIC, and progresses staged payment agreement (SPA) inquiries and applications from landowners subdividing land in Melbourne's growth areas.

MPA provides secretarial support to the GAIC Hardship Relief Board (HRB). The HRB meets when required to consider applications for hardship relief. During the year ended 30 June 2016 the Board made no decisions on hardship applications and at 30 June 2016 there were no active applications before the Board (as at 30 June 2015, there were 0).

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

### GAIC Funds

The amounts received by the SRO, net of any GAIC interest received and refunds made, are paid into the Consolidated Fund by section 201SZJ of the Act and then periodically drawn down equally into two GAIC funds held by DELWP, the Building New Communities Fund (BNCF) and the Growth Areas Public Transport Fund (GAPTF) by section 201V(2) of the Act. For the financial year ended 30 June 2016, an amount of \$29,373,000 (30 June 2015 - \$12,521,213) has been transferred to each of the funds to make a combined total of \$58,746,000 (30 June 2015 - \$25,042,426).

The total amount of GAIC received by the SRO and paid into the Consolidated Fund under section 201SZJ at 30 June 2016 was \$176,010,655 (30 June 2015 - \$108,672,638). The amount of GAIC receipts transferred to the two GAIC Funds under section 201V(2) at 30 June 2016 was \$146,558,962 (30 June 2015 - \$87,812,962). The remaining GAIC receipts in the Consolidated Fund at 30 June 2016 of \$29,451,693 (30 June 2015 - \$20,859,642) is to be transferred in the next financial year.

The amount that has been paid out of the GAIC Funds for the year ending 30 June 2016 is \$1,000,000 for one project from the BNCF, and \$634,537 for SRO expenses from the GAPTF, a total of \$1,634,537.

SRO expenses are only payable from GAPTF with approval of the Treasurer and therefore may not be paid in the financial year incurred. Accordingly, SRO expenses for the period 1 January 2016 to 30 June 2016 totalling \$226,602.13 remain outstanding and will be paid in the 2016-17 financial year. On average over the six years of GAIC SRO expenses average approximately \$470,000 per annum.



**GAIC works-in-kind**

A works-in-kind (WIK) agreement may be entered into by a person liable to pay GAIC, with the Minister for Planning, under which they agree to provide land and/or works (construction of State infrastructure) instead of a cash payment, to meet the GAIC liability

in whole or in part. There were no GAIC WIK agreements at 30 June 2016 (as at 30 June 2015 – nil).

The GAIC Works-In-Kind Guidelines and Model Agreements are comprehensive and links to them can be found on the Authority's website [www.mpa.vic.gov.au](http://www.mpa.vic.gov.au).

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

Land Type	Year ended 30 June 2016	Year ended 30 June 2015
Type A	\$90,470	\$88,770
Type B1, B2 & C	\$107,440	\$105,420

The amount of GAIC triggered and received in the financial year ended 30 June 2016 is shown below.

**Summary of GAIC transactions for the year ended 30 June 2016**

	Number of transactions for the year ended 30 June 2016	Transaction value for the year ended 30 June 2016	Number of transactions for the year ended 30 June 2015	Transaction value for the year ended 30 June 2015	Note
GAIC Receipts	136	\$67,338,051	78	\$40,370,936	1
GAIC Refunds	0	\$0	0	\$0	2
GAIC Deferred	39	\$40,218,655	23	\$13,305,381	3
Staged Payment Arrangements processed by SRO	28	\$106,347,703	21	\$64,212,166	4
Net Staged Payments Outstanding	76	\$114,238,462	57	\$74,621,911	5

Note:

1. The GAIC receipts by the SRO includes interest received and refunds made, and has been paid into the Consolidated Fund.
2. There were no GAIC refunds for the financial year ended 30 June 2016 (30 June 2015 – nil).
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 28 GAIC events during the year ended 30 June 2016 (30 June 2015 – 21). The value of the staged payment arrangements processed for the year ended 30 June 2016 was \$106,347,703 (30 June 2015 – \$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 2016, and were due for payment after 30 June 2016 amount to \$114,238,462 (30 June 2015 – \$74,621,911). 76 staged payment arrangements were still current as at 30 June 2016 (30 June 2015 – 57).

**GAIC receipts made and expenditure paid out in each Growth Area**

<b>Growth area</b>	<b>GAIC receipts to 1 July 2015 \$</b>	<b>GAIC receipts for year ended 30 June 2016 \$</b>	<b>Total GAIC receipts for each Growth Area as at 30 June 2016 \$</b>	<b>Total paid out of contributions received for each Growth Area as at 30 June 2016 \$</b>	<b>Proportion paid out of contributions received for each Growth Area*%</b>
Casey**	39,096,225	20,254,022	59,350,247	2,015,162	3.4
Cardinia**					
Hume	28,539,954	18,968,068	47,508,022	3,104,332	6.5
Melton	28,902,382	14,871,202	43,773,584	1,283,646	2.9
Mitchell	626,704	0	626,704	23,334	3.7
Whittlesea	0	0	0	0	–
Wyndham	11,507,339	13,244,759	24,752,098	1,159,732	4.7
<b>Total</b>	<b>\$108,672,604</b>	<b>\$67,338,051</b>	<b>\$176,010,655</b>	<b>\$7,586,206</b>	<b>4.3%</b>

\* Reported under section 201VC(b) of the Act

\*\* The Casey-Cardinia Growth Area proportion of funds paid or accrued is 3.4% (30 June 2015 – 2.4%)

**Building New Communities Fund by Growth Area for the year ended 30 June 2016**

<b>Growth area</b>	<b>Opening fund balance as at 1 July 2015 \$</b>	<b>Interest earned for the year \$</b>	<b>Amount paid into the fund for the year \$</b>	<b>Amount paid from the fund for the year \$</b>	<b>Balance of the fund as at 30 June 2016* \$</b>
Casey**	15,165,516	98,780	8,853,129	0	24,117,425
Cardinia**					
Hume	11,041,564	79,022	8,273,911	1,000,000	18,394,497
Melton	11,938,847	72,749	6,468,568	0	18,480,164
Mitchell	303,677	1,042	0	0	304,719
Whittlesea	0	0	0	0	0
Wyndham	3,058,933	41,171	5,777,392	0	8,877,496
<b>Total</b>	<b>\$41,508,537</b>	<b>\$292,764</b>	<b>\$29,373,000</b>	<b>\$1,000,000</b>	<b>\$70,174,301</b>

\*Reported under section 201VC(c) of the Act

\*\*Combined Casey-Cardinia Growth Area

**Allocations and payments made out of Building New Communities Fund for the year ended 30 June 2016**

<b>Allocated to</b>	<b>Growth area</b>	<b>Purpose</b>	<b>Original amount allocated* \$</b>	<b>Amount paid to 30 June 2015 \$</b>	<b>Amount paid to 30 June 2016 \$</b>	<b>Amount not yet paid to 30 June 2016** \$</b>
Department of Health and Human Services	Cardinia	Ambulatory Care Centre	2,000,000	0	0	2,000,000
Public Transport Victoria	Casey	Berwick Station Park and Ride Upgrade	1,100,000	1,100,000	0	0
Roads Corporation of Victoria	Casey	Upgrade of intersection South Gippsland Highway and Craig Road	1,000,000	0	0	1,000,000^
Hume City Council	Hume	Upgrade of intersection Mickleham Road, Greenvale Gardens and Dellamore Boulevard	1,400,000	1,400,000	0	0
Hume City Council	Hume	Car parking and public open space at Hume Regional Tennis and Community Centre	1,000,000	0	1,000,000	0
Roads Corporation of Victoria	Melton	Traffic signals at Ferris Road interchange intersection	1,500,000	588,640	0	911,360^
Department of Health and Human Services	Melton	Ambulatory Care Centre	5,000,000	0	0	5,000,000

Allocated to	Growth area	Purpose	Original amount allocated* \$	Amount paid to 30 June 2015 \$	Amount paid to 30 June 2016 \$	Amount not yet paid to 30 June 2016** \$
Roads Corporation of Victoria	Mitchell	Lithgow Street interchange	100,000	0	0	100,000^
Wyndham City Council	Wyndham	Upgrade to bus facilities, car parking and public space of Events, Aquatic and Leisure Centre	900,000	900,000	0	0
<b>Total</b>			<b>\$14,000,000</b>	<b>\$3,988,640</b>	<b>\$1,000,000</b>	<b>\$9,011,360</b>

\*These allocations and 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 2016 is \$9,011,360 (30 June 2015 - \$3,011,360). Therefore, the Building New Communities Fund balance on hand at 30 June 2016 of \$70,174,301 (30 June 2015 - \$41,508,537) has a commitment against it of \$9,011,360 (30 June 2015 - \$3,011,360), reducing the balance available for allocation to \$61,162,941 (30 June 2015 - \$38,497,177).

^ These allocations are under review.

#### Growth Areas Public Transport Fund by Growth Area for the year ended 30 June 2016

Growth Area	Opening fund balance as at 1 July 2015 \$	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 2016 \$
Casey*	15,540,002	101,771	8,853,129	214,095	24,280,807
Cardinia*	-				
Hume	11,919,762	81,414	8,273,911	171,272	20,103,815
Melton	11,973,828	74,952	6,468,568	157,677	18,359,671
Mitchell	281,807	1,074	0	2,259	280,622
Whittlesea	0	0	0	0	0
Wyndham	3,784,417	42,418	5,777,392	89,234	9,514,993
<b>Total</b>	<b>\$43,499,816</b>	<b>\$301,629</b>	<b>\$29,373,000</b>	<b>\$634,537</b>	<b>\$72,539,908</b>
*Combined Casey-Cardinia Growth Area					
Casey-Cardinia	15,540,002	101,771	8,853,129	214,095	24,280,807

**Allocations and payments made out of the Growth Area Public Transport Fund for the year ended 30 June 2016**

Allocated to	Growth area	Purpose	Original amount allocated* \$	Amount paid to 30 June 2015 \$	Amount paid to 30 June 2016 \$	Amount not yet paid to 30 June 2016** \$
Public Transport Victoria	Hume	Craigieburn Railway Station Bus interchange and Park and Ride	4,200,000	0	0	4,200,000
Public Transport Victoria	Mitchell	Wallan Station Parkiteer Bike Cage	100,000	0	0	100,000
Public Transport Victoria	Whittlesea	South Morang Park and Ride	3,000,000	0	0	3,000,000 <sup>^</sup>
<b>Total allocations</b>			<b>\$7,300,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,300,000</b>
Payment to State Revenue Office^^			\$2,597,566	1,963,029	634,537	-
<b>Total allocations and expenditure</b>			<b>\$9,897,566</b>	<b>\$1,963,029</b>	<b>\$634,537</b>	<b>\$7,300,000</b>

\*These allocations and 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 2016 is \$7,300,000 (30 June 2015 - \$7,300,000). Therefore the Growth Areas Public Transport Fund balance on hand at 30 June 2016 of \$72,539,907 (30 June 2015 - \$43,499,816) has a commitment against it of \$7,300,000 (30 June 2015 - \$7,300,000) reducing any balance available for allocation to \$65,239,907 (30 June 2015 - \$36,199,816).

<sup>^</sup> This allocation is under review.

<sup>^^</sup> A further amount of \$226,602 for the period of January to June 2016 has been invoiced by the SRO and not yet paid.

**Infrastructure Contribution Reporting**

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

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

**Total DCP contributions received for the year ended 30 June 2016**

Name of DCP	Contributions received for the year (\$)
EWEP	Nil
<b>Total</b>	<b>Nil</b>

**DCP land, works, services or facilities accepted as works-in-kind for the year ended 30 June 2016**

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

**Total DCP contributions received and expended for the year ended 30 June 2016**

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

**Land, works, services or facilities delivered during the year ended 30 June 2016 from DCP levies collected**

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

**Water Resource Assessment Program**

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

- (a) the availability of water, including surface water and groundwater
- (ab) use of one water source as a substitute for another water source
- (ac) the environmental water reserve
- (b) the disposal of wastewater (including trade waste, sewage and saline water)
- (c) the use and re-use of water resources
- (d) floodwaters
- (e) drainage and waterway management
- (f) water quality (including salinity)
- (g) in-stream uses of water

- (ga) current and historic levels of allocation and use of surface water and groundwater
- (gb) current and historic condition of waterways and aquifers
- (h) anything else that the Minister decides is appropriate.

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

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

The *Victorian Water Accounts* is an annual statewide summary of Victoria's water resources, documenting water availability and providing assessments of rainfall, streamflow and groundwater levels, as well as information on water storages and reuse of treated wastewater. Information on water taken for consumptive use, as well as water set aside

for environmental purposes, is provided in the context of the Victorian water allocation framework, which sets out entitlements to water.

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

The *Victorian Water Register* 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), available at <http://data.water.vic.gov.au>.

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 845 sites that were monitored in 2015-16 through three regional water monitoring partnerships. These partnerships comprise 40 public and private organisations that procure their monitoring requirements under this program. The partnerships include state government departments, water corporations, CMAs, local shires and councils, the Bureau of Meteorology and the Murray-Darling Basin Authority.

Surface water monitoring services are procured by DELWP on behalf of the regional water

monitoring partnerships to ensure efficiency and statewide consistency in data quality.

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

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

All surface water data collected through the partnerships, summary reports on historical longer term trends of surface water quality and the current status 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 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.

In respect to use other than domestic and stock purposes, nearly all useable groundwater resources are capped for licensed use. 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 Water.



In a small number of areas groundwater is available under these caps for allocation. Rural water corporations are able to sell new licences for this groundwater. In 2015-16 new groundwater licences were sold in the west Wimmera and west Port Phillip groundwater catchments.

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. Groundwater markets in Victoria are still in the early stages of development. Productive use of the groundwater resource will support the development needed to stimulate local and regional economies. To improve opportunities for licences to be traded allowing groundwater to be put to higher value uses, statewide 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's revised groundwater monitoring program involves quarterly monitoring of about 1,600 bores. Rural water corporations also 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.

All groundwater data 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, sustainable and resilient water services systems and Sustainable Water Strategies. Water corporations' annual reports are tabled in Parliament and available on water corporation websites.

#### **ac) Environmental water reserve**

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

- entitlements for the environment that are called either 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 CMAs and Melbourne Water. The VEWH then commits water throughout the year via seasonal watering statements which authorise waterway managers to use environmental water.

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

Amendments were made to one environmental entitlement held by VEWH in 2015-16, the Blue Rock Environmental Entitlement 2013. The amendment was required to increase the environment's proportional share of inflows, reflecting a decrease in the storage capacity of Blue Rock Reservoir (which was applied to all entitlements in the system).

At 30 June 2016, the VEWH Water Holdings comprised 22 entitlements and a number of water shares. Further information on the

entitlements held by the VEWH can be found on the VEWH website: <http://www.vewh.vic.gov.au>.

During 2015-16, environmental water was managed to meet environmental objectives at 123 Index of Stream Condition river reaches and 76 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
- 40 wetlands in the Wimmera-Mallee wetland complex
- Lower Barwon River wetlands (Hospital Swamps and Reedy Lake)
- Goulburn, Campaspe and Loddon rivers, Broken and Gunbower creeks, three Broken system wetlands and two Goulburn system wetlands
- Living Murray Icon sites – including Barmah Forest, Boals Deadwood, Gunbower Forest, Hattah Lakes, Lake Wallawalla, Lindsay River, Mullaroo Creek, Poterwalkagee Creek and Wallpolla East
- 17 northern wetlands and floodplains.

Full details of 2015-16 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 2015-16, 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 Wallpolla Island using newly constructed infrastructure funded under the Living Murray program
- progressing proposals for new environmental water management infrastructure at nine

sites in northern Victoria under the Basin Plan's Sustainable Diversion Limit Adjustment Mechanism, including Gunbower National Park, Guttrum and Benwell State Forests, Burra Creek, Nyah Park, Vinifera Park, Belsar-Yungera Island, Hattah Lakes North, Wallpolla Island and Lindsay Island

- investigating options to ease environmental water delivery constraints in the Goulburn River and along the Murray River
- completing four environmental water management plans for rivers in southern Victoria
- implementing Chapter 8 of the *Murray-Darling Basin Plan (Basin Plan Environmental Watering Plan)*, including development of annual watering priorities and completion of three long-term environmental watering plans.

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

All water corporations (urban) are required to report on wastewater disposals, as part of the report of operations in their annual reports. 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.

#### **c) Use and re-use of water resources**

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

#### **d) Floodwaters**

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

The *Victorian Floodplain Management Strategy* was released in April 2016 to help communities be better prepared for future floods. The strategy clarifies the roles and responsibilities of government agencies and authorities involved in flood management. It aims to improve

the evaluation and communication of flood risks so communities and relevant agencies can take better-informed action to manage floods. The strategy supports priorities being developed at a regional level in consultation with local communities. The *Victorian Floodplain Management Strategy* is available on the DELWP website.

DELWP assists CMAs and municipalities to improve their knowledge of areas of flood risk and ensure that new development is compatible with the flood risk. Some 18 local flood risk studies and flood mitigation investigations are underway across regional Victoria, led by CMAs and local governments. These flood risk assessments explore measures to reduce flood risks. Five regional flood mapping projects were completed to support land-use planning, community awareness and flood emergency planning.

*FloodZoom – Flood intelligence platform* was launched in August 2015, and won a global Special Achievement Award for Geographic Information Systems. It is now in use with other systems to assist flood response and community flood advice.

#### **e) Drainage and waterway management**

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

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

Funding provided by the Victorian Government in 2015-16 into improving the health of Victoria's waterways has been invested by CMAs according to agreed works programs. The delivery of projects and services through these works programs is tracked and reported annually.

A comprehensive report card assessing progress against statewide waterway health targets was last published by the Department in 2009, with the next progress report planned for 2017.

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 387 partnership sites across the state in 2015-16. 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 2015-16 accounts are due to be completed in the first half of 2017, 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 below average in 2015–16 with below average rainfall and reduced streamflow volumes across most of the state. Seasonal allocations for high reliability water shares reached 100 per cent in the Murray system and the Macalister Irrigation District, but did not reach 100 per cent in any other system. Seasonal allocations for low reliability water shares reached 20 per cent in the Macalister Irrigation District, with no allocations for low reliability water shares in other systems.

Surface water use in Victoria's regulated systems (systems that have water shares) totalled 2654.7 gigalitres (GL) in 2015–16. Of this the majority, approximately 73 per cent, was used for irrigation, while about 2–3 per cent was used by urban customers and about 25 per cent was used by the environment.

### Groundwater

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

In 2015–16, restrictions on groundwater use were in place in the Katunga WSPA (70 per cent in all zones), West Wimmera Neuarpur sub-zone 1 (80 per cent), Loddon Highlands WSPA Newlyn Zone (70 per cent) and Werribee WSPA (50 per cent).

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

A recent stocktake of SWS actions has identified that of these 300 actions, 244 are now complete.

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.

Of the remaining actions, many have been partly implemented. However, due to subsequent changes in climatic conditions or

policy and legislative settings, some actions or residual components of actions may no longer be appropriate or relevant. These unresolved actions will be subject to a comprehensive review process.

Each SWS is required to be reviewed and renewed ten years after its release. The first of these reviews, for the Central Region SWS, is due to be undertaken in 2016-17. This review, in conjunction with the Victorian Water Plan implementation process, will consider all residual SWS actions in the context of statewide policy and planning implications. Actions still requiring implementation will be identified, reviewed and further action determined and planned for through this process.

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

### Additional information available on request

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

- a) A statement that declarations of pecuniary interests have been duly completed by all relevant officers of the department.
- b) Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary.
- c) Details of publications produced by the department about the activities of the department and where they can be obtained.
- d) Details of changes in prices, fees, charges, rates and levies charged by the department for its services, including services that are administered.
- e) Details of any major external reviews carried out in respect of the operation of the department.
- f) Details of any other research and development activities undertaken by the department that are not otherwise covered either in the report of operations or in a document which contains the financial

statement and report of operations.

- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- h) Details of major promotional, public relations and marketing activities undertaken by the department to develop community awareness of the services provided by the department.
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the report of operations.
- j) A general statement on industrial relations within the department and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the report of operations.
- k) A list of major committees sponsored by the department, the purposes of each committee and the extent to which the purposes have been achieved.
- l) Details of all consultancies and contractors including:
  - (i) consultants/contractors engaged
  - (ii) services provided
  - (iii) expenditure committed to for each engagement.

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

The information is available on request from:

Phuong Tram  
 Director, Budget and Planning,  
 Finance and Planning  
 Department of Environment, Land,  
 Water and Planning  
 8 Nicholson Street  
 East Melbourne Victoria 3002  
 Telephone: (03) 9637 8886  
 Email: [phuong.tram@delwp.vic.gov.au](mailto:phuong.tram@delwp.vic.gov.au)



# Department of Environment, Land, Water and Planning

## Financial Statements 30 June 2016

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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 12 September 2016.

For queries in relation to our financial reporting please call 13 61 86, or visit our website ([www.delwp.vic.gov.au](http://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 Directions 4.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the department at 30 June 2016.

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 12 September 2016.



**Adam Fennessy**

Secretary

Department of Environment, Land, Water  
and Planning

Melbourne

12 September 2016



**Carolyn Jackson**

Executive Director Finance and Planning

Department of Environment, Land, Water  
and Planning

Melbourne

12 September 2016



**VAGO**

Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 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.

#### *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.

#### *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, I and my staff and delegates have complied with the applicable independence requirements of the Australian Auditing Standards and the relevant ethical pronouncements.

#### *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 2016 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  
16 September 2016



Dr Peter Frost  
Acting Auditor-General

## Comprehensive operating statement for the financial year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Income from transactions</b>			
Output appropriations	1(f), 26	1,164,409	1,225,193
Special appropriations	1(f), 26	58,746	115,422
Interest	1(f), 4(a)	19,067	6,867
Sale of goods and services	1(f), 4(b)	70,071	78,495
Municipal and Industrial Landfill Levy	1(f), 4(c)	201,170	0
Metropolitan Parks Improvement Rate	1(f), 4(d)	159,537	152,564
Grants	1(f), 4(e)	13,562	212,999
Fair value of assets and services received free of charge or for nominal consideration	1(f), 4(f)	5	64
Other income	1(f), 4(g)	2,252	11,341
<b>Total income from transactions</b>		<b>1,688,819</b>	<b>1,802,945</b>
<b>Expenses from transactions</b>			
Employee expenses	1(g), 5(a)	(363,675)	(369,741)
Depreciation	1(g), 5(b)	(41,433)	(56,759)
Interest expense	1(g), 5(c)	(982)	(11,994)
Grants and other transfers	1(g), 5(d)	(633,604)	(461,437)
Capital asset charge	1(g)	(91,342)	(102,392)
Supplies and services	1(g), 5(e)	(524,085)	(470,478)
Other operating expenses	1(g), 5(f)	(12,647)	(6,610)
<b>Total expenses from transactions</b>		<b>(1,667,768)</b>	<b>(1,479,411)</b>
<b>Net result from transactions (net operating balance)</b>		<b>21,020</b>	<b>323,534</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	1(h), 6(a)	(50,973)	7,370
Net gain/(loss) on financial instruments	1(h), 6(b)	2,711	(36)
Share of net losses of associates, excluding dividends	1(h), 6(c)	(4,377)	(2,985)
Other losses from other economic flows	1(h), 6(d)	(2,144)	(1,330)
<b>Total other economic flows included in net result</b>		<b>(54,783)</b>	<b>3,019</b>
<b>Net result</b>		<b>(33,732)</b>	<b>326,553</b>
<b>Other economic flows – other comprehensive income</b>			
Items that will not be classified to net result			
Changes in physical asset revaluation surplus	25	969,019	111,647
Share of change in associate's contributed capital	9	8,548	155
<b>Total other economic flows – other comprehensive income</b>		<b>977,567</b>	<b>111,802</b>
<b>Comprehensive result</b>		<b>943,835</b>	<b>438,355</b>

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

## Balance sheet as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	1(k), 24(a)	553,410	587,537
Receivables	1(k), 7	303,235	265,470
Investments and other financial assets	1(k), 8	510,300	20,100
Investments accounted for using the equity method	1(k), 9	11,349	9,199
<b>Total financial assets</b>		<b>1,378,294</b>	882,306
<b>Non-financial assets</b>			
Inventories	1(l), 11	21,033	18,817
Non-financial physical assets classified as held for sale	1(l), 12	8,320	2,273
Property, plant and equipment	1(l), 13	8,371,139	7,573,395
Biological assets	14	0	0
Intangible assets	1(l), 15	29,373	27,042
Prepayments	1(l)	9,367	77,764
<b>Total non-financial assets</b>		<b>8,439,232</b>	7,699,291
<b>Total assets</b>		<b>9,817,526</b>	8,581,597
<b>Liabilities</b>			
Payables	1(m), 16	112,003	126,946
Borrowings	1(m), 17	32,719	28,871
Unearned income	1(m)	2,196	2,254
Deposits repayable	1(m)	13	31
Provisions	1(m), 18	136,685	137,756
<b>Total liabilities</b>		<b>283,616</b>	295,858
<b>Net assets</b>		<b>9,535,910</b>	8,285,739
<b>Equity</b>			
Accumulated surplus		275,469	309,201
Share of associate's contributed capital		8,703	155
Physical asset revaluation surplus	25	6,731,484	5,762,465
Contributed capital	1(o)	2,518,254	2,213,918
<b>Net worth</b>		<b>9,533,910</b>	8,285,739
Commitments for expenditure	1(p), 21		
Contingent assets and contingent liabilities	1(q), 22		

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

## Statement of changes in equity for the financial year ended 30 June 2016

	Notes	Accumulated surplus/ (deficit) \$'000	Share of associate's contributed capital \$'000	Physical asset revaluation surplus \$'000	Contributions by owner \$'000	Total \$'000
<b>Balance at 1 July 2014</b>		<b>(17,352)</b>	<b>0</b>	<b>5,650,818</b>	<b>2,376,037</b>	<b>8,009,503</b>
Net result for the year		326,553	0	0	0	326,553
Other comprehensive income for the year	25	0	155	111,647	0	111,802
Capital appropriations	26(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	33	0	0	0	293,927	293,927
Administrative restructure – net assets transferred	33	0	0	0	(474,415)	(474,415)
Net capital contributions transferred to portfolio entities		0	0	0	(75,341)	(75,341)
<b>Balance at 30 June 2015</b>		<b>309,201</b>	<b>155</b>	<b>5,762,465</b>	<b>2,213,918</b>	<b>8,285,739</b>
Net result for the year		(33,732)	0	0	0	(33,732)
Other comprehensive income for the year	8, 25	0	8,548	969,019	0	977,567
Capital appropriations	26(c)	0	0	0	68,197	68,197
Capital contributions of assets		0	0	0	294,001	294,001
Net capital contributions transferred to portfolio entities		0	0	0	(57,862)	(57,862)
<b>Balance at 30 June 2016</b>		<b>275,469</b>	<b>8,703</b>	<b>6,731,484</b>	<b>2,518,254</b>	<b>9,533,910</b>

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

## Cash flow statement for the financial year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		1,293,662	1,628,439
Receipts from other entities		389,236	238,036
Goods and Services Tax recovered from the ATO <sup>(i)</sup>		49,123	42,435
Interest received		11,530	5,626
<b>Total receipts</b>		<b>1,743,551</b>	<b>1,914,536</b>
<b>Payments</b>			
Payments of grants and other transfers		(623,018)	(484,146)
Payments to suppliers and employees		(888,118)	(1,004,555)
Capital asset charge payments		(91,342)	(102,392)
Interest and other costs of finance paid		(1,016)	(12,008)
<b>Total payments</b>		<b>(1,603,494)</b>	<b>(1,603,101)</b>
<b>Net cash flows from operating activities</b>	24(c)	<b>140,057</b>	<b>311,435</b>
<b>Cash flows used in investing activities</b>			
Payments for investments		(106,436)	(14,092)
Payments to joint operations		0	(1,301)
Purchases of non-financial assets		(58,171)	(111,323)
Sales of non-financial assets		211	24,527
<b>Net cash flows used in investing activities</b>		<b>(164,396)</b>	<b>(102,189)</b>
<b>Cash flows from/(used in) financing activities</b>			
Cash received from activity transferred in – MoG changes	33	0	80,451
Cash transferred on activity transferred out – MoG changes	33	0	(52,164)
Owner contributions by State Government	26(c)	68,197	110,663
Payments of capital contributions		(57,862)	(75,341)
Repayments of finance leases		(2,989)	(5,381)
Proceeds from/(repayments of) advances		(17,134)	2,234
<b>Net cash flows from/(used in) financing activities</b>		<b>(9,788)</b>	<b>60,462</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(34,127)</b>	<b>269,708</b>
Cash and cash equivalents at the beginning of the financial year		587,537	317,829
<b>Cash and cash equivalents at the end of the financial year</b>	24(a)	<b>553,410</b>	<b>587,537</b>

Non-cash financing and investing activities are disclosed in Note 24(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.

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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 2016.

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

### (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 these financial statements, please refer to Note 35. *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 12 September 2016.

### (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 9. *Investments accounted for using the equity method* and Note 10. *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(l) *Non-financial assets*);
- the impairment of non-financial assets (refer to Note 1(h) *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; and
- 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(m) *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; 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 and financial instruments and for non-recurring fair value measurements such as non-financial physical assets classified



## Note 1. Summary of significant accounting policies (continued)

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.

In accordance with the requirements of *Financial Reporting Direction (FRD) 103F*, the department has revalued its property, plant and equipment under the Public Safety and Environment Purpose Group at 30 June 2016. Refer to Note 13 *Property, Plant and Equipment* for more information.

### (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 office of the department, for the purpose of this report, is included in the reporting entity:

- 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*.

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*

## Note 1. Summary of significant accounting policies (continued)

(*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 and 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 Dhelkunya 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 objective is to create liveable, inclusive and sustainable communities and thriving natural environments. It will do this by connecting metropolitan and regional community priorities and services to planning at the state level for Victoria's growth and development. At the same time, the department focuses on caring for and protecting the environment and helping to respond to climate change through risk mitigation and adaptation strategies. These approaches will help protect, enhance and strengthen the resilience of our quality built and natural environments, assets and resources.

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*).

### (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 title transactions, environmental contributions from Victorian water businesses, the state's share of the Murray-Darling Basin Authority's jointly controlled assets, proceeds from the sale of administered surplus land and buildings, and grants provided by the Commonwealth to assist the State Government in meeting general or specific delivery obligations.

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

## Note 1. Summary of significant accounting policies (continued)

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 accounts.

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

Trust accounts 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 accounts. These transactions and balances are reported in Note 3. *Administered (non-controlled) items*.

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

Disclosures related to trust account transactions and balances can be found in Note 29. *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 former 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 35. *Glossary of terms and style conventions* for the definition of 'net result from transactions', 'other economic flows included in net result' and 'other economic flows – other comprehensive income'.

#### **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.

#### **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 35. *Glossary of terms and style conventions* for a style convention explaining that minor discrepancies in totals of tables are due to rounding.

#### **(f) 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

## Note 1. Summary of significant accounting policies (continued)

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.

### **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; and
- 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(m) *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; and
- 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.

### **Municipal and Industrial Landfill Levy**

Municipal and Industrial Landfill Levies are recognised on an accrual basis in accordance with AASB 118. Levies received during the year are recorded against the year the revenue was earned. Levies for which land fill operators have not submitted returns at the end of the financial year are recorded as a receivable from the Environmental Protection Authority.

### **Metropolitan Parks Improvement Rate**

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



## Note 1. Summary of significant accounting policies (continued)

### 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 Note 1(i) *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.

### 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.

### Other income

#### 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(k) *Financial Assets*).

### (g) 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(m) regarding employee benefits.

These expenses include all forms of consideration (other than superannuation which is accounted for separately) given by the department in exchange for services rendered by employees or for the termination of employment. This includes wages and salaries, fringe benefits tax, leave entitlements, termination 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 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:

**Note 1. Summary of significant accounting policies (continued)**

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
Building leasehold improvements	Term of lease (1 to 15 years)
Finance leased motor vehicle assets	Term of lease (1 to 15 years)
Intangible assets	3 to 10 years

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 are depreciated accordingly.

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 depreciation.

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

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

**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 35. *Glossary of terms and style conventions* for an explanation of interest expense.

**Grants and other transfers**

Grants and other transfers (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 35. *Glossary of terms and style conventions* for an explanation of grants and other transfers.

**Capital asset charge**

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

**Supplies and services**

Supplies and services 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.

## Note 1. Summary of significant accounting policies (continued)

### (h) 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**

The net gain/(loss) on non financial assets and liabilities includes realised and unrealised gains and losses as follows:

##### *Net gain/(loss) on disposal of property, plant and equipment*

Any gain or loss on the disposal of property, plant and equipment is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

##### *Recognition and derecognition of non-financial assets*

Refer to Note 1(l) *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.

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

- inventories (refer Note 1(l) *Non-financial assets*)
- non-financial physical assets held for sale (refer Note 1(l) *Non-financial 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(l) *Non-financial assets* in relation to the recognition and measurement of non-financial assets.

#### **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(j) *Financial instruments*)
- disposals of financial assets and derecognition of financial liabilities.

##### *Revaluations of financial instruments at fair value*

Refer to Note 1(j) *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.

### **(i) 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*).



## Note 1. Summary of significant accounting policies (continued)

### **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.

### **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(f) *Income from transactions* for the accounting for 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 are recognised when received.

### **(j) 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

## Note 1. Summary of significant accounting policies (continued)

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.

The loans and receivables category includes cash and deposits (refer to Note 1(k) *Financial assets*), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

#### *Financial assets at fair value through profit and loss*

Financial assets are categorised at fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and any attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

Financial assets at fair value through profit or loss represents the department's investment in managed fund.

#### *Financial liabilities at amortised cost*

Financial liabilities are initially recognised on the date they originate. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised

amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest method (refer to Note 35. *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.

### **(k) 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 and accrued investment income; and
- statutory receivables, which include predominantly amounts owing from the Victorian Government, landfill levies receivable and GST input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1(j) *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 Impairment of Financial Assets under Note 1(k) *Financial assets*).

#### **Investments and other financial assets**

Any interest earned on a financial asset is

## Note 1. Summary of significant accounting policies (continued)

recognised in the comprehensive operating statement as a transaction.

The investment in managed fund includes funds deposited with the Victorian Funds Management Corporation's Capital Stable Fund and is classified as a non-current financial asset. The Fund invests in a combination of asset classes which include cash deposits, fixed term deposits and equities which are subject to movements in equity prices.

### **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 9 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 3(c) and Note 10 for the disclosure

of the department's investments in joint operations.

### **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*.

## Note 1. Summary of significant accounting policies (continued)

### (I) 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.

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.

#### **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 13 *Property, plant and equipment*.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(n) *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(n) *Leases* and 1(p) *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(h) *Other economic flows included in the net result*.

The department capitalises expenditures on individual items of \$5,000 (2015: \$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's Crown land holdings include the following Crown land categories.



## Note 1. Summary of significant accounting policies (continued)

### 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 uses include conserving flora and fauna, protecting water catchments and water supply, providing timber for sustainable forestry, protecting landscape, archaeological and historic values, and providing recreational and educational opportunities.

### 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 using the 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:

- 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.

## Note 1. Summary of significant accounting policies (continued)

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.

The department has revalued its property, plant and equipment under the Public Safety and Environment Purpose Group at 30 June 2016. Refer to Note 13 *Property, plant and equipment* for more information.

### *Recognition and derecognition of land*

Land is recognised under the categories set out at Note 13. *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 117A *Contributions of Existing Non-Financial Assets to Third Parties*.

### **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 (2015: \$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(g) *Depreciation* and Note 1(h) *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; and
- (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.

## Note 1. Summary of significant accounting policies (continued)

### (m) 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; and
- 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(j) *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.

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 relate to motor vehicles leased through the VicFleet and Fleet Plus 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(n) *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.



## Note 1. Summary of significant accounting policies (continued)

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 non current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow (refer to Note 1(h) *Other economic flows included in net result*).

### (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 the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### 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, the 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 22. *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 form 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.

### (n) 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(r)), 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.

### (o) 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 117A *Contributions of Existing Non-Financial Assets to Third Parties*.

### (p) 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 21. *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.

### (q) 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 22. *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or

## Note 1. Summary of significant accounting policies (continued)

payable respectively.

### (r) 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 10 *Investments in joint operations* for a description of the controlled PPPs.

### (s) 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.

### (t) Foreign currency balances/transactions

The department occasionally transacts in foreign currency where the counter party invoices in foreign currency.

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.

### (u) 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.

### (v) Comparative amounts

Where the presentation or classification of items in the financial statements changes, the comparative amounts are also reclassified unless it is impractical to do so. The nature, amount and reason for the reclassification are also disclosed. If the reclassification affects an item on the balance sheet, a third statement of financial position is also presented.

**Note 1. Summary of significant accounting policies (continued)****(w) AASs issued that are not yet effective**

Certain new AASs have been published that are not mandatory for the 30 June 2016 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 2016, 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:

<b>Standard/ Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on or after</b>	<b>Impact on public sector entity financial statements</b>
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	While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> <li>• The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>• Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1 January 2018	The assessment has indicated that there will be no impact on the department as its liabilities are measured at amortised cost.
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.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated that there will be no significant impact for the department.

## 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 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 2018	<p>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.</p> <p>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.</p>
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> <li>the entity's right to receive payment of the dividend is established;</li> <li>it is probable that the economic benefits associated with the dividend will flow to the entity; and</li> <li>the amount can be measured reliably.</li> </ul>	1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply from 1 January 2018	The assessment has indicated that there will be no significant impact for the department.
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	This amending standard will defer the application period of AASB 15 to the 2018-19 reporting period in accordance with the transition requirements.



**Note 1. Summary of significant accounting policies (continued)**

<b>Standard/ Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on or after</b>	<b>Impact on public sector entity financial statements</b>
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> <li>• A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation;</li> <li>• For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and</li> <li>• For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</li> </ul>	1 January 2018	The assessment has indicated that there will be no significant impact for the department, other than the impact identified in AASB 15.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 January 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>



## 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"> <li>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; and</li> <li>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.</li> </ul>	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, 127 & 128]	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 entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
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"> <li>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</li> <li>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.</li> </ul>	1 January 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.

**Note 1. Summary of significant accounting policies (continued)**

<b>Standard/ Interpretation</b>	<b>Summary</b>	<b>Applicable for annual reporting periods beginning on or after</b>	<b>Impact on public sector entity financial statements</b>
AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i> [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	Amends the methods of disposal in AASB 5 <i>Non-current assets held for sale and discontinued operations</i> .  Amends AASB 7 <i>Financial Instruments</i> by including further guidance on servicing contracts.	1 January 2016	The assessment has indicated that when an asset (or disposal group) is reclassified from 'held to sale' to 'held for distribution', or vice versa, the asset does not have to be reinstated in the financial statements.  Entities will be required to disclose all types of continuing involvement the entity still has when transferring a financial asset to a third party under conditions which allow it to derecognise the asset.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. A 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 key management personnel (KMP), and the related party transactions.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 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.

- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs* [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

Note, for the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

## Note 2. Departmental (controlled) outputs

A description of departmental outputs performed during the year ended 30 June 2016, and the objectives of these outputs, are summarised below.

### Healthy, resilient and biodiverse environment

#### Objective

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.

#### 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, as well as climate change adaption and mitigation.

#### Environmental Programs

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

#### Statutory Activities and Environmental Protection

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

### Safe and sustainable water resources

#### 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 safe and sustainable water resources 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 effectively manage Victoria's water resources. Through this output, the department delivers on-ground environmental programs to improve the health of waterways; water industry reform, governance and performance oversight, sustainable irrigation programs and makes water resources information accessible to enable informed decision-making.

### Sustainable and effective local governments

#### Objective

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.

#### Local Government

This output delivers activities in partnership with the local government sector to support effective and efficient governance and service provision. Through this output, the department administers programs to support local governments to deliver public library services and respond to and recover from natural disasters and provides support to the Victoria Grants Commission.

### A quality built environment

#### Objective

This objective provides leadership and advice on heritage protection. It delivers streamlined, fair and transparent planning, building and heritage systems.

#### Planning, Building and Heritage

This output delivers programs to address the future growth and transformation of cities and regions through strategic and integrated land use planning; urban development, design and renewal; land supply; heritage conservation and management and regulatory reform.

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

#### Objective

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

## **Note 2. Departmental (controlled) outputs (continued)**

and to improve community and ecosystem resilience.

### ***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 on people, property and the environment.

### **Productive and effective land management**

#### ***Objective***

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.

#### ***Land Victoria***

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

#### ***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.

#### **New output**

The Statutory Activities and Environmental Protection output is reported by the department following transfer of management and administration of the Sustainability Fund from the Environment Protection Authority.

## Note 2. Departmental (controlled) outputs (continued)

## Schedule A - Controlled income and expenses for the year ended 30 June 2016

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Income from transactions</b>								
Output appropriations	0	147,350	0	32,825	35,581	26,437	60,771	55,699
Special appropriations	0	0	0	0	0	0	0	0
Interest	0	747	0	0	0	14	0	37
Sale of goods and services	0	7,703	0	2,026	377	6,099	29,871	24,057
Municipal and Industrial Landfill Levy	0	0	0	0	0	0	0	0
Metropolitan Parks Improvement Rate	0	0	0	0	0	1,400	0	0
Grants	0	(2)	0	0	2,542	9,678	338	602
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	0	0	0	1	0
Other income	0	5	0	(1)	20	0	0	1,613
<b>Total income from transactions</b>	<b>0</b>	<b>155,803</b>	<b>0</b>	<b>34,850</b>	<b>38,520</b>	<b>43,628</b>	<b>90,981</b>	<b>82,008</b>
<b>Expenses from transactions</b>								
Employee expenses	0	(54,897)	0	(17,672)	(15,476)	(12,202)	(35,929)	(33,563)
Depreciation	0	(9,801)	0	(379)	(291)	(394)	(2,755)	(2,769)
Interest expense	0	(10,010)	0	0	(2)	(28)	(138)	(159)
Grants and other transfers	0	(5,367)	0	(3,136)	(20,500)	(26,326)	(21,105)	(12,856)
Capital asset charge	0	(18,257)	0	(201)	(115)	(119)	(2,004)	(2,016)
Supplies and services	0	(64,992)	0	(14,841)	(1,947)	(7,732)	(11,524)	(18,130)
Other operating expenses	0	(565)	0	(103)	(30)	(46)	(621)	(675)
<b>Total expenses from transactions</b>	<b>0</b>	<b>(163,889)</b>	<b>0</b>	<b>(36,332)</b>	<b>(38,361)</b>	<b>(46,847)</b>	<b>(74,076)</b>	<b>(70,168)</b>
<b>Net result from transactions (net operating balance)</b>	<b>0</b>	<b>(8,086)</b>	<b>0</b>	<b>(1,482)</b>	<b>159</b>	<b>(3,219)</b>	<b>16,905</b>	<b>11,840</b>
<b>Other economic flows included in net result</b>								
Net gain/(loss) on non-financial assets	0	341	0	30	(26)	(15)	35	408
Net gain/(loss) on financial instruments	0	84	0	(17)	(7)	(3)	(27)	(9)
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	0	0	0	0
Other gains/(losses) from other economic flows	0	(306)	0	(28)	(3)	(27)	(9)	(75)
<b>Total other economic flows included in net result</b>	<b>0</b>	<b>119</b>	<b>0</b>	<b>(15)</b>	<b>(36)</b>	<b>(45)</b>	<b>(1)</b>	<b>324</b>
<b>Net result</b>	<b>0</b>	<b>(7,967)</b>	<b>0</b>	<b>(1,497)</b>	<b>123</b>	<b>(3,264)</b>	<b>16,904</b>	<b>12,164</b>

**Note 2. Departmental (controlled) outputs (continued)****Schedule A - Controlled income and expenses for the year ended 30 June 2016 (continued)**

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Other economic flows – other comprehensive income</b>								
<b>Items that will not be classified to net result</b>								
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
<b>Total other economic flows – other comprehensive income</b>	0	0	0	0	0	0	0	0
<b>Comprehensive result</b>	0	(7,967)	0	(1,497)	123	(3,264)	16,904	12,164
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 (DEDJTR). 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 33. <i>Restructure of administrative arrangements</i> 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 (DPC). Refer to Note 33. <i>Restructure of administrative arrangements</i> for more information on the resulting transfers.								
(iii) The transfer of management and administration of the Sustainability Fund from the Environment Protection Authority (EPA) to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protect								

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(iii)</sup> \$'000	2016 \$'000	2015 <sup>(ii)</sup> \$'000	2016 \$'000	2015 \$'000
<b>Income from transactions</b>										
Output appropriations	246,062	349,534	114,972	9,278	0	470	67,811	34,756	389,234	332,090
Special appropriations	0	99,580	0	0	0	0	58,746	15,842	0	0
Interest	4,173	3,576	0	0	0	0	1,449	351	0	171
Sale of goods and services	10,492	9,846	0	98	0	102	4,081	(45)	7,478	15,327
Municipal and Industrial Landfill Levy	0	0	0	0	0	0	0	0	0	0
Metropolitan Parks Improvement Rate	0	0	0	0	0	0	0	0	0	0
Grants	5,196	195,268	3,579	2,400	0	0	(601)	2,964	2,488	1,737
Fair value of assets and services received free of charge or for nominal consideration	1	0	2	63	0	0	0	0	1	1
Other income	92	9,067	0	0	0	0	2,133	0	0	57
<b>Total income from transactions</b>	<b>266,016</b>	<b>666,871</b>	<b>118,553</b>	<b>11,839</b>	<b>0</b>	<b>572</b>	<b>133,619</b>	<b>53,868</b>	<b>392,201</b>	<b>349,383</b>



## Note 2. Departmental (controlled) outputs (continued)

## Schedule A - Controlled income and expenses for the year ended 30 June 2016 (continued)

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2016	2015	2016	2015 <sup>(ii)</sup>	2016	2015 <sup>(iii)</sup>	2016	2015 <sup>(iv)</sup>	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenses from transactions</b>										
Employee expenses	(57,642)	(49,722)	(8,489)	(3,545)	0	(418)	(31,643)	(15,473)	(137,656)	(120,065)
Depreciation	(4,369)	(6,614)	(39)	(14)	0	0	(295)	(192)	(20,536)	(21,750)
Interest expense	0	(465)	1	(2)	0	0	1	(2)	(655)	(1,177)
Grants and other transfers	(157,315)	(166,301)	(105,058)	(3,968)	0	0	(16,754)	(9,848)	(26,523)	(21,633)
Capital asset charge	(2,845)	(2,920)	0	0	0	(6)	(14,987)	(7,503)	(52,960)	(52,981)
Supplies and services	(232,514)	(151,292)	(6,459)	(1,834)	0	(50)	(8,756)	(8,439)	(151,346)	(125,557)
Other operating expenses	(166)	(177)	(19)	(63)	0	0	(11)	0	(6,823)	(4,640)
<b>Total expenses from transactions</b>	<b>(454,851)</b>	<b>(377,491)</b>	<b>(120,063)</b>	<b>(9,426)</b>	<b>0</b>	<b>(474)</b>	<b>(72,445)</b>	<b>(41,457)</b>	<b>(396,499)</b>	<b>(347,803)</b>
<b>Net result from transactions (net operating balance)</b>	<b>(188,835)</b>	<b>289,380</b>	<b>(1,510)</b>	<b>2,413</b>	<b>0</b>	<b>98</b>	<b>61,174</b>	<b>12,411</b>	<b>2,702</b>	<b>1,580</b>
<b>Other economic flows included in net result</b>										
Net gain/(loss) on non-financial assets	(550)	(177)	29	210	0	0	(473)	(4,814)	470	4,028
Net gain/(loss) on financial instruments	(128)	(34)	(93)	0	0	0	(256)	0	(106)	(34)
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	(55)	(453)	0	5	0	0	0	22	(41)	(343)
<b>Total other economic flows included in net result</b>	<b>(733)</b>	<b>(664)</b>	<b>(64)</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>(729)</b>	<b>(4,792)</b>	<b>323</b>	<b>3,651</b>
<b>Net result</b>	<b>(189,568)</b>	<b>288,716</b>	<b>(1,574)</b>	<b>2,628</b>	<b>0</b>	<b>98</b>	<b>60,445</b>	<b>7,619</b>	<b>3,025</b>	<b>5,231</b>
<b>Other economic flows – other comprehensive income</b>										
<b>Items that will not be classified to net result</b>										
Changes in physical asset revaluation surplus	0	0	0	0	0	0	0	0	0	0
Share of change in associate's contributed capital	0	0	0	0	0	0	0	0	0	0
<b>Total other economic flows – other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive result</b>	<b>(189,568)</b>	<b>288,716</b>	<b>(1,574)</b>	<b>2,628</b>	<b>0</b>	<b>98</b>	<b>60,445</b>	<b>7,619</b>	<b>3,025</b>	<b>5,231</b>

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output: Statutory Activities and Environmental Protection.

**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		Statutory Activities and Environmental Protection		Total
	2016	2015 <sup>(i)</sup>	2016	2015	2016	2015 <sup>(i)</sup>	2016 <sup>(ii)</sup>	2015 <sup>(i) (ii)</sup>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income from transactions</b>									
Output appropriations	0	35,694	178,346	162,909	71,632	38,151	0	0	1,225,193
Special appropriations	0	0	0	0	0	0	0	0	115,422
Interest	0	31	1,600	1,940	0	0	11,845	0	6,867
Sale of goods and services	0	3,228	4,005	3,615	13,767	6,439	0	0	78,495
Municipal and Industrial Landfill Levy	0	0	0	0	0	0	201,170	0	0
Metropolitan Parks Improvement Rate	0	0	159,537	151,164	0	0	0	0	152,564
Grants	0	186	20	166	0	0	0	0	212,999
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	0	0	0	0	0	64
Other income	0	0	7	600	0	0	0	0	11,341
<b>Total income from transactions</b>	<b>0</b>	<b>39,139</b>	<b>343,515</b>	<b>320,394</b>	<b>85,399</b>	<b>44,590</b>	<b>213,015</b>	<b>0</b>	<b>1,802,945</b>
<b>Expenses from transactions</b>									
Employee expenses	0	(9,974)	(40,447)	(35,554)	(36,184)	(16,656)	(209)	0	(369,741)
Depreciation	0	(948)	(12,785)	(13,301)	(363)	(597)	0	0	(56,759)
Interest expense	0	1	(169)	(147)	(20)	(5)	0	0	(11,994)
Grants and other transfers	0	(21,573)	(209,929)	(190,428)	(1)	(1)	(76,419)	0	(461,437)
Capital asset charge	0	(300)	(17,697)	(17,697)	(734)	(392)	0	0	(102,392)
Supplies and services	0	(8,902)	(47,156)	(41,475)	(47,576)	(27,234)	(16,807)	0	(470,478)
Other operating expenses	0	(93)	(48)	(248)	(4,929)	0	0	0	(6,610)
<b>Total expenses from transactions</b>	<b>0</b>	<b>(41,789)</b>	<b>(328,231)</b>	<b>(298,850)</b>	<b>(89,807)</b>	<b>(44,885)</b>	<b>(93,435)</b>	<b>0</b>	<b>(1,479,411)</b>
<b>Net result from transactions (net operating balance)</b>	<b>0</b>	<b>(2,650)</b>	<b>15,284</b>	<b>21,544</b>	<b>(4,408)</b>	<b>(295)</b>	<b>119,580</b>	<b>0</b>	<b>323,534</b>

## 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		Statutory Activities and Environmental Protection		Total
	2016	2015 <sup>(i)</sup>	2016	2015	2016	2015 <sup>(i)</sup>	2016 <sup>(ii)</sup>	2015	2015 <sup>(i) (ii)</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Other economic flows included in net result</b>									
Net gain/(loss) on non-financial assets	0	25	(50,484)	7,304	26	30	0	0	7,370
Net gain/(loss) on financial instruments	0	(13)	(40)	(10)	(579)	0	3,947	0	(36)
Share of net profits/(losses) of associates, excluding dividends	0	0	0	0	(4,377)	(2,985)	0	0	(2,985)
Other gains/(losses) from other economic flows	0	(17)	(15)	(123)	(2,021)	15	0	0	(1,330)
<b>Total other economic flows included in net result</b>	<b>0</b>	<b>(5)</b>	<b>(50,539)</b>	<b>7,171</b>	<b>(6,951)</b>	<b>(2,940)</b>	<b>3,947</b>	<b>0</b>	<b>3,019</b>
<b>Net result</b>	<b>0</b>	<b>(2,655)</b>	<b>(35,255)</b>	<b>28,715</b>	<b>(11,359)</b>	<b>(3,235)</b>	<b>123,527</b>	<b>0</b>	<b>326,553</b>
<b>Other economic flows – other comprehensive income</b>									
<b>Items that will not be classified to net result</b>									
Changes in physical asset revaluation surplus	0	0	969,019	111,647	0	0	0	0	111,647
Share of change in associate's contributed capital	0	0	0	0	8,548	155	0	0	155
<b>Total other economic flows – other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>969,019</b>	<b>111,647</b>	<b>8,548</b>	<b>155</b>	<b>0</b>	<b>0</b>	<b>111,802</b>
<b>Comprehensive result</b>	<b>0</b>	<b>(2,655)</b>	<b>933,764</b>	<b>140,362</b>	<b>(2,811)</b>	<b>(3,080)</b>	<b>123,527</b>	<b>0</b>	<b>438,355</b>

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. 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 DPC. Refer to Note 33. Restructure of administrative arrangements for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.

**Note 2. Departmental (controlled) outputs (continued)****Schedule B - Controlled assets and liabilities as at 30 June 2016**

	<b>Agriculture</b>		<b>Biosecurity</b>		<b>Environmental Policy</b>		<b>Environmental Programs</b>	
	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Assets</b>								
<b>Financial assets</b>								
Cash and deposits	0	0	0	0	12,350	14,944	60,865	44,841
Receivables	0	0	0	0	4,162	6,317	18,380	18,546
Investments and other financial assets	0	0	0	0	0	0	0	0
Investments accounted for using the equity method	0	0	0	0	0	0	0	0
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,512</b>	<b>21,261</b>	<b>79,245</b>	<b>63,387</b>
<b>Non-financial assets</b>								
Inventories	0	0	0	0	2	0	44	17
Non-financial physical assets classified as held for sale	0	0	0	0	12	8	33	22
Property, plant and equipment	0	0	0	0	5,226	4,367	68,536	45,086
Biological assets	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	1	7,018	6,951
Prepayments	0	0	0	0	220	176	1,635	500
<b>Total non-financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,460</b>	<b>4,552</b>	<b>77,266</b>	<b>52,576</b>
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,972</b>	<b>25,813</b>	<b>156,511</b>	<b>115,963</b>
<b>Liabilities</b>								
Payables	0	0	0	0	7,956	9,548	4,841	4,921
Borrowings	0	0	0	0	85	139	3,912	3,153
Unearned income	0	0	0	0	0	0	5	4
Deposits repayable	0	0	0	0	0	0	2	2
Provisions	0	0	0	0	5,476	4,600	15,061	15,706
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,517</b>	<b>14,287</b>	<b>23,821</b>	<b>23,786</b>
<b>Net assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,455</b>	<b>11,526</b>	<b>132,690</b>	<b>92,177</b>

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.

## Note 2. Departmental (controlled) outputs (continued)

### Schedule B - Controlled assets and liabilities as at 30 June 2016 (continued)

	Effective Water Management and Supply		Local Government		Victorian Government		Office of the Architect		Planning, Building and Heritage	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(ii)</sup> \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000
<b>Assets</b>										
<b>Financial assets</b>										
Cash and deposits	206,277	273,099	(1,475)	1,265	0	0	39,542	92,238		
Receivables	66,792	100,321	3,900	2,868	0	0	12,362	12,406		
Investments and other financial assets	0	0	0	0	0	0	105,930	0		
Investments accounted for using the equity method	0	0	0	0	0	0	0	0		
<b>Total financial assets</b>	<b>273,069</b>	<b>373,420</b>	<b>2,425</b>	<b>4,133</b>	<b>0</b>	<b>0</b>	<b>157,834</b>	<b>104,644</b>		
<b>Non-financial assets</b>										
Inventories	29	7	0	0	0	0	0	0		
Non-financial physical assets classified as held for sale	203	134	0	0	0	0	2,520	0		
Property, plant and equipment	179,487	167,318	226	29	0	0	203,164	181,390		
Biological assets	0	0	0	0	0	0	0	0		
Intangible assets	0	15	0	0	0	0	288	328		
Prepayments	3,681	74,039	(1)	0	0	0	(4)	0		
<b>Total non-financial assets</b>	<b>183,400</b>	<b>241,513</b>	<b>225</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>205,968</b>	<b>181,718</b>		
<b>Total assets</b>	<b>456,469</b>	<b>614,933</b>	<b>2,650</b>	<b>4,162</b>	<b>0</b>	<b>0</b>	<b>363,802</b>	<b>286,362</b>		
<b>Liabilities</b>										
Payables	22,401	35,762	3,883	255	0	0	2,139	2,849		
Borrowings	179	769	187	(12)	0	0	514	208		
Unearned income	6	3	0	0	0	0	2,000	1,999		
Deposits repayable	0	1	0	0	0	0	11	28		
Provisions	20,973	20,968	2,760	1,771	0	0	9,751	8,922		
<b>Total liabilities</b>	<b>43,523</b>	<b>57,503</b>	<b>6,830</b>	<b>2,014</b>	<b>0</b>	<b>0</b>	<b>14,415</b>	<b>14,006</b>		
<b>Net assets</b>	<b>412,946</b>	<b>557,430</b>	<b>(4,180)</b>	<b>2,148</b>	<b>0</b>	<b>0</b>	<b>349,387</b>	<b>272,356</b>		

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output: Statutory Activities and Environmental Protection.

## Note 2. Departmental (controlled) outputs (continued)

## Schedule B – Controlled assets and liabilities as at 30 June 2016 (continued)

	Fire and Emergency Management		Sustainably Manage Fish and Forest Resources		Management of Forests, Parks and Public Land		Land Victoria	
	2016	2015	2016	2015 <sup>(i)</sup>	2016	2015	2016	2015 <sup>(i)</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
<b>Financial assets</b>								
Cash and deposits	102,145	104,911	0	0	44,613	51,563	(3,568)	4,676
Receivables	58,810	81,045	0	0	18,789	28,108	18,106	15,859
Investments and other financial assets	0	0	0	0	30,779	20,100	0	0
Investments accounted for using the equity method	0	0	0	0	0	0	11,349	9,199
<b>Total financial assets</b>	<b>160,955</b>	<b>185,956</b>	<b>0</b>	<b>0</b>	<b>94,181</b>	<b>99,771</b>	<b>25,887</b>	<b>29,734</b>
<b>Non-financial assets</b>								
Inventories	17,941	16,229	0	0	2,651	2,198	366	366
Non-financial physical assets classified as held for sale	155	102	0	0	5,397	2,007	0	0
Property, plant and equipment	1,951,964	2,022,623	0	0	5,951,775	5,142,013	10,761	10,569
Biological assets	0	0	0	0	0	0	0	0
Intangible assets	22,067	19,743	0	0	0	4	0	0
Prepayments	2,806	2,191	0	0	995	818	35	40
<b>Total non-financial assets</b>	<b>1,994,933</b>	<b>2,060,888</b>	<b>0</b>	<b>0</b>	<b>5,960,818</b>	<b>5,147,040</b>	<b>11,162</b>	<b>10,975</b>
<b>Total assets</b>	<b>2,155,888</b>	<b>2,246,844</b>	<b>0</b>	<b>0</b>	<b>6,054,999</b>	<b>5,246,811</b>	<b>37,049</b>	<b>40,709</b>
<b>Liabilities</b>								
Payables	17,608	30,522	0	0	31,516	41,291	1,862	1,798
Borrowings	25,685	22,916	0	0	839	1,071	1,318	627
Unearned income	5	2	0	0	205	271	(25)	(25)
Deposits repayable	0	1	0	0	0	(1)	0	0
Provisions	51,454	59,547	0	0	15,229	13,813	15,969	12,429
<b>Total liabilities</b>	<b>94,752</b>	<b>112,988</b>	<b>0</b>	<b>0</b>	<b>47,789</b>	<b>56,445</b>	<b>19,124</b>	<b>14,829</b>
<b>Net assets</b>	<b>2,061,136</b>	<b>2,133,856</b>	<b>0</b>	<b>0</b>	<b>6,007,210</b>	<b>5,190,366</b>	<b>17,925</b>	<b>25,880</b>

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.



## Note 2. Departmental (controlled) outputs (continued)

### Schedule B – Controlled assets and liabilities as at 30 June 2016 (continued)

	Statutory Activities and Environmental Protection			Total
	2016 <sup>(iii)</sup>	2015	2016 <sup>(iii)</sup>	
	\$'000	\$'000	\$'000	
Assets				
Financial assets				
Cash and deposits	92,661	0	553,410	587,537
Receivables	101,934	0	303,235	265,470
Investments and other financial assets	373,591	0	510,300	20,100
Investments accounted for using the equity method	0	0	11,349	9,199
Total financial assets	568,186	0	1,378,294	882,306
Non-financial assets				
Inventories	0	0	21,033	18,817
Non-financial physical assets classified as held for sale	0	0	8,320	2,273
Property, plant and equipment	0	0	8,371,139	7,573,395
Biological assets	0	0	0	0
Intangible assets	0	0	29,373	27,042
Prepayments	0	0	9,367	77,764
Total non-financial assets	0	0	8,439,232	7,699,291
Total assets	568,186	0	9,817,526	8,581,597
Liabilities				
Payables	19,797	0	112,003	126,946
Borrowings	0	0	32,719	28,871
Unearned income	0	0	2,196	2,254
Deposits repayable	0	0	13	31
Provisions	48	0	136,685	137,756
Total liabilities	19,845	0	283,616	295,858
Net assets	548,341	0	9,533,910	8,285,739

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.

**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 2016**

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 <sup>(i)</sup> \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Administered income from transactions</b>								
Appropriations – payments on behalf of the State (POBOS)	0	0	0	0	0	0	0	0
Finance lease interest	0	0	0	0	0	0	1	1
Sales of goods and services	0	7,447	0	1,561	1	417	299	1,450
Royalties, land leases and licences	0	0	0	0	0	3	1,044	1,156
Land Titles income	0	0	0	0	0	0	0	0
Environmental contribution	0	0	0	0	0	0	0	0
Grants	0	2,788	0	0	318	417	295	347
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	0	922	0	188	9	50	24	138
<b>Total administered income from transactions</b>	<b>0</b>	<b>11,157</b>	<b>0</b>	<b>1,749</b>	<b>328</b>	<b>887</b>	<b>1,663</b>	<b>3,092</b>
<b>Administered expenses from transactions</b>								
Grants and other transfers	0	0	0	0	0	0	0	0
Finance lease interest expense	0	0	0	0	0	0	0	0
Other expenses	0	0	0	0	0	11	49	37
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	0	(106)	0	(10)	(438)	(1,608)	(2,002)	(5,050)
<b>Total administered expenses from transactions</b>	<b>0</b>	<b>(106)</b>	<b>0</b>	<b>(10)</b>	<b>(438)</b>	<b>(1,597)</b>	<b>(1,953)</b>	<b>(5,013)</b>
<b>Total administered net result from transactions (net operating balance)</b>	<b>0</b>	<b>11,051</b>	<b>0</b>	<b>1,739</b>	<b>(110)</b>	<b>(710)</b>	<b>(290)</b>	<b>(1,921)</b>
<b>Administered other economic flows included in net result</b>								
Net gain/(loss) on non-financial assets	0	6	0	0	(130)	313	(384)	786
Net gain/(loss) on financial instruments	0	0	0	0	0	(1)	0	(2)
<b>Total administered other economic flows included in net result</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>(130)</b>	<b>312</b>	<b>(384)</b>	<b>784</b>
<b>Administered net result</b>	<b>0</b>	<b>11,057</b>	<b>0</b>	<b>1,739</b>	<b>(240)</b>	<b>(398)</b>	<b>(674)</b>	<b>(1,137)</b>
<b>Administered comprehensive result</b>	<b>0</b>	<b>11,057</b>	<b>0</b>	<b>1,739</b>	<b>(240)</b>	<b>(398)</b>	<b>(674)</b>	<b>(1,137)</b>

**Note 3. Administered (non-controlled) items (continued)****(a) Administered income and expenses for the year ended 30 June 2016 (continued)**

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.

	<b>Effective Water Management and Supply</b>		<b>Local Government</b>		<b>Office of the Victorian Government Architect</b>		<b>Planning, Building and Heritage</b>		<b>Fire and Emergency Management</b>	
	2016	2015	2016	2015 (i)	2016	2015 (i)(ii)	2016	2015 (i)	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered income from transactions</b>										
Appropriations – Payments on behalf of the State (POBOS)	636,913	628,074	0	0	0	0	0	0	0	0
Finance lease interest	452,383	466,816	0	0	0	0	0	0	0	0
Sales of goods and services	123,324	136,050	0	0	0	0	1,217	486	9	5,248
Royalties, land leases and licences	0	49	0	0	0	0	11	0	13	54
Land Titles income	0	0	0	0	0	0	0	0	0	0
Environmental contribution	111,963	111,946	0	0	0	0	0	0	0	0
Grants	22,434	27,413	269,555	540,663	0	0	0	0	0	0
Jointly controlled assets received free of charge	3,708	6,719	0	0	0	0	0	0	0	3
Fair value of land received from third party	0	0	0	0	0	0	0	0	0	0
Other income	146	838	0	0	0	0	(42)	2	111	633
<b>Total administered income from transactions</b>	<b>1,350,871</b>	<b>1,377,905</b>	<b>269,555</b>	<b>540,663</b>	<b>0</b>	<b>0</b>	<b>1,186</b>	<b>488</b>	<b>133</b>	<b>5,938</b>
<b>Administered expenses from transactions</b>										
Grants and other transfers	(23,568)	(18,000)	(269,555)	(540,663)	0	0	0	0	0	0
Finance lease interest expense	(452,544)	(466,974)	0	0	0	0	0	0	0	0
Other expenses	(37,888)	(105,741)	(30)	0	0	0	(1)	0	(2)	135
Depreciation of jointly controlled assets	(10,109)	(10,344)	0	0	0	0	0	0	0	0
Other expenses associated with jointly controlled assets	0	(655)	0	0	0	0	0	0	0	0
Payments into the Consolidated Fund	(746,977)	(792,508)	0	0	0	0	(5,765)	(217)	(1,521)	(14,987)
<b>Total administered expenses from transactions</b>	<b>(1,271,086)</b>	<b>(1,394,222)</b>	<b>(269,585)</b>	<b>(540,663)</b>	<b>0</b>	<b>0</b>	<b>(5,766)</b>	<b>(217)</b>	<b>(1,523)</b>	<b>(14,852)</b>
<b>Total administered net result from transactions (net operating balance)</b>	<b>79,785</b>	<b>(16,317)</b>	<b>(30)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,580)</b>	<b>271</b>	<b>(1,390)</b>	<b>(8,914)</b>

**Note 3. Administered (non-controlled) items (continued)****(a) Administered income and expenses for the year ended 30 June 2016 (continued)**

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2016	2015	2016	2015 <sup>(i)</sup>	2016	2015 <sup>(ii)</sup>	2016	2015 <sup>(i)</sup>	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered other economic flows included in net result</b>										
Net gain/(loss) on non-financial assets	15,737	34,925	0	0	0	0	(5,973)	0	(5,383)	3,589
Net gain/(loss) on financial instruments	0	(15)	0	0	0	0	(4)	0	0	(11)
<b>Total administered other economic flows included in net result</b>	<b>15,737</b>	<b>34,910</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,977)</b>	<b>0</b>	<b>(5,383)</b>	<b>3,578</b>
<b>Administered net result</b>	<b>95,522</b>	<b>18,593</b>	<b>(30)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,557)</b>	<b>271</b>	<b>(6,773)</b>	<b>(5,336)</b>
<b>Administered comprehensive result</b>	<b>95,522</b>	<b>18,593</b>	<b>(30)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,557)</b>	<b>271</b>	<b>(6,773)</b>	<b>(5,336)</b>

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33, *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 DPC. Refer to Note 33, *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.

	Sustainably Manage Fish and Forest Resources			Management of Forests, Parks and Public Land			Land Victoria			Statutory Activities and Environmental Protection		Total
	2016	2015 <sup>(i)</sup>	\$'000	2016	2015	\$'000	2016	2015 <sup>(i)</sup>	\$'000	2016 <sup>(ii)</sup>	2015 <sup>(i)(ii)</sup>	2015 <sup>(i)(ii)</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered income from transactions</b>												
Appropriations – Payments on behalf of the State (POBOS)	0	0	0	0	0	0	0	0	0	0	0	628,074
Finance lease interest	0	0	1	1	2	0	0	0	0	0	0	466,819
Sales of goods and services	0	11,518	12,349	13,619	13,619	26,551	14,472	0	0	0	0	192,268
Royalties, land leases and licences	0	44	9,170	8,793	8,793	0	0	0	0	0	0	10,099
Land Titles income	0	0	0	0	0	322,032	148,890	0	0	0	0	148,890
Environmental contribution	0	0	0	0	0	0	0	0	0	0	0	111,946
Grants	0	0	0	0	1	0	0	0	0	0	0	571,632
Jointly controlled assets received free of charge	0	0	0	810	810	0	0	0	0	0	0	7,529
Fair value of land received from third party	0	0	0	378	378	0	0	0	0	0	0	378
Other income	0	113	40	227	227	0	27	0	0	0	0	3,138
<b>Total administered income from transactions</b>	<b>0</b>	<b>11,675</b>	<b>21,560</b>	<b>23,830</b>	<b>23,830</b>	<b>348,583</b>	<b>163,389</b>	<b>0</b>	<b>0</b>	<b>1,993,879</b>	<b>2,140,773</b>	

**Note 3. Administered (non-controlled) items (continued)****(a) Administered income and expenses for the year ended 30 June 2016 (continued)**

	<b>Sustainably Manage Fish and Forest Resources</b>		<b>Management of Forests, Parks and Public Land</b>		<b>Land Victoria</b>		<b>Statutory Activities and Environmental Protection</b>		<b>Total</b>
	2016	2015 <sup>(i)</sup>	2016	2015	2016	2015 <sup>(i)</sup>	2016 <sup>(iii)</sup>	2015 <sup>(ii)(iii)</sup>	2015 <sup>(i)(ii)</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered expenses from transactions</b>									
Grants and other transfers	0	0	0	0	0	0	0	0	(558,663)
Finance lease interest expense	0	0	0	0	0	0	0	0	(466,974)
Other expenses	0	0	(89,854)	(468)	(3)	0	0	0	(106,026)
Depreciation of jointly controlled assets	0	0	0	0	0	0	0	0	(10,344)
Other expenses associated with jointly controlled assets	0	0	0	0	0	0	0	0	(655)
Payments into the Consolidated Fund	0	(6)	(27,907)	(24,717)	(345,115)	(160,940)	0	0	(1,000,149)
<b>Total administered expenses from transactions</b>	<b>0</b>	<b>(6)</b>	<b>(117,761)</b>	<b>(25,185)</b>	<b>(345,118)</b>	<b>(160,940)</b>	<b>0</b>	<b>0</b>	<b>(2,142,811)</b>
<b>Total administered net result from transactions (net operating balance)</b>	<b>0</b>	<b>11,669</b>	<b>(96,201)</b>	<b>(1,355)</b>	<b>3,465</b>	<b>2,449</b>	<b>0</b>	<b>0</b>	<b>(2,038)</b>
<b>Administered other economic flows included in net result</b>									
Net gain/(loss) on non-financial assets	0	17	729	(24,553)	(1)	(1)	0	0	15,082
Net gain/(loss) on financial instruments	0	0	(322)	(195)	151	0	0	0	(224)
<b>Total administered other economic flows included in net result</b>	<b>0</b>	<b>17</b>	<b>407</b>	<b>(24,748)</b>	<b>150</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>14,858</b>
<b>Administered net result</b>	<b>0</b>	<b>11,686</b>	<b>(95,794)</b>	<b>(26,103)</b>	<b>3,615</b>	<b>2,448</b>	<b>0</b>	<b>0</b>	<b>12,820</b>
<b>Administered comprehensive result</b>	<b>0</b>	<b>11,686</b>	<b>(95,794)</b>	<b>(26,103)</b>	<b>3,615</b>	<b>2,448</b>	<b>0</b>	<b>0</b>	<b>12,820</b>

Note:

- (i) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33, *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 DPC. Refer to Note 33, *Restructure of administrative arrangements* for more information on the resulting transfers.
- (iii) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.

**Note 3. Administered (non-controlled) items (continued)****(b) Administered assets and liabilities as at 30 June 2016**

	Agriculture		Biosecurity		Environmental Policy		Environmental Programs	
	2016	2015 (iii)	2016	2015 (iii)	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered financial assets<sup>(i)</sup></b>								
Cash	0	0	0	0	21	28	124	142
Receivables	0	0	0	0	690	130	1,894	392
Finance lease receivables	0	0	0	0	0	0	0	0
<b>Total administered financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>711</b>	<b>158</b>	<b>2,018</b>	<b>534</b>
<b>Administered non-financial assets</b>								
Share of jointly controlled assets	0	0	0	0	0	0	0	0
<b>Total administered non-financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total administered assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>711</b>	<b>158</b>	<b>2,018</b>	<b>534</b>
<b>Administered liabilities<sup>(ii)</sup></b>								
Creditors and accruals	0	0	0	0	(50)	(36)	(155)	(76)
Unearned income	0	0	0	0	0	0	1	1
Interest-bearing liabilities	0	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	0	1
<b>Total administered liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>(36)</b>	<b>(154)</b>	<b>(74)</b>
<b>Total administered net assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>761</b>	<b>194</b>	<b>2,172</b>	<b>608</b>

Note:

- (i) The state's investment in all its controlled entities is disclosed in the administered note of DTF's financial statements. This includes the investment in DELWP's portfolio entities.
- (ii) DTF discloses the net liability related to defined benefit superannuation plans as an administered liability in its financial statements, on behalf of the state as the sponsoring employer. Refer to DTF's financial statements for more detailed disclosures in relation to these plans.
- (iii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (v) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection.



**Note 3. Administered (non-controlled) items (continued)****(b) Administered assets and liabilities as at 30 June 2016 (continued)**

	Effective Water Management and Supply		Local Government		Office of the Victorian Government Architect		Planning, Building and Heritage		Fire and Emergency Management	
	2016	2015	2016	2015 (iii)	2016	2015 (iii/iv)	2016	2015 (iii)	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered financial assets<sup>(i)</sup></b>										
Cash	461	578	0	30	0	0	0	1	262	350
Receivables	80,655	56,287	0	0	0	0	0	(150)	8,674	1,640
Finance lease receivables	4,176,842	4,230,827	0	0	0	0	0	0	0	0
<b>Total administered financial assets</b>	<b>4,257,958</b>	<b>4,287,692</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(149)</b>	<b>8,936</b>	<b>1,990</b>
<b>Administered non-financial assets</b>										
Share of jointly controlled assets	862,386	834,741	0	0	0	0	0	0	0	0
<b>Total administered non-financial assets</b>	<b>862,386</b>	<b>834,741</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total administered assets</b>	<b>5,120,344</b>	<b>5,122,433</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(149)</b>	<b>8,936</b>	<b>1,990</b>
<b>Administered liabilities<sup>(ii)</sup></b>										
Creditors and accruals	57,813	57,451	0	0	0	0	331	0	(624)	(456)
Unearned income	23,701	27,521	0	0	0	0	0	0	3	3
Interest-bearing liabilities	4,173,804	4,227,629	0	0	0	0	0	0	0	0
Other liabilities	0	3	0	0	0	0	0	0	0	3
<b>Total administered liabilities</b>	<b>4,255,318</b>	<b>4,312,604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>331</b>	<b>0</b>	<b>(621)</b>	<b>(450)</b>
<b>Total administered net assets</b>	<b>865,026</b>	<b>809,829</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>(331)</b>	<b>(149)</b>	<b>9,557</b>	<b>2,440</b>

Note:

- (i) The state's investment in all its controlled entities is disclosed in the administered note of DTF's financial statements. This includes the investment in DELWP's portfolio entities.
- (ii) DTF discloses the net liability related to defined benefit superannuation plans as an administered liability in its financial statements, on behalf of the state as the sponsoring employer. Refer to DTF's financial statements for more detailed disclosures in relation to these plans.
- (iii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33 *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (v) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection

**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		Statutory Activities and Environmental Protection		Total
	2016	2015 (iii)	2016	2015	2016	2015 (iii)	2016 (iv)	2015 (iv)	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Administered financial assets<sup>(i)</sup></b>									
Cash	0	0	150	230	0	3	0	0	1,362
Receivables	0	0	14,973	1,472	8,386	5,853	0	0	65,624
Finance lease receivables	0	0	0	0	0	0	0	0	4,230,827
<b>Total administered financial assets</b>	<b>0</b>	<b>0</b>	<b>15,123</b>	<b>1,702</b>	<b>8,386</b>	<b>5,856</b>	<b>0</b>	<b>0</b>	<b>4,297,813</b>
<b>Administered non-financial assets</b>									
Share of jointly controlled assets	0	0	0	0	0	0	0	0	834,741
<b>Total administered non-financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>834,741</b>
<b>Total administered assets</b>	<b>0</b>	<b>0</b>	<b>15,123</b>	<b>1,702</b>	<b>8,386</b>	<b>5,856</b>	<b>0</b>	<b>0</b>	<b>5,132,554</b>
<b>Administered liabilities<sup>(ii)</sup></b>									
Creditors and accruals	0	0	(101)	(1)	327	162	0	0	57,044
Unearned income	0	0	6,757	6,786	90	57	0	0	34,368
Interest-bearing liabilities	0	0	0	0	0	0	0	0	4,173,804
Other liabilities	0	0	0	27	0	0	0	0	34
<b>Total administered liabilities</b>	<b>0</b>	<b>0</b>	<b>6,656</b>	<b>6,812</b>	<b>417</b>	<b>219</b>	<b>0</b>	<b>0</b>	<b>4,319,075</b>
<b>Total administered net assets</b>	<b>0</b>	<b>0</b>	<b>8,467</b>	<b>(5,110)</b>	<b>7,969</b>	<b>5,637</b>	<b>0</b>	<b>0</b>	<b>813,479</b>

Note:

- (i) The state's investment in all its controlled entities is disclosed in the administered note of DTF's financial statements. This includes the investment in DELWP's portfolio entities.
- (ii) DTF discloses the net liability related to defined benefit superannuation plans as an administered liability in its financial statements, on behalf of the state as the sponsoring employer. Refer to DTF's financial statements for more detailed disclosures in relation to these plans.
- (iii) On 1 January 2015, the department relinquished its Agricultural, Biosecurity and Sustainably Manage Fish and Forest Resource outputs to DEDJTR. 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 33. *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 DPC. Refer to Note 33. *Restructure of administrative arrangements* for more information on the resulting transfers.
- (v) The transfer of management and administration of the Sustainability Fund from EPA to the department on 1 July 2015 has resulted in a new output Statutory Activities and Environmental Protection

### 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 or LMI. The arrangement is therefore classified as a joint operation and the department recognises, on behalf of the state, its direct right to the jointly held assets, revenues and expenses based on the percentage interest as described in Note 1(k).

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2016 %	2015 %
River Murray Operations	To undertake activities that support the sustainable and integrated management of water resources of the Murray-Darling Basin.	Australia	<b>26.67</b>	26.67
Living Murray Initiative	To undertake activities that support the sustainable and integrated management of water resources of the Murray-Darling Basin.	Australia	<b>26.67</b>	26.67

**Note 3. Administered (non-controlled) items (continued)****(c) Investments in joint operation (continued)****Joint operations accounted for using the proportionate consolidation method**

The department's interest in assets, liabilities, income, and expenses employed in the above joint operations is detailed below. The amounts are included in the administered financial statements under their respective asset and liability categories.

	<b>2016</b>	2015	<b>2016</b>	2015
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
	<b>River Murray Operations</b>		<b>Living Murray Initiative</b>	
<b>Non-current assets</b>				
Property, plant and equipment	<b>699,481</b>	690,753	<b>0</b>	0
Intangible assets	<b>1,086</b>	1,086	<b>161,820</b>	142,902
<b>Total non-current assets</b>	<b>700,567</b>	691,839	<b>161,820</b>	142,902
<b>Total assets</b>	<b>700,567</b>	691,839	<b>161,820</b>	142,902
<b>Income</b>	<b>2,917</b>	6,064	<b>18,917</b>	29,298
<b>Expenses</b>	<b>10,493</b>	11,551	<b>0</b>	1,087

**Contingencies and commitments**

There are no contingencies or commitments arising from the department's interest in the joint operation (2015: Nil).

**(d) Leases****(i) Disclosures for lessees – finance lease liabilities****Commissioned public private partnership – Victorian Desalination Project**

The State of Victoria entered into a 30-year Public Private Partnership (PPP) arrangement with the AquaSure consortium (AquaSure) on 30 July 2009. The Victorian Desalination Project was initiated to design, build and operate a desalination plant, transfer pipeline and 220 kV underground power cable capable of supplying 150 gigalitres of water per annum into the Melbourne network. Construction of the Victorian Desalination Project began in 2009 and the lease term commenced in 2012 upon successful commissioning. AquaSure is required to transfer the project assets to the state at the end of the project term for no additional payment by the state.

Under the arrangement, the state has an obligation to make Water Security Payments (WSPs) to the consortium provided the plant is maintained to the appropriate standard. The WSPs have two components: finance lease payments for the project assets (refer to table 3.1 below) and other expenses for operating, maintenance and lifecycle costs (refer to Note 3(e)(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(d)(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. With consideration to the policy in Note 1(r), the department has classified the arrangement as administered.

In March 2016, AquaSure completed its third refinancing of 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 \$56 million. Also in March, the Minister for Environment, Climate Change and Water announced an order of 50 billion litres of water to be delivered over the period 1 July 2016 to 30 June 2017.

### Note 3. Administered (non-controlled) items (continued)

#### (d) Leases (continued)

**Table 3.1: Victorian Desalination Project finance lease liability**

	Minimum future lease payments		Present value of minimum future lease payments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Commissioned PPP related finance lease liabilities payable</b>				
Not longer than one year	490,140	506,825	46,179	52,535
Longer than one year but no later than five years	1,944,354	1,968,629	226,750	206,402
Longer than five years	8,975,420	9,496,698	3,900,875	3,968,692
<b>Minimum future lease payments</b>	<b>11,409,914</b>	11,972,152	<b>4,173,804</b>	4,227,629
Less future finance charges	(7,236,110)	(7,744,523)	0	0
<b>Present value of minimum lease payments</b>	<b>4,173,804</b>	4,227,629	<b>4,173,804</b>	4,227,629
<b>Included in administered liabilities as:</b>				
Interest-bearing liabilities (Note 3 (b))			<b>4,173,804</b>	4,227,629

#### (ii) Disclosures for lessors – finance lease receivables

##### Victorian Desalination Project 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 disclosed in Table 3.2. In addition, the project payments also include other commitments for operating, maintenance and lifecycle costs (refer to Note 3(e) and Table 3.3).

The department will transfer the Victorian desalination project assets to Melbourne Water Corporation at the end of the project contract term.

**Table 3.2: Victorian Desalination Project finance lease receivable**

	Minimum future lease payments		Present value of minimum future lease payments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Finance lease receivables</b>				
Not longer than one year	490,140	506,825	46,342	52,695
Longer than one year but not longer than five years	1,944,354	1,968,629	227,414	207,061
Longer than five years	8,975,420	9,496,698	3,903,086	3,971,071
<b>Minimum future lease receivables</b>	<b>11,409,914</b>	11,972,152	<b>4,176,842</b>	4,230,827
Less unearned finance income	(7,233,072)	(7,741,325)	0	0
<b>Present value of minimum lease receivables</b>	<b>4,176,842</b>	4,230,827	<b>4,176,842</b>	4,230,827
<b>Included in administered assets as:</b>				
Finance lease receivables (Note 3 (b))			<b>4,176,842</b>	4,230,827

**Note 3. Administered (non-controlled) items (continued)****(e) Commitments****(i) PPP related commitments – Victorian Desalination Project**

Under the PPP arrangement that the state entered into with AquaSure (refer to Note 3(d)(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 arm's 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 Project PPP commitments**

	2016		2015	
Commissioned PPP – other commitments				
	Other commitments		Other commitments	
	Present value	Nominal value	Present value	Nominal value
	\$'000	\$'000	\$'000	\$'000
Victorian Desalination Plant	1,587,009	4,762,138	1,562,438	4,959,549
Total	1,587,009	4,762,138	1,562,438	4,959,549

Note:

- (i) Refer to Note 3(d) for the finance lease liabilities for the Victorian Desalination Project. This note discloses only the other capital and operating and maintenance commitments for this project.
- (ii) Refer to Note 3(e)(ii) and (iii) where net values are disclosed at nominal values, exclusive of GST.
- (iii) The present value of the 'Other commitments' have been discounted to 30 June of the respective financial years. The basis for discounting has been to take each 12 month period of cash flows and discount these cash flows at the end of the period using the annual discount rate. The discount rate used to present value the commitment is 9.99% which is the nominal pre-tax discount rate representative of the overall risk of the project at inception.
- (iv) The 'Other commitments' have been updated to reflect indexation factors, such as Consumer Price Index, Producer Price Index, Chemical Index, and Average Weekly Earnings Index. Commitments are updated for the change in actual amounts paid, and forecast percentage increases are based on the original forecasted indices and applied to the adjusted actual payments. This methodology has been applied to reduce volatility in the forecast 'Other commitments'.
- (v) Net additional costs associated with the announcement of the 50 billion litres of water have been reflected in commitments for 2016.



### Note 3. Administered (non-controlled) items (continued)

#### (e) Commitments (continued)

##### (ii) Commitments payable

**Table 3.4: Victorian Desalination Project PPP other commitments payable**

	2016 \$'000	2015 \$'000
<b>PPP commitments payable – Victorian Desalination Project</b>		
<b>Other commitments</b>		
Not longer than one year	155,854	124,209
Longer than one year but not longer than five years	569,526	555,610
Longer than five years	4,036,758	4,279,730
<b>Total PPP commitments for expenditure (inclusive of GST)</b>	<b>4,762,138</b>	<b>4,959,549</b>
Less GST recoverable from the Australian Taxation Office	(432,922)	(450,868)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>4,329,216</b>	<b>4,508,681</b>

##### (iii) Commitments receivable

**Table 3.5: Victorian Desalination Project PPP other commitments receivable**

	2016 \$'000	2015 \$'000
<b>PPP commitments receivable – Victorian Desalination Project</b>		
<b>Other commitments</b>		
Not longer than one year	155,854	124,209
Longer than one year but not longer than five years	569,526	555,610
Longer than five years	4,036,758	4,279,730
<b>Total commitments receivable (inclusive of GST)</b>	<b>4,762,138</b>	<b>4,959,549</b>
Less GST payable to the Australian Taxation Office	(432,922)	(450,868)
<b>Total commitments receivable (exclusive of GST)</b>	<b>4,329,216</b>	<b>4,508,681</b>

**Note 3. Administered (non-controlled) items (continued)****(f) 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 Project. 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 23. *Financial instruments*.

**Table 3.6: Categorisation of financial instruments**

	2016			2015		
	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
<b>Contractual financial assets</b>						
Finance lease receivable	4,176,842	0	4,176,842	4,230,827	0	4,230,827
<b>Contractual financial liabilities</b>						
Finance lease liability	0	4,173,804	4,173,804	0	4,227,629	4,227,629

**Table 3.7: Net holding gain/(loss) on financial instruments by category**

	2016		2015	
	Total interest income/(expense) \$'000	Total \$'000	Total interest income/(expense) \$'000	Total \$'000
<b>Contractual financial assets</b>				
Finance lease receivable	452,383	452,383	466,816	466,816
<b>Contractual financial liabilities</b>				
Finance lease liability at amortised cost	(452,544)	(452,544)	(466,974)	(466,974)

### Note 3. Administered (non-controlled) items (continued)

#### (f) Financial instruments (continued)

##### (ii) Credit risk

**Table 3.8: Credit quality of contractual financial assets that are neither past due nor impaired**

	2016		2015	
	Government agencies \$'000	Total \$'000	Government agencies \$'000	Total \$'000
<b>Contractual financial assets</b>				
Finance lease receivable	4,176,842	4,176,842	4,230,827	4,230,827

**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
2016							
Finance lease receivable	4,176,842	4,176,842	0	0	0	0	0
2015							
Finance lease receivable	4,230,827	4,230,827	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
2016							
Finance lease liability	4,173,804	11,409,914	42,081	79,644	368,415	1,944,354	8,975,420
2015							
Finance lease liability	4,227,629	11,972,152	43,079	82,037	381,709	1,968,629	9,496,698

##### (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)****(f) Financial instruments (continued)****Table 3.11: Interest rate exposure of financial instruments**

	2016					2015
	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	10.72	4,176,842	4,176,842	10.77	4,230,827	4,230,827
Financial liabilities						
Finance lease liability	10.73	4,173,804	4,173,804	10.78	4,227,629	4,227,629

**(v) Fair value****Table 3.12: Comparison between carrying amount and fair value**

	2016		2015	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Contractual financial assets</b>				
Finance lease receivable	4,176,842	4,176,842	4,230,827	4,230,827
<b>Contractual financial liabilities</b>				
Finance lease liability	4,173,804	4,173,804	4,227,629	4,227,629

## Note 4. Income from transactions

	2016 \$'000	2015 \$'000
<b>(a) Interest</b>		
<b>Interest from financial assets not at fair value through profit or loss:</b>		
Interest on cash deposits and investments	19,067	6,867
<b>Total interest</b>	<b>19,067</b>	<b>6,867</b>
<b>(b) Sales of goods and services</b>		
Rendering of services	67,009	65,882
Sales of goods and livestock	1,028	1,427
Regulatory fees and charges	69	5,337
Refunds and reimbursements	1,965	5,849
<b>Total sale of goods and services</b>	<b>70,071</b>	<b>78,495</b>
<b>(c) Municipal and Industrial Landfill Levy</b>		
Municipal and Industrial Landfill Levy	201,170	0
<b>Total Municipal and Industrial Landfill Levy</b>	<b>201,170</b>	<b>0</b>
<b>(d) Metropolitan Parks Improvement Rate</b>		
Metropolitan Parks Improvement Rate <sup>(i)</sup>	159,537	152,564
<b>Total Metropolitan Parks Improvement Rate</b>	<b>159,537</b>	<b>152,564</b>
<b>(e) Grants</b>		
Specific purpose grants	11,320	186,237
General purpose grants	2,242	26,762
<b>Total grants</b>	<b>13,562</b>	<b>212,999</b>
<b>(f) Fair value of services received free of charge or for nominal consideration:</b>		
Assets at fair value	2	0
Services at fair value	3	64
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>5</b>	<b>64</b>
<b>(g) Other income</b>		
Other miscellaneous income	2,252	11,341
<b>Total other income</b>	<b>2,252</b>	<b>11,341</b>

Note:

- (i) 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 Energy, Environment and Climate Change. By agreement with the department, the parks charge is billed and collected by the three metropolitan retail water corporations and is paid directly into the trust account. For 2015-16 the minimum charge was levied at the rate of \$72.56 (2015: \$70.62) and the rate in the dollar of Net Annual Value was 0.435 cents (2015: 0.424 cents).

During the 2015-16 financial year a total of \$152.455 million was disbursed from the trust (in 2015, \$164.851 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**

	2016 \$'000	2015 \$'000
<b>(a) Employee expenses</b>		
Post-employment benefits		
Defined contribution superannuation expense	(19,987)	(18,697)
Defined benefit superannuation expense	(5,671)	(7,628)
Termination benefits	(1,264)	(2,431)
Salaries and wages	(278,139)	(279,213)
Leave expenses (annual leave and long service leave)	(42,160)	(40,940)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	(16,454)	(20,832)
<b>Total employee expenses</b>	<b>(363,675)</b>	<b>(369,741)</b>
<b>(b) Depreciation</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	(13,653)	(20,566)
Buildings leasehold improvements	(66)	(584)
Motor vehicle finance lease assets	(7,309)	(9,553)
Plant, machinery and equipment	(6,520)	(12,038)
Roads	(12,990)	(13,039)
Historic and cultural assets	(22)	(22)
Total depreciation of property, plant and equipment	(40,560)	(55,802)
<b>Intangible assets</b>		
Software and other intangible assets	(873)	(957)
Total depreciation of intangible assets	(873)	(957)
<b>Total depreciation</b>	<b>(41,433)</b>	<b>(56,759)</b>
<b>(c) Interest expense</b>		
Interest on finance leases <sup>(i)</sup>	(1,016)	(12,008)
Other interest expense	34	14
<b>Total interest expense</b>	<b>(982)</b>	<b>(11,994)</b>
<b>(d) Grants and other transfers</b>		
Grants to portfolio agencies	(354,001)	(270,376)
Grants to catchment management authorities	(107,036)	(107,227)
Grants to non-portfolio agencies	(28,088)	(24,049)
Grants to the Commonwealth, other state, territory and local governments	(115,689)	(18,854)
Grants to private individuals, businesses and non-profit organisations	(28,766)	(40,794)
Other grants and transfers	(24)	(137)
<b>Total grants and other transfers</b>	<b>(633,604)</b>	<b>(461,437)</b>

Note:

- (i) Of the balance in 'interest on finance leases', nil (2015: \$11.046 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 13. *Property, Plant and Equipment*, Note 17. *Borrowings* and Note 33. *Restructure of administrative arrangements*.



## Note 5. Expenses from transactions (continued)

	2016 \$'000	2015 \$'000
<b>(e) Supplies and services</b>		
Community awareness and publicity	(2,447)	(2,396)
Contract and professional services	(252,335)	(239,718)
Equipment maintenance and hire	(42,759)	(41,294)
General expenses	(97,238)	(17,379)
Insurance expenses	(6,848)	(21,653)
IT costs	(28,730)	(33,750)
Laboratory, farm and livestock expenses	(3,086)	(8,615)
Motor vehicle costs	(8,784)	(9,595)
Office and accommodation	(40,181)	(47,299)
Office expenses	(5,090)	(6,193)
Payments for shared services	(15,867)	(21,570)
Postage and telephone	(14,179)	(13,689)
Travel and subsistence	(6,541)	(7,327)
<b>Total supplies and services</b>	<b>(524,085)</b>	<b>(470,478)</b>
<b>(f) Other operating expenses</b>		
<b>Fair value of assets and services provided free of charge or for nominal consideration:</b>		
Assets at fair value	(13)	(62)
Services at fair value	(59)	(46)
<b>Total fair value of assets and services provided free of charge or for nominal consideration</b>	<b>(72)</b>	<b>(108)</b>
<b>Operating lease rental expenses:</b>		
Minimum lease payments - operating leases	(962)	(733)
<b>Total operating lease rental expenses</b>	<b>(962)</b>	<b>(733)</b>
<b>Sub-total</b>	<b>(1,034)</b>	<b>(841)</b>
Cost of goods sold/distributed	(6,714)	(5,815)
Ex-gratia payments <sup>(i)</sup>	(15)	(1)
Research and development costs immediately expensed	(42)	(47)
Settlement of litigation <sup>(ii)</sup>	(4,842)	94
<b>Total other operating expenses</b>	<b>(12,647)</b>	<b>(6,610)</b>

Note:

(i) Refer to Note 27 *Ex-gratia payments* for more details.

(ii) 2015–16 amounts predominantly related to the settlement of various land registry claims. In 2014–15 there was no settlement of litigation. The credit balance relates to a litigation over accrued in the previous year.

**Note 6. Other economic flows included in net result**

	2016 \$'000	2015 \$'000
<b>(a) Net gain/(loss) on non-financial assets</b>		
Net gain on disposal of property, plant and equipment	1,688	7,436
Net recognition/(derecognition) of non-financial assets (Note 1(l))	(51,145)	4,117
Adjustment to inventory	(32)	1,047
Write-down of property, plant and equipment and intangible assets	(1,484)	(5,230)
<b>Total net gain/(loss) on non-financial assets</b>	<b>(50,973)</b>	<b>7,370</b>
<b>(b) Net gain/(loss) on financial instruments</b>		
Impairment of receivables <sup>(i)</sup>	(1,236)	(36)
Net gain arising from the revaluation of financial assets at fair value – market risk	3,947	0
<b>Total net gain/(loss) on financial instruments</b>	<b>2,711</b>	<b>(36)</b>
<b>(c) Share of net losses of associates, excluding dividends</b>		
Share of net losses of associates, excluding dividends	(4,377)	(2,985)
<b>Total share of net losses of associates, excluding dividends</b>	<b>(4,377)</b>	<b>(2,985)</b>
<b>(d) Other losses from other economic flows</b>		
Loss from revaluation of investment in associates	(2,021)	0
Net loss arising from revaluation of employee benefits <sup>(ii)</sup>	(82)	(733)
Other provision discount rate adjustments	(41)	(597)
<b>Total other losses from other economic flows</b>	<b>(2,144)</b>	<b>(1,330)</b>

Note:

- (i) This item represents the net increase in the provision for doubtful debts, the unilateral write off of bad debts and other debt from other economic flows – refer to Note 1(h).
- (ii) This item represents revaluation loss due to changes in bond rates.

## Note 7. Receivables

	2016 \$'000	2015 \$'000
<b>Current receivables</b>		
<b>Contractual</b>		
Trade receivables <sup>(i)</sup> (Note 23)	30,262	26,153
Provision for doubtful contractual receivables <sup>(i)</sup> (Notes 7(a), 23)	(144)	(54)
Accrued income <sup>(ii)</sup> (Note 23)	9,484	1,946
	<b>39,602</b>	<b>28,045</b>
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(iii)</sup>	123,606	171,086
Landfill levies receivable	97,248	0
GST input tax credit recoverable	6,020	17,913
	<b>226,874</b>	<b>188,999</b>
<b>Total current receivables</b>	<b>266,476</b>	<b>217,044</b>
<b>Non-current receivables</b>		
<b>Contractual</b>		
Amounts owing from Victorian Government <sup>(iii)</sup>	36,759	48,426
Total non-current receivables	<b>36,759</b>	<b>48,426</b>
<b>Total receivables</b>	<b>303,235</b>	<b>265,470</b>

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 9.5 per cent p.a. (2015: 9.5 per cent p.a.) on the outstanding balance of invoices relating to land licences. The interest rate is determined under the *Penalty Interest Rate Act 1983*. A provision has been made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The movement in the allowance of \$(90,000) (2015: \$98,000) 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 7. Receivables (continued)**

	<b>2016</b> <b>\$'000</b>	2015 \$'000
<b>(a) Movement in the provision for doubtful debts</b>		
<b>Balance at 1 July</b>	<b>54</b>	152
Reversal of unused provision recognised in the net result	<b>(21)</b>	0
Reversal of provision of receivables written off during the year as uncollectible	<b>0</b>	(42)
Increase in provision recognised in the net result	<b>111</b>	0
Capital contributions to the Crown	<b>0</b>	(56)
<b>Balance at 30 June</b>	<b>144</b>	54

**(b) Ageing analysis of receivables**

Refer to Table 23.3 in Note 23. *Financial instruments* for the ageing analysis of contractual receivables.

**(c) Nature and extent of risk arising from receivables**

Refer to Note 23. *Financial instruments* for the nature and extent of risks arising from contractual receivables.

## Note 8. Investments and other financial assets

	2016 \$'000	2015 \$'000
<b>Current investments and other financial assets</b>		
<b>Term deposits:</b>		
Australian dollar term deposits greater than three months <sup>(i)</sup>	243,190	20,100
<b>Total current investments and other financial assets</b>	<b>243,190</b>	<b>20,100</b>
<b>Non-current investments and other financial assets</b>		
Investment in managed fund <sup>(ii)(iii)</sup>	267,110	0
<b>Total non-current investments and other financial assets</b>	<b>267,110</b>	<b>0</b>
<b>Total investments and other financial assets</b>	<b>510,300</b>	<b>20,100</b>

Note:

- (i) Relates to trust fund term deposits held with the Treasury Corporation of Victoria.
- (ii) The investment in managed fund transferred from the Environment Protection Authority to the department on 1 July 2015 as part of the transfer of management and administration of the Sustainability Fund.
- (iii) The investment represents funds invested in the Capital Stable Fund managed by the Victorian Funds Management Corporation. The Capital Stable Fund invests in a combination of asset classes which include cash deposits, fixed interest, Australian equities and global equities.

## Note 9. 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 33. *Restructure of Administrative Arrangements* for more information on the transfer.

On 1 July 2016, the investment transferred to the Department of Treasury and Finance. Refer to Note 34. *Subsequent events* for more information.

Name of entity	Country of incorporation	Measurement method	Ownership interest		Fair value	
			2016 %	2015 %	2016 \$'000	2015 \$'000
Non-current investments accounted for using the equity method						
Associate						
Property Exchange Australia Limited <sup>(i)</sup>	Australia	Equity method	9.02	11.56	11,349	9,199
Total investments accounted for using the equity method					11,349	9,199

Note:

(i) As at 30 June 2016, the fair value of the department's interest in Property Exchange Australia Limited was \$11.349 million (30 June 2015: \$9.199 million), which is a level 3 input in terms of AASB 13 *Fair Value Measurement*.

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.

	2016 \$'000	2015 \$'000
<b>Summarised balance sheet</b>		
Current assets	82,822	28,321
Non-current assets	50,663	57,071
<b>Total assets</b>	<b>133,485</b>	<b>85,392</b>
Current liabilities	7,376	5,667
Non-current liabilities	285	146
<b>Total liabilities</b>	<b>7,661</b>	<b>5,813</b>
<b>Net assets</b>	<b>125,824</b>	<b>79,579</b>
<b>Share of associate's net assets</b>	<b>11,349</b>	<b>9,199</b>
<b>Summarised operating statement</b>		
Total income from transactions	8,386	(1,704)
Total expenses from transactions	(56,911)	24,116
<b>Net result</b>	<b>(48,525)</b>	<b>(25,820)</b>
Other economic flows – Other comprehensive income	0	0
<b>Total comprehensive income</b>	<b>(48,525)</b>	<b>(25,820)</b>
<b>Share of associate's comprehensive income</b>	<b>(4,377)</b>	<b>(2,985)</b>



## Note 9. Investments accounted for using the equity method (continued)

	2016 \$'000	2015 \$'000
<b>Movements in carrying amount of interests in the associate</b>		
<b>Balance at 1 July</b>	<b>9,199</b>	0
Capital contributions from the Crown (Note 33)	0	12,029
Share of associate's net result	(4,377)	(2,985)
Loss from revaluation of investment in associates	(2,021)	0
Share of associate's movement in contributed capital	8,548	155
<b>Balance at 30 June</b>	<b>11,349</b>	9,199

### Contingent liabilities and commitments

The department's share of the commitments and contingent liabilities arising from its interest in associate are disclosed in Note 20. *Leases*, Note 21. *Commitments for expenditure* and Note 22. *Contingent assets and contingent liabilities*.

### Fair value measurement hierarchy for assets

	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 2016				
Investments in associate	11,349	0	0	11,349
At 30 June 2015				
Investments in associate	9,199	0	0	9,199

## Note 10. 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 33. *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(k).

### Biosciences Research Centre

In April 2008, the State, represented by the former Department of Primary Industries entered into 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, while La Trobe's contribution is \$60.4 million (both 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 Bioscience Research Centre joint arrangement require

## Note 10. Investments in joint operations (continued)

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 their direct right to the jointly held assets, liabilities, revenues and expenses based on its percentage interest in the operation as described in Note 1(k).

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2016 %	2015 %
Showground Nominees Pty Ltd	To carry out the redevelopment of the Royal Melbourne Showgrounds.	Australia	0	0
Bioscience Research Centre Pty Ltd	To establish a world class research facility.	Australia	0	0

### 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 33. *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.

	2016 \$'000	2015 \$'000 <sup>(i)</sup>
<b>Royal Melbourne Showgrounds</b>		
<b>Total assets</b>	0	0
<b>Total liabilities</b>	0	0
<b>Income</b>	0	1,361
<b>Expenses</b>	0	3,387

Note:

- (i) The 2015 balance 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.

	2016 \$'000	2015 \$'000 <sup>(i)</sup>
<b>Bioscience Research Centre</b>		
<b>Total assets</b>	0	0
<b>Total liabilities</b>	0	0
<b>Income</b>	0	14,684
<b>Expenses</b>	0	14,684

Note:

- (i) The 2015 balance 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. Inventories**

	<b>2016 \$'000</b>	2015 \$'000
<b>Current inventories</b>		
<b>Supplies and consumables – at cost</b>		
Fire stores	<b>16,168</b>	14,167
Publications held for distribution	<b>30</b>	30
Seed bank	<b>3,084</b>	2,593
Weedicides	<b>60</b>	43
Other stores and materials	<b>1,356</b>	1,633
	<b>20,698</b>	18,466
<b>Inventories held for distribution</b>		
Publications held for sale – at cost	<b>335</b>	351
<b>Total inventories</b>	<b>21,033</b>	18,817

## Note 12. Non-financial physical assets classified as held for sale

	2016 \$'000	2015 \$'000
<b>Non-financial physical assets classified as held for sale</b>		
Land held for sale	7,862	1,971
Finance lease motor vehicles held for sale	458	302
<b>Total non-financial physical assets classified as held for sale</b>	<b>8,320</b>	<b>2,273</b>

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 of disposal.

Refer to Note 13. *Property, plant and equipment* for the valuation technique of motor vehicles under finance lease.

The following table provides the fair value measurement hierarchy of the department's non-financial physical assets held for sale. 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.

	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>2016</b>				
Land held for sale	7,862	0	7,862	0
Finance lease motor vehicles held for sale	458	0	458	0
<b>Total</b>	<b>8,320</b>	<b>0</b>	<b>8,320</b>	<b>0</b>
<b>2015</b>				
Land held for sale	1,971	0	1,971	0
Finance lease motor vehicles held for sale	302	0	302	0
<b>Total</b>	<b>2,273</b>	<b>0</b>	<b>2,273</b>	<b>0</b>

**Note 13. Property, plant and equipment****Classification by 'purpose groups' – carrying amounts <sup>(i)</sup>**

	<b>Public Safety and Environment</b>		<b>Public Administration</b>		<b>Total</b>	
	<b>(Table 13.1)</b>		<b>(Table 13.2)</b>			
	<b>2016</b>	2015	<b>2016</b>	2015 <sup>(iii)</sup>	<b>2016</b>	2015
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Land	<b>6,595,004</b>	5,648,084	<b>195,628</b>	167,894	<b>6,790,632</b>	5,815,978
Buildings and structures	<b>583,124</b>	495,651	<b>6,198</b>	6,681	<b>589,322</b>	502,332
Roads	<b>881,753</b>	1,098,418	<b>0</b>	0	<b>881,753</b>	1,098,418
Plant and equipment	<b>57,933</b>	56,001	<b>481</b>	445	<b>58,414</b>	56,446
Assets under construction at cost	<b>48,496</b>	92,215	<b>0</b>	5,503	<b>48,496</b>	97,718
Historic and cultural assets	<b>1,665</b>	1,637	<b>857</b>	866	<b>2,522</b>	2,503
<b>Net carrying amount of property, plant and equipment</b>	<b>8,167,975</b>	7,392,006	<b>203,164</b>	181,389	<b>8,371,139</b>	7,573,395

Note:

- (i) Property, plant and equipment are classified by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub categorised according to the asset's 'nature' (i.e. buildings, plant etc.), with each sub category being classified as a separate class of asset for financial reporting purposes.
- (ii) 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 33. *Restructure of administrative arrangements* for more information on the transfers.

**Gross carrying amounts and accumulated depreciation**

	<b>2016</b>	2015
	<b>\$'000</b>	\$'000
<b>Land</b>		
Freehold land		
At fair value	<b>201,772</b>	185,583
Total freehold land	<b>201,772</b>	185,583
Crown land		
Land and unused roads at fair value	<b>2,698,564</b>	2,285,876
National parks at fair value	<b>1,036,473</b>	1,061,654
State forests at fair value	<b>1,367,291</b>	1,149,204
Conservation reserves at fair value	<b>647,409</b>	665,297
Metropolitan parks at fair value	<b>751,659</b>	334,272
Land used for operational purposes at fair value	<b>87,464</b>	134,092
Total Crown land	<b>6,588,860</b>	5,630,395
<b>Total land</b>	<b>6,790,632</b>	5,815,978
<b>Buildings and structures</b>		
At fair value	<b>597,189</b>	562,133
Less accumulated depreciation	<b>(7,867)</b>	(59,801)
<b>Total buildings and structures</b>	<b>589,322</b>	502,332



## Note 13. Property, plant and equipment (continued)

### Gross carrying amounts and accumulated depreciation (continued)

	2016 \$'000	2015 \$'000
<b>Roads</b>		
At fair value	881,753	1,150,378
Less accumulated depreciation	0	(51,960)
<b>Total roads</b>	<b>881,753</b>	<b>1,098,418</b>
<b>Plant and equipment</b>		
At fair value	106,405	104,367
Less accumulated depreciation	(80,382)	(76,239)
	26,023	28,128
Motor vehicles under finance lease at fair value	47,987	42,902
Less accumulated amortisation	(15,596)	(14,584)
	32,391	28,318
<b>Total plant and equipment</b>	<b>58,414</b>	<b>56,446</b>
<b>Assets under construction at cost</b>		
Buildings and structures	13,856	68,385
Plant and equipment	34,640	29,333
<b>Total assets under construction at cost</b>	<b>48,496</b>	<b>97,718</b>
<b>Historic and cultural assets</b>		
At fair value	2,522	2,596
Less accumulated depreciation	0	(93)
<b>Total historic and cultural assets</b>	<b>2,522</b>	<b>2,503</b>
<b>Total property, plant and equipment</b>	<b>8,371,139</b>	<b>7,573,395</b>

## Note 13. Property, plant and equipment (continued)

**Table 13.1: Movements in carrying amounts – Classification by purpose group – ‘Public Safety and Environment’**

	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
<b>Balance at 1 July 2014</b>	<b>0</b>	<b>2,326,263</b>	<b>1,066,284</b>	<b>1,135,484</b>	<b>664,630</b>	<b>311,250</b>	<b>385,206</b>	<b>801,170</b>	<b>1,005,903</b>	<b>91,478</b>	<b>124,793</b>	<b>1,678</b>	<b>7,914,139</b>
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 12)	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 33)	0	0	0	0	0	0	0	9,970	0	1,320	1	0	11,291
Machinery of Government transfer out (Note 33)	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-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)
<b>Balance at 1 July 2015</b>	<b>17,689</b>	<b>2,285,876</b>	<b>1,061,654</b>	<b>1,149,204</b>	<b>665,297</b>	<b>334,272</b>	<b>134,092</b>	<b>495,651</b>	<b>1,098,418</b>	<b>56,001</b>	<b>92,215</b>	<b>1,637</b>	<b>7,392,006</b>

Note:

(i) Refer to Note 35. Glossary of terms and style conventions for information about purpose groups.

## Note 13. Property, plant and equipment (continued)

**Table 13.1: 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
<b>Balance at 1 July 2015</b>	<b>17,689</b>	<b>2,285,876</b>	<b>1,061,654</b>	<b>1,149,204</b>	<b>665,297</b>	<b>334,272</b>	<b>134,092</b>	<b>495,651</b>	<b>1,098,418</b>	<b>56,001</b>	<b>92,215</b>	<b>1,637</b>	<b>7,392,006</b>
Additions	0	0	229	99	486	0	16,181	2,447	0	16,221	31,940	0	67,603
Disposals	0	(465)	0	0	0	0	0	(30)	(361)	(2,140)	0	0	(2,996)
Reclassification to asset classified as held for sale (refer to Note 12)	0	(3,371)	0	0	0	0	0	0	0	(156)	0	0	(3,527)
Net transfers in/(out) – free of charge	0	0	0	0	0	0	0	2	0	0	0	0	2
Capital contributions (to)/from owners													
Transfers (to)/from other government entities	0	2,428	0	0	0	0	(20,619)	0	0	0	6,330	0	(11,861)
Transfers to administered entity for disposal	(78)	(15,919)	0	0	0	0	(3)	(8,430)	(279)	(207)	0	(28)	(24,944)
Transfers to third parties	0	(84,444)	(250)	0	(4,968)	(168)	0	0	0	0	0	0	(89,830)
Net transfers in/(out) – from other categories	(1,566)	(9,781)	3,541	11,718	14,544	23,500	(54,352)	78,287	0	1,250	(80,298)	(5)	(13,162)
Revaluation increments/ (decrements)	(15,063)	565,384	(28,701)	206,270	(13,475)	394,055	12,225	29,187	(203,026)	0	0	74	946,930
Recognition/ (derecognition), write-on/ (write-down) of assets	5,162	(41,144)	0	0	(14,475)	0	(60)	(409)	(9)	684	(1,691)	0	(51,942)
Depreciation expense (refer to Note 5(b))	0	0	0	0	0	0	0	(13,581)	(12,990)	(13,720)	0	(13)	(40,304)
<b>Balance at 30 June 2016</b>	<b>6,144</b>	<b>2,698,564</b>	<b>1,036,473</b>	<b>1,367,291</b>	<b>647,409</b>	<b>751,659</b>	<b>87,464</b>	<b>583,124</b>	<b>881,753</b>	<b>57,933</b>	<b>48,496</b>	<b>1,665</b>	<b>8,167,975</b>

Note:

(i) Refer to Note 35. Glossary of terms and style conventions for information about purpose groups.

**Note 13. Property, plant and equipment (continued)****Table 13.1: 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
<b>Balance at 1 July 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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 12)	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	0	0	0	0	0	0	0	0	0	0	0	0	0
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 33) <sup>(i)</sup>	122,416	0	0	0	0	0	0	6,170	0	403	58,122	870	187,981
Machinery of Government transfer out (Note 33)	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)
<b>Balance at 30 June 2015</b>	<b>167,894</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,681</b>	<b>0</b>	<b>445</b>	<b>5,503</b>	<b>866</b>	<b>181,389</b>

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 33. *Restructure of administrative arrangements* for more information on the transfers.
- (ii) Refer to Note 35. *Glossary of terms and style conventions* for information about purpose groups.

## Note 13. Property, plant and equipment (continued)

**Table 13.1: Movements in carrying amounts – Classification by purpose group – 'Public Administration' (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
<b>Balance at 1 July 2015</b>	<b>167,894</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,681</b>	<b>0</b>	<b>445</b>	<b>5,503</b>	<b>866</b>	<b>181,389</b>
Additions	53	0	0	0	0	0	0	0	0	275	0	0	328
Disposals	0	0	0	0	0	0	0	0	0	(15)	0	0	(15)
Reclassification to asset classified as held for sale (refer to Note 12)	(2,520)	0	0	0	0	0	0	0	0	0	0	0	(2,520)
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	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to administered entity for disposal	(9,787)	0	0	0	0	0	0	(345)	0	0	0	0	(10,132)
Transfers to third parties	0	0	0	0	0	0	0	0	0	0	0	0	0
Net transfers in/(out) – from other categories	17,899	0	0	0	0	0	0	0	0	(118)	(5,503)	0	12,278
Revaluation increments / (decrements)	22,089	0	0	0	0	0	0	0	0	0	0	0	22,089
Recognition/(derecognition), write-on/(write-down) of assets	0	0	0	0	0	0	0	0	0	3	0	0	3
Depreciation expense (refer to Note 5(b))	0	0	0	0	0	0	0	(138)	0	(109)	0	(9)	(256)
<b>Balance at 30 June 2016</b>	<b>195,628</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,198</b>	<b>0</b>	<b>481</b>	<b>0</b>	<b>857</b>	<b>203,164</b>

Note:

(i) Refer to Note 35. *Glossary of terms and style conventions* for information about purpose groups.

**Note 13. Property, plant and equipment (continued)****Table 13.2 Fair value measurement hierarchy for assets**

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
2016				
Land at fair value				
Non specialised land				
Freehold land	195,628	0	195,628	0
Specialised land				
Freehold land	6,144	0	0	6,144
Crown land – Land and unused roads	2,698,564	0	0	2,698,564
Crown land – National parks	1,036,473	0	0	1,036,473
Crown land – State forests	1,367,291	0	0	1,367,291
Crown land – Conservation reserves	647,409	0	0	647,409
Crown land – Metropolitan parks	751,659	0	0	751,659
Crown land – Land used for operational purposes	87,464	0	0	87,464
Buildings and structures at fair value				
Non specialised buildings and structures	6,198	0	6,198	0
Specialised buildings and structures	583,124	0	0	583,124
Roads at fair value				
Roads	881,753	0	0	881,753
Plant and equipment at fair value				
Plant and equipment	26,023	0	0	26,023
Motor vehicles under finance lease	32,391	0	32,391	0
Historic and cultural assets at fair value				
Artwork and historic assets	2,522	0	2,522	0
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

## Note 13. Property, plant and equipment (continued)

**Table 13.2 Fair value measurement hierarchy for assets (continued)**

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
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

Note:

(i) Classified in accordance with the fair value hierarchy, refer to Note 1(b).

Assets under construction are excluded from the table above.

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 the sales analysed, an appropriate rate per square metre has been applied to the subject asset.

The department's non specialised land and buildings relates to the Public Administration Purpose Group and will be independently revalued at 30 June 2017.

A managerial revaluation was performed on non specialised land at 30 June 2016 as the fair value assessment indicated a material difference between fair value and the carrying value of the land. No revaluation was performed on buildings as the difference in value was immaterial. The effective valuation date of the buildings 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 department's 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 valuations was 30 June 2016.

### *Specialised buildings and structures*

For the department's majority of specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the department's specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the depreciated replacement cost method. The effective date of the valuations was 30 June 2016.



### Note 13. Property, plant and equipment (continued)

Structures are valued using the depreciated replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

Where it has not been possible to examine hidden works, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the structures. The estimated cost of reconstruction includes structure services and finishes.

An independent valuation of the department's structures was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuations was 30 June 2016.

#### *Roads*

Roads are valued using the depreciated replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

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 2016. The valuation was performed based on the depreciated replacement cost of the assets.

#### *Plant and equipment*

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated cost method. Given valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable, these assets are classified as Level 3.

#### *Motor vehicles under finance lease*

Motor vehicles are valued using the market approach. Under this valuation method, the

vehicles are compared to recent comparable sales. To the extent that motor vehicles under finance lease have an exit price prescribed by the lessor at the start of the lease term, these assets are classified as Level 2 under the market approach.

#### *Historic and cultural assets*

Artwork and historic assets are valued using the market approach. Under this valuation method, the historic and cultural assets are determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years.

To the extent that artwork and historic assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

An independent valuation of the department's artwork and historic assets was performed by the Valuer-General Victoria. The effective date of the valuations was 30 June 2012 for historic and cultural assets under the Public Administration Purpose Group and 30 June 2016 for the Public Safety and Environment Purpose Group.

There were no changes in valuation techniques throughout the period to 30 June 2016.

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

## Note 13. Property, plant and equipment (continued)

Table 13.3: Reconciliation of Level 3 fair value

	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	Total \$'000
<b>Balance at 1 July 2014</b>	<b>0</b>	<b>2,326,263</b>	<b>1,066,284</b>	<b>1,135,484</b>	<b>664,630</b>	<b>311,250</b>	<b>385,206</b>	<b>801,170</b>	<b>1,005,903</b>	<b>53,531</b>	<b>7,749,721</b>
Purchases/(sales)	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 12)	0	(1,480)	0	0	0	0	0	0	0	0	(1,480)
Transfers in/(out) – from other categories <sup>(i)</sup>	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
<b>Gains/(losses) recognised in net result</b>											
Recognition/(derecognition), write-on/ (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
<b>Gains/(losses) recognised in other economic flows – other comprehensive income</b>											
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
<b>Transfers in/(out) through contributions by owner</b>											
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)
<b>Balance at 30 June 2015</b>	<b>17,689</b>	<b>2,285,876</b>	<b>1,061,654</b>	<b>1,149,204</b>	<b>665,297</b>	<b>334,272</b>	<b>134,092</b>	<b>495,651</b>	<b>1,098,418</b>	<b>28,128</b>	<b>7,270,281</b>

Note:

(i) Net transfers from assets under construction.

Assets under construction are excluded from table 13.3.

**Note 13. Property, plant and equipment (continued)****Table 13.3: Reconciliation of Level 3 fair value (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	Total \$'000
<b>Balance at 1 July 2015</b>	<b>17,689</b>	<b>2,285,876</b>	<b>1,061,654</b>	<b>1,149,204</b>	<b>665,297</b>	<b>334,272</b>	<b>134,092</b>	<b>495,651</b>	<b>1,098,418</b>	<b>28,128</b>	<b>7,270,281</b>
Purchases/(sales)	0	(466)	229	99	486	0	16,181	2,417	(361)	2,803	21,383
Transfers in/(out) of Level 3 – assets classified as held for sale (Note 12)	0	(3,371)	0	0	0	0	0	0	0	0	(3,371)
Transfers in/(out) – free of charge	0	0	0	0	0	0	0	2	0	0	2
Transfers in/(out) – from other categories <sup>(i)</sup>	(1,566)	(9,781)	3,541	11,718	14,544	23,500	(54,352)	78,287	0	1,132	67,023
Depreciation expense	0	0	0	0	0	0	0	(13,581)	(12,990)	(6,520)	(33,091)
	16,123	2,272,258	1,065,424	1,161,021	680,327	357,772	95,921	562,776	1,085,067	25,543	7,322,232
<b>Gains/(losses) recognised in net result</b>											
Recognition/(derecognition), (write- down) of assets	5,162	(41,144)	0	0	(14,475)	0	(60)	(409)	(9)	687	(50,248)
	5,162	(41,144)	0	0	(14,475)	0	(60)	(409)	(9)	687	(50,248)
<b>Gains/(losses) recognised in other economic flows – other comprehensive income</b>											
Revaluation increments/ (decrements)	(15,063)	565,385	(28,701)	206,270	(13,475)	394,055	12,225	29,187	(203,026)	0	946,857
	(15,063)	565,385	(28,701)	206,270	(13,475)	394,055	12,225	29,187	(203,026)	0	946,857
<b>Transfers in/(out) through contributions by owner</b>											
Transfers in/(out) – Machinery of Government transfers	0	0	0	0	0	0	0	0	0	0	0
Transfers in/(out) – other capital contributions	(78)	(97,935)	(250)	0	(4,968)	(168)	(20,622)	(8,430)	(279)	(207)	(132,937)
	(78)	(97,935)	(250)	0	(4,968)	(168)	(20,622)	(8,430)	(279)	(207)	(132,937)
<b>Balance at 30 June 2016</b>	<b>6,144</b>	<b>2,698,564</b>	<b>1,036,473</b>	<b>1,367,291</b>	<b>647,409</b>	<b>751,659</b>	<b>87,464</b>	<b>583,124</b>	<b>881,753</b>	<b>26,023</b>	<b>8,085,904</b>

Note:

(i) Net transfers from assets under construction.

Assets under construction are excluded from table 13.3.

## Note 13. Property, plant and equipment (continued)

**Table 13.4: 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 metre Useful life of specialised buildings
Specialised structures	Depreciated replacement cost	Cost per structure Useful life of specialised structures
Roads	Depreciated replacement cost	Cost per km Useful life of roads
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

## Note 14. Biological assets

	2016	2015
Breeding livestock – sheep and cattle (by headcount)	0	0

### Reconciliation of carrying amount

	2016 \$'000	2015 \$'000
<b>Movements in carrying amounts of breeding livestock</b>		
<b>Balance at 1 July</b>	0	1,845
Capital contributions to the Crown (Note 33)	0	(1,845)
<b>Balance at 30 June</b>	0	0

The department recognised 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 33. *Restructure of administrative arrangements* for more information on the resulting transfers.

**Note 15. Intangible assets**

	2016 \$'000	2015 \$'000
<b>Software</b>		
At cost	17,028	17,062
Less accumulated depreciation	(10,562)	(9,752)
Less accumulated impairment	0	0
	6,466	7,310
Construction in progress – at cost	22,907	19,732
<b>Total software</b>	<b>29,373</b>	27,042
<b>Total intangible assets</b>	<b>29,373</b>	27,042

**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 2016.

	2016 \$'000	2015 \$'000
<b>Movements in carrying amounts</b>		
<b>Balance at 1 July</b>	<b>27,042</b>	55,803
Additions	3,010	5,642
Capital contributions to the Crown (Note 33)	0	(35,005)
Net transfers from other categories (Note 13)	884	1,559
Recognition/(derecognition), write-on/(write-down) of assets	(690)	0
Depreciation expense <sup>(i)</sup>	(873)	(957)
<b>Balance at 30 June</b>	<b>29,373</b>	27,042

Note:

(i) Depreciation expense is included in the line item 'depreciation' in the comprehensive operating statement.

## Note 16. Payables

	2016 \$'000	2015 \$'000
<b>Current payables</b>		
<b>Contractual</b>		
Trade creditors <sup>(i)</sup>	16,061	32,501
Accrued grants and other transfers	18,501	3,090
Capital accruals	24,273	22,809
Other accrued expenses	30,779	29,393
Other payable <sup>(ii)</sup>	3,029	2,588
	<b>92,643</b>	90,381
<b>Statutory</b>		
Advance from the Public Account <sup>(iii)</sup>	10,556	21,773
Taxes payables	2,304	2,392
	<b>12,860</b>	24,165
<b>Total current payables</b>	<b>105,503</b>	114,546
<b>Non-current payables</b>		
<b>Statutory</b>		
Advance from the Public Account <sup>(iii)</sup>	6,500	12,400
	<b>6,500</b>	12,400
<b>Total non-current payables</b>	<b>6,500</b>	12,400
<b>Total payables</b>	<b>112,003</b>	126,946

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 23.4 in Note 23. *Financial instruments* for the maturity analysis of contractual payables.

### (b) Nature and extent of risk arising from contractual payables

Refer to Note 23. *Financial instruments* for the nature and extent of risks arising from contractual payables.

**Note 17. Borrowings**

	2016 \$'000	2015 \$'000
<b>Current borrowings – secured <sup>(i)</sup></b>		
Non-PPP related finance lease liabilities – Motor vehicles	<b>14,380</b>	10,052
<b>Total current borrowings</b>	<b>14,380</b>	10,052
<b>Non-current borrowings – secured <sup>(i)</sup></b>		
Non-PPP related finance lease liabilities – Motor vehicles	<b>18,339</b>	18,819
<b>Total non-current borrowings</b>	<b>18,339</b>	18,819
<b>Total borrowings</b>	<b>32,719</b>	28,871

Note:

(i) Secured by the leased assets.

**(a) Maturity analysis of borrowings**

Refer to Table 23.4 in Note 23. *Financial instruments* for the maturity analysis of borrowings.

**(b) Nature and extent of risk arising from borrowings**

Refer to Note 23. *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 18. Provisions

	2016 \$'000	2015 \$'000
<b>Current provisions</b>		
<b>Employee benefits – annual leave <sup>(i)</sup> (Note 18(a))</b>		
Unconditional and expected to settle within 12 months	27,428	21,901
Unconditional and expected to settle after 12 months <sup>(iii)</sup>	712	3,442
<b>Employee benefits – long service leave <sup>(i)</sup> (Note 18(a))</b>		
Unconditional and expected to settle within 12 months	52,711	39,765
Unconditional and expected to settle after 12 months <sup>(iii)</sup>	15,303	20,690
	<b>96,154</b>	<b>85,798</b>
<b>Provisions for on-costs: (Notes 18(a) and 18(b))</b>		
Unconditional and expected to settle within 12 months	12,670	9,945
Unconditional and expected to settle after 12 months <sup>(iii)</sup>	2,532	3,954
	<b>15,202</b>	<b>13,899</b>
Onerous lease contracts <sup>(ii)</sup> (Notes 18(b) and 20)	594	726
Provision for insurance deductibles (Note 18(b))	501	3,428
Provision for fire rehabilitation (Note 18(b))	562	810
Provision for native vegetation offset (Note 18(b))	860	610
Provision for flood recovery works (Note 18(b))	146	151
Provision for legal settlements (Note 18(b))	2,347	0
Other (Note 18(b))	1,899	2,727
<b>Total current provisions</b>	<b>118,265</b>	<b>108,149</b>
<b>Non-current provisions</b>		
Employee benefits <sup>(i)(iii)</sup> (Note 18(a))	6,585	7,190
On-costs <sup>(iii)</sup> (Note 18(a) and 18(b))	1,041	1,166
Onerous lease contracts <sup>(ii)</sup> (Notes 18(b) and 20)	813	672
Provision for insurance deductibles <sup>(iv)</sup> (Note 18(b))	6,121	15,475
Provision for fire rehabilitation <sup>(iv)</sup> (Note 18(b))	962	1,043
Provision for native vegetation offset <sup>(iv)</sup> (Note 18(b))	2,598	3,345
Other <sup>(iv)</sup> (Note 18(b))	300	716
<b>Total non-current provisions</b>	<b>18,420</b>	<b>29,607</b>
<b>Total provisions</b>	<b>136,685</b>	<b>137,756</b>

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 18. Provisions (continued)****(a) Employee benefits and related on-costs**

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Current employee benefits <sup>(i)</sup></b>		
Annual leave entitlements <sup>(iii)</sup>	<b>28,140</b>	25,343
Long service leave entitlements <sup>(iii)</sup>	<b>68,014</b>	60,455
	<b>96,154</b>	85,798
<b>Non current employee benefits <sup>(i)</sup></b>		
Long service leave entitlements <sup>(iii)</sup>	<b>6,585</b>	7,190
<b>Total employee benefits</b>	<b>102,739</b>	92,988
Current on-costs	<b>15,202</b>	13,899
Non current on-costs <sup>(iii)</sup>	<b>1,041</b>	1,166
<b>Total on-costs</b>	<b>16,243</b>	15,065
<b>Total employee benefits and related on-costs</b>	<b>118,982</b>	108,053

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.

**Note 18. Provisions (continued)****(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	Legal settlements \$'000	Other \$'000	Total \$'000
<b>Balance at 1 July</b>	<b>15,065</b>	<b>1,398</b>	<b>18,903</b>	<b>1,853</b>	<b>3,955</b>	<b>151</b>	<b>0</b>	<b>3,443</b>	<b>44,768</b>
Additional provisions recognised	<b>3,284</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,347</b>	<b>0</b>	<b>5,664</b>
Reductions arising from payments/other sacrifices of future economic benefits	<b>(1,919)</b>	<b>9</b>	<b>(12,283)</b>	<b>(329)</b>	<b>(497)</b>	<b>(3)</b>	<b>0</b>	<b>(1,244)</b>	<b>(16,266)</b>
Increase/(reductions) resulting from re measurement or settlement without cost	<b>(174)</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>(174)</b>
Unwind of discount and effect of changes in the discount rate	<b>(13)</b>	<b>(33)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(46)</b>
<b>Balance at 30 June</b>	<b>16,243</b>	<b>1,407</b>	<b>6,622</b>	<b>1,524</b>	<b>3,458</b>	<b>146</b>	<b>2,347</b>	<b>2,199</b>	<b>33,946</b>
Current	<b>15,202</b>	<b>594</b>	<b>501</b>	<b>562</b>	<b>860</b>	<b>146</b>	<b>2,347</b>	<b>1,899</b>	<b>22,111</b>
Non-current	<b>1,041</b>	<b>813</b>	<b>6,121</b>	<b>962</b>	<b>2,598</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>11,835</b>
	<b>16,243</b>	<b>1,407</b>	<b>6,622</b>	<b>1,524</b>	<b>3,458</b>	<b>146</b>	<b>2,347</b>	<b>2,199</b>	<b>33,946</b>

## Note 19. 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. DTF 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Defined benefit plans:</b>				
Emergency Services Superannuation Scheme	<b>5,558</b>	7,543	<b>113</b>	85
<b>Defined contribution plans:</b>				
Victorian Superannuation Fund – Vic Super Scheme	<b>14,860</b>	13,717	<b>283</b>	162
Various other	<b>4,747</b>	4,763	<b>97</b>	55
<b>Total superannuation contributions</b>	<b>25,165</b>	26,023	<b>493</b>	302

Note:

- The bases for contributions are determined by the various schemes.
- All employees of the department are entitled to varying levels of benefits on retirement, disability or death. Some superannuation plans provide defined benefits based on years of service and final average salary. The others are classified as contribution schemes. Contributions by the department of a minimum of 9.50 per cent (2015: 9.50 per cent) of employee's wages and salaries are legally enforceable on the department.
- The above amounts were measured as at 30 June of each year or in the case of employer contributions they relate to the years ended 30 June.

## Note 20. Leases

### Disclosures for lessee – finance leases liabilities

#### Leasing arrangements – Motor vehicles

The 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 kilometres, 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 4.82 per cent p.a. (2015: 5.31 per cent p.a.).

	Minimum future lease payments		Present value of minimum future lease payments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Motor vehicle related finance leases liabilities payable</b>				
Not longer than one year	15,507	11,137	14,380	10,052
Longer than one year but not longer than five years	19,470	19,860	18,339	18,819
<b>Minimum future lease payments</b>	<b>34,977</b>	30,997	<b>32,719</b>	28,871
Less future finance charges	(2,258)	(2,126)	0	0
<b>Present value of minimum lease payments</b>	<b>32,719</b>	28,871	<b>32,719</b>	28,871
<b>Included in the financial statements as:</b>				
Current finance lease liability (Note 17)			14,380	10,052
Non-current finance lease liability (Note 17)			18,339	18,819
<b>Total lease liabilities</b>			<b>32,719</b>	28,871

The finance leases disclosed below are exempt from GST.

#### a) Maturity analysis of finance lease liabilities

Please refer to Table 23.4 in Note 23. *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 23. *Financial instruments* for the nature and extent of risks arising from finance lease liabilities.

**Note 20. 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 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.

	2016 \$'000	2015 \$'000
<b>Non-cancellable operating leases payable</b>		
Not longer than one year	23,976	21,607
Longer than one year but not longer than five years	19,214	24,875
Longer than five years	275	70
<b>Total commitment for operating leases (inclusive of GST)</b>	<b>43,465</b>	46,552
Less GST recoverable from the Australian Taxation Office	(3,951)	(4,232)
<b>Total commitments for operating lease expenditure</b>	<b>39,514</b>	42,320
<b>In respect of non-cancellable operating leases the following liabilities have been recognised:</b>		
<b>Current</b>		
Onerous lease contracts (Note 18)	594	726
<b>Non-current</b>		
Onerous lease contracts (Note 18)	813	672
<b>Total liabilities for non-cancellable operating leases</b>	<b>1,407</b>	1,398

**Associates**

The department's share of the operating leases payable arising from its interest in associate is disclosed below.

	2016 \$'000	2015 \$'000
<b>Non-cancellable operating leases payable</b>		
Not longer than one year	69	80
Longer than one year but not longer than five years	123	248
<b>Total commitment for operating leases (inclusive of GST)</b>	<b>192</b>	328
Less GST recoverable from the Australian Taxation Office	(17)	(30)
<b>Total commitments for operating lease expenditure</b>	<b>175</b>	298

## Note 21. Commitments for expenditure

### (a) Commitments other than public private partnerships

		Nominal values	
	Notes	2016 \$'000	2015 \$'000
Capital expenditure commitments			
Buildings		144	2,721
Roads and structures		189,459	262,936
Plant, equipment and vehicles		57,427	39,110
Software		54	78
Inventory		0	0
Total capital expenditure commitments	21(b)	247,084	304,845
Department's share of associate's capital expenditure commitments			
Investment in associate		164	274
Total department's share of associate's capital expenditure commitments		164	274
Other operating commitments			
Outsourcing		16,158	5,081
Other operating		577,124	665,716
Total other operating commitments	21(b)	593,282	670,797
Total commitments other than public private partnerships		840,530	975,916

The figures presented are inclusive of GST, if applicable.



**Note 21. Commitments for expenditure (continued)****(b) Commitments payable**

	<b>2016 \$'000</b>	<b>2015 \$'000</b>
<b>Capital expenditure commitments</b>		
Not later than one year	<b>73,072</b>	95,952
Later than one year but no later than five years	<b>174,012</b>	206,897
Later than five years	<b>0</b>	1,996
<b>Total capital expenditure commitments</b>	<b>247,084</b>	304,845
<b>Department's share of associate's capital expenditure commitments</b>		
Not later than one year	<b>62</b>	136
Later than one year but no later than five years	<b>102</b>	138
<b>Total department's share of associate's capital expenditure commitments</b>	<b>164</b>	274
<b>Other operating commitments</b>		
Not later than one year	<b>213,654</b>	265,700
Later than one year but no later than five years	<b>370,863</b>	395,567
Later than five years	<b>8,765</b>	9,530
<b>Total other operating commitments</b>	<b>593,282</b>	670,797
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>840,530</b>	975,916
Less GST recoverable from the Australian Taxation Office	<b>(8,871)</b>	(10,969)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>831,659</b>	964,947

**Lease commitments**

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 20. Leases to the financial statements.

## Note 22. Contingent assets and contingent liabilities

	2016 \$'000	2015 \$'000
<b>Quantifiable contingent assets</b>		
Other	1,160	1,160
	<b>1,160</b>	1,160
<b>Quantifiable contingent liabilities</b>		
Damages claims <sup>(i)</sup>	3,379	6,502
Public liability insurance claims <sup>(ii)</sup>	5,725	16,943
Breach of contract	3,250	0
Other <sup>(iii)</sup>	17,645	37,675
	<b>29,999</b>	61,120

Note:

- (i) The damages predominately relate to various personal injury claims.
- (ii) The public liability insurance claims relate to various personal expense matters resulting from serious injury and natural disasters.
- (iii) The other contingent liabilities relate to various planning application and compensation claims, and reimbursement for lapse of contract.

### Unquantifiable contingent liabilities

The department has the following unquantifiable contingent liabilities.

#### *Cleaning up the Yarra – Installation of Litter Traps*

Under the agreement between the department and the Commonwealth government, the department is required to provide unlimited indemnity to the Commonwealth government for any costs or losses incurred in relation to the Cleaning up the Yarra - Installation of Litter Traps project. The value of this indemnity is not able to be accurately determined.

#### *Native Titles*

There have been four native title claims made in relation to Victorian land and resources (2015: 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 2016 or 2015.

#### *Associates*

The department does not have quantifiable or unquantifiable contingent assets or liabilities in relation to its investment in PEXA.

## Note 23. Financial instruments

### (a) Financial risk management objectives and policies

The department's principal financial instruments comprise:

- cash and deposits;
- receivables (excluding statutory receivables);
- investments (excluding investments in associates);
- payables (excluding statutory payables); and
- borrowings.

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 market risk. The department manages these financial risks in accordance with its financial management policies.

The carrying amounts of the department's contractual financial assets and financial liabilities by category are disclosed in Table 23.1.

## Note 23. Financial instruments (continued)

**Table 23.1: Categorisation of financial instruments**

	2016				2015	
	Contractual financial assets – loans and receivables \$'000	Contractual financial assets – fair value through profit/loss \$'000	Contractual financial liabilities at amortised cost \$'000	Contractual financial assets – loans and receivables \$'000	Contractual financial liabilities at amortised cost \$'000	Total \$'000
Contractual financial assets						
Cash and deposits						
Cash, deposits on call and term deposits less than 3 months	553,410	0	0	587,537	0	587,537
Receivables <sup>(i)</sup>						
Trade receivables	30,118	0	0	26,099	0	26,099
Accrued income	9,484	0	0	1,946	0	1,946
Investments:						
Term deposits greater than 3 months	243,190	0	0	20,100	0	20,100
Investment in managed fund	0	267,110	0	0	0	0
Total contractual financial assets	836,202	267,110	0	635,682	0	635,682
Contractual financial liabilities						
Payables <sup>(ii)</sup>						
Trade creditors	0	0	16,061	0	32,501	32,501
Accrued grants and other transfers	0	0	18,501	0	3,090	3,090
Capital accruals	0	0	24,273	0	22,809	22,809
Other accrued expenses	0	0	30,779	0	29,393	29,393
Other payables	0	0	3,029	0	2,588	2,588
Borrowings						
Finance lease liabilities	0	0	32,719	0	28,871	28,871
Total contractual financial liabilities	0	0	125,362	0	119,252	119,252

Note:

- (i) The amount of receivables disclosed excludes statutory receivables (i.e. amounts owing from Victorian Government, landfill levies receivable and GST input tax credit receivable) totalling \$263.633 million (2015: \$237.425 million) – Refer to Note 7. *Receivables*.
- (ii) The amount of payables disclosed excludes statutory payables (i.e. amounts owing to Victorian Government for advances from the Public Account and taxes payable) totalling \$19.360 million (2015: \$36.565 million) – Refer to Note 16. *Payables*.

**Note 23. Financial instruments (continued)****Table 23.2: Net holding gain/(loss) on financial instruments by category**

	2016			2015		
	Total interest income/(expense) \$'000	Impairment loss \$'000	Total \$'000	Total interest income/(expense) \$'000	Impairment gain \$'000	Total \$'000
<b>Contractual financial assets</b>						
<b>Cash and deposits</b>						
Cash, deposits on call and term deposits less than 3 months	6,399	0	6,399	6,251	0	6,251
<b>Receivables</b>						
Trade receivables	0	(90)	(90)	0	98	98
<b>Investments</b>						
Term deposits greater than 3 months	5,448	0	5,448	616	0	616
Investment in managed fund	11,167	0	11,167	0	0	0
<b>Total contractual financial assets</b>	<b>23,014</b>	<b>(90)</b>	<b>22,924</b>	<b>6,867</b>	<b>98</b>	<b>6,965</b>
<b>Contractual financial liabilities</b>						
<b>Payables</b>						
Trade payables	0	0	0	0	0	0
<b>Borrowings</b>						
Finance lease liabilities	(1,016)	0	(1,016)	(962)	0	(962)
<b>Total contractual financial liabilities</b>	<b>(1,016)</b>	<b>0</b>	<b>(1,016)</b>	<b>(962)</b>	<b>0</b>	<b>(962)</b>

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 23.3.

## Note 23. Financial instruments (continued)

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.

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:

**Note 23. Financial instruments (continued)****Table 23.3: Ageing analysis of contractual financial assets**

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			
			Less than 1 Month \$'000	1–3 months \$'000	3 months– 1 year \$'000	1–5 years \$'000
2016						
Cash and deposits						
Cash, deposits on call and term deposits less than 3 months	553,410	553,410	0	0	0	0
Receivables <sup>(i)</sup>						
Trade receivables	30,118	18,184	7,372	3,941	559	62
Accrued income	9,484	9,484	0	0	0	0
Investments						
Term deposits greater than 3 months	243,190	243,190	0	0	0	0
Investment in managed fund	267,110	267,110	0	0	0	0
Total	1,103,312	1,091,378	7,372	3,941	559	62
2015						
Cash and deposits						
Cash, deposits on call and term deposits less than 3 months	587,537	587,537	0	0	0	0
Receivables <sup>(i)</sup>						
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

Note:

- (i) The ageing analysis of receivables excludes statutory receivables totalling \$263.633 million (2015: \$237.425 million) for amounts owing from the Victorian Government, landfill levies receivable and GST input tax credit recoverable as these amounts are not contractual and are therefore outside the scope of this disclosure – Refer to Note 7. *Receivables*.

**(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's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The department's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The department manages its liquidity risk by ensuring that it has access to sufficient cash in the public account to meet its current liabilities.

The department's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk. Cash for unexpected events is generally sourced by drawing on amounts receivable from the Victorian government through the Public Account.



## Note 23. Financial instruments (continued)

The following table discloses the contractual maturity analysis for the department's contractual financial liabilities.

**Table 23.4: Maturity analysis of contractual financial liabilities**

			Maturity dates				
	Carrying amount \$'000	Nominal amount <sup>(i)</sup> \$'000	Less than 1 month \$'000	1 month – 3 months \$'000	3 months – 1 year \$'000	1–5 years \$'000	5+ years \$'000
2016							
Payables <sup>(i)</sup>							
Trade creditors	16,061	16,061	15,956	24	7	22	52
Accrued grants and other transfers	18,501	18,501	18,501	0	0	0	0
Capital accruals	24,273	24,273	24,273	0	0	0	0
Other accrued expenses	30,779	30,779	30,779	0	0	0	0
Other payables	3,029	3,029	3,029	0	0	0	0
Borrowings							
Finance lease liabilities	32,719	32,719	2,037	1,695	10,648	18,339	0
<b>Total</b>	<b>125,362</b>	<b>125,362</b>	<b>94,575</b>	<b>1,719</b>	<b>10,655</b>	<b>18,361</b>	<b>52</b>
2015							
Payables <sup>(i)</sup>							
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							
Finance lease liabilities	28,871	28,871	1,710	2,396	5,946	18,819	0
<b>Total</b>	<b>119,252</b>	<b>119,252</b>	<b>76,312</b>	<b>16,155</b>	<b>7,234</b>	<b>19,540</b>	<b>11</b>

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 \$19.360 million (2015: \$36.565 million) – Refer to Note 16. *Payables*.

### (d) Market risk

The department's exposures to market risk are primarily through interest rate and equity price risk with insignificant exposure to foreign currency risks. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### 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 2016 or 30 June 2015.

**Note 23. Financial instruments (continued)****Interest rate risk**

Exposure to interest rate risk relates to cash balances held in deposits at variable interest rates and investments in a managed fund. Minimisation of risk is achieved by undertaking fixed rate or non-interest bearing financial instruments. The department's sole 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 23.5.

**Table 23.5: 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
2016					
Financial assets					
Cash and deposits					
Cash, deposits on call and term deposits less than 3 months	1.98%	553,410	90,629	207,294	255,487
Receivables					
Trade receivables		30,118	0	0	30,118
Accrued income		9,484	0	0	9,484
Investments					
Term deposits greater than 3 months	2.26%	243,190	243,190	0	0
Investment in managed fund	1.90%	267,110	79,866	130,083	57,162
Total financial assets		1,103,312	413,685	337,377	552,250
Financial liabilities					
Payables					
Trade creditors		16,061	0	0	16,061
Accrued grants and other transfers		18,501	0	0	18,501
Capital accruals		24,273	0	0	24,273
Other accrued expenses		30,779	0	0	30,779
Other payables		3,029	0	0	3,029
Borrowings					
Finance lease liabilities	4.63%	32,719	32,719	0	0
Total financial liabilities		125,362	32,719	0	92,643

## Note 23. Financial instruments (continued)

**Table 23.5: Interest rate exposure of financial instruments (continued)**

	Weighted average effective interest rate	Interest rate exposure			
		Carrying amount \$'000	Fixed interest rate \$'000	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:

- The amount of receivables disclosed excludes statutory receivables (i.e. amounts owing from Victorian Government, landfill levies receivable and GST input tax credit receivable) totalling \$263.633 million (2015: \$237.425 million) – Refer to Note 7. *Receivables*.
- 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 \$19.360 million (2015: \$36.565 million) – Refer to Note 16. *Payables*.

### Equity price risk

The department is exposed to equity price risk through its investment in the Victorian Funds Management Corporation Capital Stable Fund. The fund manager on behalf of the department closely monitors performance and manages equity price risk through diversification of its investment portfolio. The department's sensitivity to equity is detailed in Table 23.7.

**Note 23. 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 movement of 100 basis points up and down (2015: 100 basis points up and down) in market interest rates (AUD); and
- a movement of 10 per cent up and 5 per cent down in the equity price risk (AUD) for the Capital Stable Fund portfolio mix.

Table 23.6 and 23.7 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 23.6: Interest rate risk sensitivity**

		2016 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 <sup>(i)</sup>	553,410	(2,073)	2,073
Receivables <sup>(ii)</sup>	39,602	0	0
Investments <sup>(iv)</sup>	510,300	(1,301)	1,301
Total impact		(3,374)	3,374
Contractual financial liabilities:			
Payables <sup>(ii)</sup>	92,643	0	0
Borrowings <sup>(iii)</sup>	32,719	0	0
Total impact		0	0

		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 <sup>(i)</sup>	587,537	(2,950)	2,950
Receivables <sup>(ii)</sup>	28,045	0	0
Investments <sup>(iv)</sup>	20,100	0	0
Total impact		(2,950)	2,950
Contractual financial liabilities:			
Payables <sup>(ii)</sup>	90,381	0	0
Borrowings <sup>(iii)</sup>	28,871	0	0
Total impact		0	0

Note:

- (i) All cash and cash equivalents are held in Australian dollars. \$249.097 million (2015: \$295.035 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.

## Note 23. Financial instruments (continued)

- (ii) The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (iii) 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.
- (iv) Investments relate to fixed interest rate term deposits with the Treasury Corporation of Victoria (TCV) and managed investment with the Victorian Funds Management Corporation's Capital Stable Fund. The Fund invests in a combination of asset classes which include fixed income securities which is subject to movements in interest rate. The fund manager, the Victorian Funds Management Corporation, on behalf of the department closely monitors performance and manages interest rate risk through diversification of its investment portfolio. The department's exposure to interest rate risk is approximately 49 per cent of the Capital Stable Fund portfolio mix which equates to \$130.083 million. The investments with TCV have a fixed interest rate, hence no sensitivity risk to interest rate movement.

**Table 23.7: Equity price risk sensitivity**

	2016 Equity price risk		
	Carrying amount \$'000	-5% Fair value through profit/loss \$'000	+10% Fair value through profit/loss \$'000
<b>Contractual financial assets:</b>			
Investments <sup>(i)</sup>	267,110	(2,858)	5,716
<b>Total impact</b>	<b>267,110</b>	<b>(2,858)</b>	<b>5,716</b>

Note:

- (i) Relates to managed investment with the Victorian Funds Management Corporation's Capital Stable Fund. The Fund invests in a combination of asset classes which include cash deposits, fixed term deposits and equities which are subject to movements in equity prices. The fund manager, the Victorian Funds Management Corporation, on behalf of the department closely monitors performance and manages equity price risk through diversification of its investment portfolio. The department's exposure to equity risk is approximately 21 per cent of the Capital Stable Fund portfolio mix which equates to \$57.162 million.

### (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 instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The department categorises financial instruments as Level 2 given significant inputs are observable.

The department 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.

**Note 23. Financial instruments (continued)**

The following table shows that the fair value of the contractual financial assets and liabilities are the same as the carrying amounts.

**Table 23.8: Comparison between carrying amount and fair value**

	2016		2015	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Contractual financial assets</b>				
<b>Cash and deposits</b>				
Cash, deposits on call and term deposits less than 3 months	553,410	553,410	587,537	587,537
<b>Receivables <sup>(i)</sup></b>				
Trade receivables	30,118	30,118	26,099	26,099
Accrued income	9,484	9,484	1,946	1,946
<b>Investments</b>				
Term deposits greater than 3 months	243,190	243,190	20,100	20,100
Investment in management fund <sup>(iii)</sup>	267,110	267,110	0	0
<b>Total contractual financial assets</b>	<b>1,103,312</b>	<b>1,103,312</b>	<b>635,682</b>	<b>635,682</b>
<b>Contractual financial liabilities</b>				
<b>Payables <sup>(ii)</sup></b>				
Trade creditors	16,061	16,061	32,501	32,501
Accrued grants and other transfers	18,501	18,501	3,090	3,090
Capital accruals	24,273	24,273	22,809	22,809
Other accrued expenses	30,779	30,779	29,393	29,393
Other payables	3,029	3,029	2,588	2,588
<b>Borrowings</b>				
Finance lease liabilities	32,719	32,719	28,871	28,871
<b>Total contractual financial liabilities</b>	<b>125,362</b>	<b>125,362</b>	<b>119,252</b>	<b>119,252</b>

Note:

- (i) The amount of receivables disclosed excludes statutory receivables (i.e. Amounts owing from Victorian Government, landfill levies receivable and GST input tax credit receivable) totalling \$263.633 million (2015: \$237.425 million) – Refer to Note 7. *Receivables*.
- (ii) The amount of payables disclosed excludes statutory payables (i.e. Amounts owing to Victorian Government for advances from the Public Account and taxes payable) totalling \$19.360 million (2015: \$36.565 million) – Refer to Note 16. *Payables*.
- (iii) In measuring fair value of the investment in a managed fund, the Fund Manager, the Victorian Funds Management Corporation, considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate and therefore the net asset value (NAV) of the funds may be used as an input into measuring their fair value. The NAV of the fund is adjusted, as necessary, to reflect restrictions and redemptions, future commitments and other specific factors.

## Note 24. Cash flow information

	2016 \$'000	2015 \$'000
<b>(a) Reconciliation of cash and cash deposits</b>		
Cash at bank and on hand <sup>(i)</sup>	(5,139)	(167)
Funds held in trust – cash	260,626	291,990
Funds held in trust – deposits on call and term deposits less than 3 months	297,923	295,714
Total cash and deposits disclosed in the balance sheet	553,410	587,537
<b>Balance per cash flow statement</b>	<b>553,410</b>	<b>587,537</b>
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.		
	2016 \$'000	2015 \$'000
<b>(b) Non-cash financing and investing activities</b>		
Acquisition of non-current assets by means of finance leases	12,806	9,467
<b>(c) Reconciliation of net result for the period</b>		
<b>Net result for the period</b>	<b>(33,732)</b>	326,553
<b>Non-cash movements</b>		
Depreciation	41,433	56,759
Assets and services received free of charge or for nominal consideration	(5)	(64)
Assets and services provided free of charge or for nominal consideration	72	108
Net gain on disposal of property, plant and equipment	(1,688)	(7,436)
Net (recognition)/de-recognition of non-financial assets	51,145	(4,117)
Write-down of property, plant, equipment, intangible assets and inventory	1,516	4,183
Net (gain)/loss on financial instruments	(2,711)	36
Loss from revaluation of investment in associates	2,021	0
Net loss arising from revaluation of long service leave and annual leave liabilities	82	733
Other provision discount rate adjustments	41	597
<b>Movements included in investing and financing activities</b>		
Share of associate's losses, excluding dividends	4,377	2,985
<b>Movements in assets and liabilities</b>		
Decrease in receivables	11,947	61,643
Increase in inventories	(2,249)	(3,802)
Decrease in prepayments	68,396	4,859
Increase/(decrease) in payables	668	(107,549)
Decrease in provisions	(1,198)	(21,447)
Decrease in unearned income	(58)	(2,606)
<b>Net cash flows from operating activities</b>	<b>140,057</b>	<b>311,435</b>



**Note 25. Reserves**

	2016 \$'000	2015 \$'000
<b>Physical asset revaluation surplus</b>		
Balance at the beginning of the year	<b>5,762,465</b>	5,650,818
Increment/(decrement) on revaluation during the year resulting from:		
Freehold land	<b>7,026</b>	0
Crown land – Land and unused roads	<b>565,384</b>	675
Crown land – National parks	<b>(28,701)</b>	0
Crown land – State forests	<b>206,270</b>	0
Crown land – Conservation reserves	<b>(13,475)</b>	0
Crown land – Metropolitan parks	<b>394,055</b>	0
Crown land – Land used for operational purposes	<b>12,225</b>	0
Buildings and structures	<b>29,187</b>	0
Roads	<b>(203,026)</b>	110,972
Historic and cultural assets	<b>74</b>	0
<b>Balance as at the end of the year</b>	<b>6,731,484</b>	5,762,465
Net change in physical asset revaluation surplus	<b>969,019</b>	111,647

**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(l) *Non-financial assets*.



## Note 26. Summary of compliance with annual parliamentary and special appropriations (continued)

Note:

### (i) Provision of outputs

The majority of the variance relates to the carry over of output appropriations into 2016-17 to complete the following projects:

- 2015-16 Environmental Contributions 3 funding comprises a number of major water initiatives:
  - Bendigo Ground-Water - The Bendigo Ground-Water Project is a critical infrastructure project that aims to remove contaminated rising ground-Water from Bendigo gold-mines, and in particular the Deborah tourist gold-mine that is a major tourist attraction for Bendigo. A contract has been recently signed with Coliban Water and the 2015-16 milestone payment has been paid. The balance is to be paid in 2016-17 for delivery of subsequent milestones detailed in the contract between DELWP and Coliban Water. The delivery of this project has been delayed due to the complex nature of the funding agreement.
  - Climate Change Action Package - During 2015-16, the department worked closely with our delivery partners to finalise the funding agreements to undertake flood mitigation works and flood mapping. The signing of the 2015-16 Natural Disaster Resilience Grants Scheme (NDGRS) Agreement with the Commonwealth occurred in late 2015-16 resulting in a delay of payments. This carryover enables the department to continue the flood mitigation works and flood mapping and it is expected that the works will be completed in 2016-17.
  - Sustainable Water Management - Thomson River - The department has agreed with Melbourne Water, the Melbourne water retailers, the Victorian Environmental Water Holder and the West Gippsland Catchment Management Authority to establish 8GL of storage in Thomson Reservoir as an additional environmental entitlement for the Thomson River. The funding will be provided to Yarra Valley Water, City West Water and South East Water in compensation for the environmental entitlement, without impact to the reliability of the regional urban water corporations. Due to delays in signing the funding agreements, a carryover was requested to meet the department's contractual commitments with the water retailers in 2016-17.
- Delivery of the Goulburn Murray Water (GMW) Connections project has been tracking behind schedule with the primary reason being the inability to obtain signed landowner agreements which are required before any payments can be made to landowners to connect to the new delivery system, and perform on farm works or dry off.
- The Victorian Desalination Project funds technical & engineering, planning & environment, commercial & legal services, independent reviewer and project management costs of the plant. Due to delays in contract reviews relating to the 2015 refinancing arrangement of the Victorian Desalination Plant, there were lower than expected contract services, particularly related to commercial and legal expenditure. Carryover was sought for commercial and legal advisory services that have been committed with external parties such as GHD Pty Ltd and PwC for the ongoing refinancing of the project in 2016-17.
- Adverse weather conditions across the State during much of 2015-16 has resulted in reduced levels of some core services being delivered and delays to various base funded projects including: weed and pest management, koala and kangaroo management programs. A range of critical IT related projects (these include departmental procurement, business management and HR system upgrades, Planning Scheme Information Management System, Digital First and Native Vegetation Information System), and a range of Planning portfolio related projects were delayed for varying reasons including MoG integration into DELWP and delays in project approvals. The carryover is required to ensure that the delivery of these projects is achieved and contractual obligations with service providers are met in 2016-17.

### (ii) Addition to Net Assets Base (ATNAB)

The 2016 variance of \$23.9 million relates to:

- the carry over of ATNAB available in 2016 for use in 2016 predominantly for:
  - The underspend in the minor capital works program is due to a combination of seasonal weather factors, delays in finding suitable land for the Forrest, Orbost and Swifts Creek redevelopments and delays in finalising negotiation with the landlord for the Horsham Office. In addition, the department has needed to re-scope the works for the Briagolong and Erica projects to align with changes to regional requirements.
  - Funding is required to carry out Recommendation 5 and Affirmation 18 of the 2014 Hazelwood Mine Fire Inquiry. Recommendation 5 and Affirmation 18 requires the State to equip itself to undertake rapid air quality monitoring in any location in Victoria. This is being managed by the Environmental Protection Agency (EPA). EPA are currently reviewing the requirements of the system and as a result, funding is required to be carried over into the next financial year.
  - The Land Compensation initiative funds the compulsory acquisition of land. Due to the nature of legal processes involved in settling compulsory acquisitions, lengthy delays between the commencement and conclusion of acquisitions can occur. These legal processes are outside the jurisdiction and control of the department. The carryover is to fund compensation claims that are expected to be settled in 2016-17.

### (iii) Payments on Behalf of the State (POBOS)

The 2016 variance of \$6.7 million relates to a cash flow update for:

- Payments to AquaSure for the Victorian Desalination Project operation and maintenance in 2015-16 have been reduced due to savings resulting from the refinancing of AquaSure's external debts in March 2016. However, the Victorian Government, post the release of the 2016-17 Budget, placed a 50 gigalitre water order that will result in additional POBOS funding being required in 2016-17. Carryover of the 2015-16 saving is required to partly fund this additional obligation in 2016-17.

## Note 26. Summary of compliance with annual parliamentary and special appropriations (continued)

### (b) Summary of compliance with special appropriations

		Appropriation Applied	
Authority	Purpose	2016 \$'000	2015 \$'000
Output special appropriations			
Section 10 of the <i>Financial Management Act 1994</i>	Appropriation of Commonwealth grants etc.	0	99,580
Section 201V of the <i>Planning and Environmental Act 1987</i>	Growth Area infrastructure contributions.	58,746	15,842
Total special appropriations		58,746	115,422

### (c) Total controlled appropriations applied

		Notes		
<b>Provision of outputs</b>				
Annual Parliamentary Appropriations	26(a)	1,164,409	1,225,193	
Special appropriations	26(b)	58,746	115,422	
<b>Total provision of output appropriations applied</b>		<b>1,223,155</b>	1,340,615	
<b>Additions to net asset base</b>				
Annual Parliamentary Appropriations	26(a)	68,197	110,663	
<b>Total additions to net asset appropriations applied</b>		<b>68,197</b>	110,663	

## Note 27. Ex-gratia payments

	2016 \$'000	2015 \$'000
<b>The department has made the following ex-gratia payments:</b>		
Compensation for economic loss	15	0
	<b>15</b>	0

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 28. Annotated income agreements**

The following is a listing of the *Financial Management Act 1994* Section 29 annotated income agreements approved by the Treasurer:

	2016 \$'000	2015 \$'000
<b>Capital items</b>		
Goulburn-Murray Water Connections Project Stage 1	1,726	3,097
Land Sales Retained	0	61
	<b>1,726</b>	<b>3,158</b>
<b>Commonwealth specific purpose payments – capital</b>		
Black Rock Water Recycling Project	0	(121)
Extending Water Recycling at Torquay	0	1,550
GRDC Gene Bank	0	181
Sunraysia Modernisation	17,041	46,967
	<b>17,041</b>	<b>48,577</b>
<b>User charges, or sales of goods and services</b>		
Agriculture and Veterinary Chemical Permits	0	139
BushBroker	240	146
Commercial Forests	4	159
Constraint Measure Project Business Case Development	1,569	0
Electronic Conveyancing	15,536	8,915
Grants to Catchment Management Authorities	0	1,035
Landata	25,501	14,199
Land Titles Office	187	(347)
La Trobe contributions to Quarterly Service Payments	0	2,615
Mapping	1,144	545
Miscellaneous Industry Contributions	291	15,581
Goulburn-Murray Water Connections Project Stage 1	3,659	3,238
Parks user fees and Werribee Mansion	9,660	9,374
Queenscliff Harbour Redevelopment	288	52
Sale of timber resources to Australian Paper	0	10,873
Revenue retained on behalf of the Environmental Protection Authority	2,966	2,455
Seafood Industry Levy	0	294
SPEARS Project	3,632	2,788
Water Register – Planning	245	(272)
Water Register – State	3,269	1,566
	<b>68,191</b>	<b>73,355</b>
<b>Municipal</b>		
Domestic Animals Act	0	1,215
	<b>0</b>	<b>1,215</b>

## Note 28. Annotated income agreements (continued)

	2016 \$'000	2015 \$'000
<b>Commonwealth specific purpose payments – output</b>		
Biodiversity Fund	14	189
Cleaning up the Yarra - Installation of Litter Traps	516	0
Coal Seam Gas Bioregional Assessments	321	1,000
Murray Darling Basin - Environmental Works and Measures Feasibility Program	0	12
Murray Darling Basin Plan Implementation	5,558	12,179
National Framework for Compliance and Enforcement	1,870	1,629
National Landcare Programme Regional Allocations	20,730	26,943
Research and Experimental Projects – Commonwealth contributions	0	14,735
Sunraysia Modernisation	1,500	2,500
Victorian Farm Modernisation	10,563	10,975
	<b>41,072</b>	70,162
<b>Total annotated income agreements</b>	<b>128,030</b>	196,467

**Note 29. 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.

				2016
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
<b>Controlled trusts</b>				
<b>Cash, deposits and investments</b>				
Albury Wodonga Land Transfer	802	22	(35)	789
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and earns interest for the appropriate management and protection of land transferred from the Albury Wodonga Corporation.				
Building New Communities Fund	41,509	29,665	(1,000)	70,174
Operates under s201VB of the <i>Planning &amp; Environment Act 1987</i> to provide assistance for capital works for state funded infrastructure in any growth areas.				
Casino Area Works Trust	464	7	0	471
Operates under schedule 5 of the <i>Casino (Management Agreement) (Amendment) Act 1996</i> to be applied to works for the general improvement of facilities in the Melbourne casino area.				
Department Suspense	271	0	(138)	133
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It holds all generic unclaimed funds until they have been identified.				
DTF VicFleet	2,966	4,112	(2,473)	4,605
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and makes payments in relation to the government motor vehicle pool.				
Goulburn Murray Water Connections Project Trust	232,819	4,304	(69,075)	168,048
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Goulburn Murray Water connections and irrigations modernisation program.				
Growth Areas Public Transport Fund	43,500	29,675	(635)	72,540
Operates under s201VA of the <i>Planning &amp; Environment Act 1987</i> to provide assistance for the state funded public transport infrastructure works in any growth areas.				
Melbourne Strategic Assessment Trust Account	14,326	15,226	(4,508)	25,044
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Melbourne Strategic Assessment Program.				
Municipal and Industrial Landfill Levy Trust Account	0	150,926	(150,926)	0
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives municipal and industrial landfill levies from the Environment Protection Authority as specified in s70E(2) of the <i>Environment Protection Act 1970</i> and manages payments to environmental agencies with the remaining balance transferred to the Sustainability Fund Trust Account.				



## Note 29. Trust account balances (continued)

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
<b>Controlled trusts</b>				
Parks and Reserves Trust Account	51,749	156,689	(152,455)	55,983
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.				
Plant and Machinery Trust Account	70,199	8,254	(3,180)	75,273
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.				
Project Trust Account	126,471	84,810	(89,161)	122,120
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				
Revenue Suspense	27	42	(4)	65
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.				
State Development Special Projects	12,500	0	(12,500)	0
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.				
Stores Suspense	10,182	996	(6,164)	5,014
Operates under s23 of the <i>Conservation, Forests and Lands Act 1987</i> as a specific purpose operating account. It receives funding and makes payments for the purchase of stores and the cost of manufacturing articles for stock.				
Sustainability Fund Trust Account	0	529,366	(63,114)	466,252
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages grants fostering environmentally sustainable uses of resources, waste management best practice, greenhouse gas reduction and adapting to climate change.				
Treasury Trust – Small Scale Community Support Fund	(396)	396	0	0
Operates under s19 of the <i>Financial Management Act 1994</i> as an operating account shared across government. It allocates funds the government receives from gaming machines back to the community through a variety of programs.				
Treasury Trust – Floods	415	6,749	(5,387)	1,777
Operates under s19 of the <i>Financial Management Act 1994</i> as a shared operating account. It makes state funds available for the restoration of assets and public facilities damaged in floods.				

**Note 29. Trust account balances (continued)**

	2016			
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
Controlled trusts				
Treasury Trust – Rural Council Planning Flying Squad	0	1,400	(839)	561
Operates under s19 of the <i>Financial Management Act 1994</i> as a shared operating account. It makes state funds available for specialist expert and technical assistance to rural and regional councils on issues such as major projects and developments, long-term land use issues, strategic plans as well as immediate planning support with planning permit and amendment work.				
Total controlled trusts	607,804	1,022,639	(561,594)	1,068,849

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer to/(from) dept <sup>(i)</sup> \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
Controlled trusts					
Cash, deposits and investments					
Albury Wodonga Land Transfer	898	0	18	(114)	802
Operates under s19 of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and earns interest for the appropriate management and protection of land transferred from the Albury Wodonga Corporation.					
Building New Communities Fund	0	35,304	10,605	(4,400)	41,509
Operates under s201VB of the <i>Planning &amp; Environment Act 1987</i> to provide assistance for capital works for state funded infrastructure in any growth areas.					
Casino Area Works Trust	0	459	5	0	464
Operates under schedule 5 of the <i>Casino (Management Agreement) (Amendment) Act 1996</i> to be applied to works for the general improvement of facilities in the Melbourne casino area.					
Department Suspense	288	0	0	(17)	271
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It holds all generic unclaimed funds until they have been identified.					
DTF VicFleet <sup>(i)</sup>	623	(9)	4,502	(2,150)	2,966
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.					

**Note 29. Trust account balances (continued)**

	2015				
	Balance at 1 July 2014 \$'000	MoG transfer to/(from) dept <sup>(1)</sup> \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
<b>Controlled trusts</b>					
Disease Compensation Fund	17,591	(18,125)	2,884	(2,350)	0
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.					
Fisheries Plant and Equipment	696	(548)	91	(239)	0
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.					
Goulburn Murray Water Connections Project Trust	0	0	282,455	(49,636)	232,819
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives fees and disburses payments in relation to the delivery of the Goulburn Murray Water connections and irrigations modernisation program.					
Growth Areas Public Transport Fund	0	35,614	10,326	(2,440)	43,500
Operates under s201VA of the <i>Planning &amp; Environment Act 1987</i> to provide assistance for the state funded public transport infrastructure works in any growth areas.					
Melbourne Strategic Assessment Trust Account	9,610	0	11,335	(6,619)	14,326
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.					
Parks and Reserves Trust Account	62,237	0	154,363	(164,851)	51,749
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.					
Plant and Machinery Trust Account	71,266	(3,987)	10,374	(7,454)	70,199
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.					

**Note 29. Trust account balances (continued)**

	<b>2015</b>				
	<b>Balance at 1 July 2014 \$'000</b>	<b>MoG transfer to/(from) dept <sup>(i)</sup> \$'000</b>	<b>Total receipts \$'000</b>	<b>Total payments \$'000</b>	<b>Balance at 30 June 2015 \$'000</b>
<b>Controlled trusts</b>					
Project Trust Account	158,517	(27,816)	86,101	(90,331)	126,471
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.					
Recreational Fishing Licence	6,800	(4,706)	5,061	(7,155)	0
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.					
Revenue Suspense	(131)	5	153	0	27
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.					
State Development Special Projects	0	8,838	9,438	(5,776)	12,500
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.					
Stores Suspense	11,607	(7)	1,437	(2,855)	10,182
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.					
Treasury Trust – Small Scale Community Support Fund	0	112	0	(508)	(396)
Operates under s19 of the <i>Financial Management Act 1994</i> as an operating account shared across government. It allocates funds the government receives from gaming machines back to the community through a variety of programs.					
Treasury Trust – Floods	5,040	0	7,665	(12,290)	415
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.					
<b>Total controlled trusts</b>	<b>345,042</b>	<b>25,134</b>	<b>596,813</b>	<b>(359,185)</b>	<b>607,804</b>

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 29. Trust account balances (continued)**

				2016
	Balance at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2016 \$'000
<b>Administered trusts</b>				
<b>Cash, deposits and investments</b>				
CH Barbour Forestry Foundation	9	0	0	9
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.				
J Gilmore Farm Water Supply and Hanslow Cup	43	1	0	44
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.				
Natural Disaster Relief Fund	145	0	(30)	115
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a holding account. It holds money supplied by the Commonwealth until required for expenditure in the case of any natural disasters.				
Paid Parental Leave Treasury Trust Fund	52	3	(6)	49
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It receives funds from the Commonwealth to meet the eligible costs of parental leave for departmental employees.				
Public Service Commuters' Club	100	0	(46)	54
Operates under s19 of the <i>Financial Management Act 1994</i> as a working account. It services loans to staff for the purchase of yearly tickets and funds are recouped through staff salaries and wages.				
Securities Trust Fund	24	25	(25)	24
Operates under s19 of the <i>Financial Management Act 1994</i> as a working account. It receives and holds bonds for use by third parties of public land.				
Sidney Plowman Award	23	0	0	23
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.				
Treasury Trust	887	53	(271)	669
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It records the receipt and disbursement of unclaimed and unidentified monies such as unrepresented cheques, surplus cash, unidentified remittances etc.				
Victorian State Foresters' Association	79	1	(49)	31
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.				
<b>Total administered trusts</b>	<b>1,362</b>	<b>83</b>	<b>(427)</b>	<b>1,018</b>

**Note 29. Trust account balances (continued)**

					2015
	Balance at 1 July 2014 \$'000	MoG transfer to/ (from) dept \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
<b>Administered trusts</b>					
<b>Cash, deposits and investments</b>					
CH Barbour Forestry Foundation	9	0	0	0	9
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.					
J Gilmore Farm Water Supply and Hanslow Cup	42	0	1	0	43
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.					
McCashney Scholarship	63	(64)	1	0	0
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.					
Natural Disaster Relief Fund	115	30	0	0	145
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a holding account. It holds money supplied by the Commonwealth until required for expenditure in the case of any natural disasters.					
Paid Parental Leave Treasury Trust Fund	66	(17)	7	(4)	52
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It receives funds from the Commonwealth to meet the eligible costs of parental leave for departmental employees.					
Public Service Commuters' Club	18	0	82	0	100
Operates under s19 of the <i>Financial Management Act 1994</i> as a working account. It services loans to staff for the purchase of yearly tickets and funds are recouped through staff salaries and wages.					
Securities Trust Fund	36	(7)	53	(58)	24
Operates under s19 of the <i>Financial Management Act 1994</i> as a working account. It receives and holds bonds for use by third parties of public land.					

## Note 29. Trust account balances (continued)

					2015
	Balance at 1 July 2014 \$'000	MoG transfer to/ (from) dept \$'000	Total receipts \$'000	Total payments \$'000	Balance at 30 June 2015 \$'000
<b>Administered trusts</b>					
Sidney Plowman Award	23	0	0	0	23
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It manages funds for prizes, scholarships, research and private donations.					
Treasury Trust	1,193	(451)	377	(232)	887
Operates under s19(2) of the <i>Financial Management Act 1994</i> as a working account. It records the receipt and disbursement of unclaimed and unidentified monies such as unpresented cheques, surplus cash, unidentified remittances etc.					
Victorian State Foresters' Association	77	0	2	0	79
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.					
<b>Total administered trusts</b>	<b>1,642</b>	<b>(509)</b>	<b>523</b>	<b>(294)</b>	<b>1,362</b>

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.

### Trust Accounts opened or closed by the department during 2016

The Municipal and Industrial Landfill Levy Trust Account and the Sustainability Fund Trust Account were opened during the year.

No trust accounts were closed during the year.

### Treasury trust – Victorian floods

The state has made funds available for the restoration of assets and public facilities damaged in floods through the Treasury Trust Fund.

	2016 \$'000	2015 \$'000
<b>Treasury trust – Victorian floods</b>		
Cash at bank at 30 June	1,777	415
<b>Total funds under management</b>	<b>1,777</b>	<b>415</b>
Contributions by the Victorian government	2,106	5,510
Other contributions	4,643	2,155
<b>Total receipts</b>	<b>6,749</b>	<b>7,665</b>
Payments to catchment management authorities	133	223
Payments to portfolio agencies	938	1,088
Payments to non-portfolio agencies	180	971
Payments to local governments	1,216	59
Payments to community groups	0	42



## Note 29. Trust account balances (continued)

Payments on state-owned assets	0	208
Other payments	2,920	9,699
<b>Total payments</b>	<b>5,387</b>	12,290
<b>Balance carried forward at 30 June</b>	<b>1,777</b>	415

### Third party funds under management

No third party funds were held under management for either 2015–16 or 2014–15.

## Note 30. 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 Environment, Climate Change and Water	The Hon. Lisa Neville MP	1 July 2015 to 22 May 2016
Minister for Water	The Hon. Lisa Neville MP	23 May 2016 to 30 June 2016
Minister for Energy, Environment and Climate Change	The Hon. Lily D'Ambrosio	23 May 2016 to 30 June 2016
Minister for Planning	The Hon. Richard Wynne MP	1 July 2015 to 30 June 2016
Minister for Local Government	The Hon. Natalie Hutchins MP	1 July 2015 to 30 June 2016
Secretary	Mr Adam Fennessy	1 July 2015 to 30 June 2016

### Acting arrangements

The Hon Richard Wynne MP acted as Minister for Environment, Climate Change and Water during the period 15 to 19 February 2016.

Mr Paul Smith acted in the position of Secretary of the department during the periods 18 to 27 September 2015 and 26 April to 1 May 2016. Ms Kathryn Anderson acted in the position of Secretary during the periods 28 September to 2 October 2015, 1 to 8 April 2016 and 20 to 30 June 2016. Their salary for these periods is included in Note 31(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:

	2016 No.	2015 No.
<b>Income band</b>		
\$450,000 – \$459,999	0	1
\$470,000 – \$479,999	1	0

Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: [www.parliament.vic.gov.au/publications/register-of-interests](http://www.parliament.vic.gov.au/publications/register-of-interests).

### 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 31. 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.

At 30 June 2016, the department employed 62 executive officers (2015: 63 executive officers).

Income band	Total remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
Less than \$100,000	15	17	15	21
\$100,000 – \$109,999	2	4	2	3
\$110,000 – \$119,999	4	6	4	6
\$120,000 – \$129,999	1	4	2	4
\$130,000 – \$139,999	2	2	1	2
\$140,000 – \$149,999	1	7	1	7
\$150,000 – \$159,999	2	4	2	7
\$160,000 – \$169,999	1	6	5	7
\$170,000 – \$179,999	10	5	8	1
\$180,000 – \$189,999	4	1	5	6
\$190,000 – \$199,999	8	5	11	6
\$200,000 – \$209,999	6	7	1	7
\$210,000 – \$219,999	1	4	5	1
\$220,000 – \$229,999	4	3	3	2
\$230,000 – \$239,999	5	1	2	1
\$240,000 – \$249,999	1	1	2	1
\$250,000 – \$259,999	3	3	3	2
\$260,000 – \$269,999	2	2	0	0
\$270,000 – \$279,999	0	1	1	0
\$280,000 – \$289,999	1	1	0	0
\$290,000 – \$299,999	0	1	0	1
\$300,000 – \$309,999	0	0	1	0

## Note 31. Remuneration of executives and payments to other personnel (continued)

	Total remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
<b>Income band</b>				
\$310,000 – \$319,999	1	0	0	0
\$340,000 – \$349,999	0	0	0	1
\$350,000 – \$359,999	0	0	1	0
\$370,000 – \$379,999	1	1	0	0
\$400,000 – \$409,999	0	0	1	0
\$420,000 – \$429,999	1	0	0	0
<b>Total number of executives</b>	<b>76</b>	<b>86</b>	<b>76</b>	<b>86</b>
<b>Total annualised employee equivalent</b>	<b>66.0</b>	<b>61.3</b>	<b>66.0</b>	<b>61.3</b>
<b>Total amount \$'000</b>	<b>12,718</b>	<b>13,820</b>	<b>12,304</b>	<b>12,647</b>

This table discloses executives of the department throughout the 2015-16 and 2014-15 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 on 1 January 2015.

### (b) 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.

	2016 No.	2015 No.
<b>Expense band</b>		
Less than \$100,000	0	1
\$290,000 – \$299,999	1	0
<b>Total expenses (exclusive of GST) \$'000</b>	<b>295</b>	<b>25</b>

## Note 32. Remuneration of auditors

	2016 \$'000	2015 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	373	364
	<b>373</b>	<b>364</b>

**Note 33. 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
<b>Land Victoria output</b>				
<b>Controlled income and expenses</b>				
Income	42,987	0	44,590	87,577
Expenses	(37,841)	0	(44,885)	(82,726)
<b>Administered income and expenses</b>				
Income	152,228	0	163,389	315,617
Expenses	(149,662)	0	(160,940)	(310,602)
<b>Local government output</b>				
<b>Controlled income and expenses</b>				
Income	51,231	0	11,839	63,070
Expenses	(51,407)	0	(9,426)	(60,833)
<b>Administered income and expenses</b>				
Income	271,338	0	540,663	812,001
Expenses	(271,338)	0	(540,663)	(812,001)
<b>Planning, building and heritage output</b>				
<b>Controlled income and expenses</b>				
Income	46,135	1,619	53,868	101,622
Expenses	(43,657)	1,622	(41,457)	(83,492)
<b>Administered income and expenses</b>				
Income	678	0	488	1,166
Expenses	(687)	0	(217)	(904)

### Note 33. 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 DTPLI and former DEDBI) 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
<b>In respect of the activities assumed, the following assets and liabilities were recognised at the date of the transfer:</b>		
<b>Outputs – Land Victoria, Local government, Office of the Victorian Government Architect and Planning, building and heritage – transfer in</b>		
<b>Assets</b>		
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 13)	199,210	0
Intangible assets (Note 15)	348	0
<b>Liabilities</b>		
Payables	(5,849)	(701)
Borrowings	(1,060)	0
Unearned income	(2,000)	(24)
Provisions	(21,581)	0
<b>Net assets recognised at the date of transfer</b>	<b>293,928</b>	<b>2,798</b>
<b>Output – Regional development (planning) – transfer in</b>		
<b>Assets</b>		
Receivables	717	0
Property, plant and equipment (Note 13)	62	0
<b>Liabilities</b>		
Payables	(717)	0
Borrowings	(63)	0
<b>Net assets recognised at the date of transfer</b>	<b>(1)</b>	<b>0</b>
<b>Total net assets recognised at the date of transfer</b>	<b>293,927</b>	<b>2,798</b>

**Note 33. Restructure of administrative arrangements (continued)****Restructure of administrative arrangements – 2015 (continued)**

	<b>2015</b>	
	<b>Controlled \$'000</b>	<b>Administered \$'000</b>
<b>In respect of the activities relinquished, the following assets and liabilities were recognised at the date of the transfer:</b>		
<b>Outputs – Agriculture, Biosecurity and Sustainably manage fish and forest resources – transfer out</b>		
<b>Assets</b>		
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 13)	676,377	0
Biological assets (Note 14)	1,845	0
Intangible assets (Note 15)	35,353	0
Other non-financial assets	34	0
<b>Liabilities</b>		
Payables	(70,647)	(662)
Borrowings	(259,422)	0
Unearned income	(4,890)	(20,768)
Deposits repayable	(11)	(25)
Provisions	(49,014)	0
<b>Net assets transferred at the date of transfer</b>	<b>474,029</b>	<b>(16,465)</b>
<b>Output – Office of the Victorian Government Architect – transfer out</b>		
<b>Assets</b>		
Cash and deposits	140	0
Receivables	301	0
Property, plant and equipment (Note 13)	198	0
<b>Liabilities</b>		
Payables	(12)	0
Borrowings	(241)	0
<b>Net assets transferred at the date of transfer</b>	<b>386</b>	<b>0</b>
<b>Total net assets transferred at the date of transfer</b>	<b>474,415</b>	<b>(16,465)</b>
<b>Net capital contribution from the Crown</b>	<b>(180,488)</b>	<b>19,263</b>



## Note 34. Subsequent events

### Machinery of Government Changes

On 23 May 2016, the Premier Daniel Andrews announced a change in Ministerial cabinet. As a result of the change, the department assumed responsibility for the Energy output from 1 July 2016. This output transferred from the Department of Economic Development, Jobs, Transport and Resources and will result in an increase in net assets and contributed capital (equity). The net asset transfer is estimated to be \$1.169 million.

### Investment in Property Exchange Australia Limited

On 1 July 2016, the department's investment in Property Exchange Australia Limited (PEXA) transferred to the Department of Treasury and Finance.

The transfer has resulted in a \$11.349 million decrease in investments accounted for using the equity method (asset) and in contributed capital (equity).

## Note 35. Glossary of terms and style conventions

### Glossary of terms

#### *Administered item*

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

#### *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.

#### *Borrowings*

Borrowings refer to interest-bearing finance leases and other interest-bearing arrangements.

#### *Capital asset charge*

A charge levied on the written-down value of controlled non-current physical assets in a department's balance sheet which aims to: attribute to agency outputs the opportunity costs of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

#### *Commitments*

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

#### *Comprehensive result*

The comprehensive result is 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.

#### *Controlled items*

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

#### *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 expenses*

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:

## Note 35. Glossary of terms and style conventions (continued)

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### *Financial instrument*

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*

Financial statements comprise:

- (a) A comprehensive operating statement for the period;
- (b) A balance sheet as at the end of the period;
- (c) A statement of changes in equity for the period;
- (d) A cash flow statement for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;

- (f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*.

### *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 35. 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*

Net worth is assets less liabilities, which is an economic measure of wealth.

### *Non financial assets*

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, road networks, land under roads, plant and equipment, cultural and heritage assets, intangible and biological assets.

### *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.

### *Payables*

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

### *Produced assets*

Produced assets are non-financial assets that have come into existence as outputs of production process. Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, artistic originals, 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*

Receivables include amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, and interest receivable.

## Note 35. Glossary of terms and style conventions (continued)

### *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 into an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

### *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 2015–16 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
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<b>Management and structure</b>		
FRD 22G	Organisational structure	Page 12
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SD 4.5.5	Attestation for compliance with <i>Ministerial Standing Direction 4.5.5</i>	Page 16
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<i>Planning and Environment (Growth Areas Infrastructure Contribution) Act 2010</i>		Page 83
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<i>Victorian Industry Participation Policy Act 2003</i>		Page 75
<i>Water Act 1989</i>		Page 89

## Appendix 2: Budget portfolio outcomes

Operating Statement - Controlled	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
<b>Income from transactions</b>				
Output appropriation	1,223.2	1,186.4	36.7	3
Interest <sup>1</sup>	32.3	21.6	10.7	50
Sales of goods and services <sup>2</sup>	91.9	73.3	18.5	25
Grants <sup>3</sup>	64.3	259.9	(195.7)	(75)
Fair value of assets and services received free of charge or for nominal consideration	0.0	0.0	0.0	0
Other income <sup>4</sup>	301.8	267.9	33.9	13
<b>Total income from transactions</b>	<b>1,713.4</b>	<b>1,809.2</b>	<b>(95.8)</b>	<b>(5)</b>
<b>Expenses from transactions</b>				
Employee benefits	405.4	379.1	26.3	7
Depreciation	45.8	55.1	(9.3)	(17)
Interest expense	1.1	1.3	(0.2)	(15)
Grants and other transfers <sup>3</sup>	631.7	672.7	(41.0)	(6)
Capital asset charge	91.3	91.4	(0.0)	0
Other operating expenses <sup>5</sup>	497.2	626.3	(129.1)	(21)
<b>Total expense from transactions</b>	<b>1,672.6</b>	<b>1,825.9</b>	<b>(153.3)</b>	<b>(8)</b>
<b>Net result from transactions (net operating balance)</b>	<b>40.8</b>	<b>(16.7)</b>	<b>57.5</b>	<b>(344)</b>
<b>Other economic flows included in net result</b>				
Net loss on non-financial assets <sup>6</sup>	(50.9)	2.2	(53.1)	(2,414)
Net loss on financial instruments and statutory receivables/payables	(8.4)	(1.0)	(7.4)	740
Other losses from other economic flows	(2.5)	0.0	(2.5)	-
<b>Total other economic flows included in net result</b>	<b>(61.8)</b>	<b>1.2</b>	<b>(63.0)</b>	<b>(5,250)</b>
<b>Net result</b>	<b>102.6</b>	<b>(15.5)</b>	<b>(5.5)</b>	<b>35</b>
<b>Other economic flows - other comprehensive income</b>				
<b>Items that will not be classified to net result</b>				
Changes in physical asset revaluation reserve <sup>7</sup>	(598.2)	0.0	(598.2)	-
Other	1.3	0.0	1.3	-
<b>Total other economic flows - other non-owner changes in equity</b>	<b>(596.8)</b>	<b>0.0</b>	<b>(596.8)</b>	<b>-</b>
<b>Comprehensive result</b>	<b>(494.2)</b>	<b>(15.5)</b>	<b>(602.4)</b>	<b>3,886</b>

Note:

1. The increase is primarily due to additional funds from the Goulburn Murray Water (GMW) Connections project, and the Sustainability Trust Fund that were invested with Treasury Corporation of Victoria.
2. Variance primarily due to increase in External User Charges.
3. Variance is mainly due to less funding from the Commonwealth (via DTF) for GMW Connections Stage 2 project because of the delay in achieving milestones.
4. Variance primarily relates to the general increase in the Landfill Levy.
5. Variance is attributable mainly to the rephasing of GMW Connections project (\$139.7 million).
6. Predominantly relates to the derecognition of land that is now to be reported by Level 1 Committees of Management which are having their statements audited for the first time by VAGO.
7. Result of the full revaluation of non-current physical assets which occurs every five years in accordance with the Financial Reporting Direction (FRD) 103F *Non-Current Physical Assets*.

Balance Sheet - Controlled	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
<b>Assets</b>				
<b>Financial Assets</b>				
Cash and deposit <sup>1</sup>	573.1	293.4	279.7	95
Receivables	312.1	302.2	9.8	3
Other financial assets <sup>2</sup>	613.5	525.0	88.4	17
Investment accounted for using equity method	11.3	9.0	2.3	26
<b>Total financial assets</b>	<b>1,510.0</b>	<b>1,129.7</b>	<b>380.3</b>	<b>34</b>
<b>Non-financial assets</b>				
Inventories	21.0	21.7	(0.6)	(3)
Non-financial assets classified as held for sale including disposal group assets	8.3	0.8	7.5	938
Property, plant and equipment <sup>3</sup>	8,016.7	7,691.2	325.5	4
Biological assets	0.0	0.0	0.0	0
Intangible assets	42.3	44.8	(2.6)	(6)
Other <sup>4</sup>	9.8	104.1	(94.3)	(91)
<b>Total non-financial assets</b>	<b>8,098.2</b>	<b>7,862.6</b>	<b>235.6</b>	<b>3</b>
<b>Total assets</b>	<b>9,608.2</b>	<b>8,992.2</b>	<b>615.9</b>	<b>7</b>
<b>Liabilities</b>				
Payables <sup>5</sup>	(103.9)	(134.1)	30.2	(23)
Borrowings <sup>6</sup>	(34.3)	(12.6)	(21.7)	172
Provisions	(148.0)	(148.9)	0.9	(1)
<b>Total liabilities</b>	<b>(286.2)</b>	<b>(295.6)</b>	<b>9.4</b>	<b>(3)</b>
<b>Net assets</b>	<b>9,322.0</b>	<b>8,696.7</b>	<b>625.3</b>	<b>7</b>

Balance Sheet - Controlled	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
<b>Equity</b>				
Accumulated surplus/(deficit)	430.7	715.4	(284.7)	(40)
Reserves	6,372.1	5,654.0	718.1	13
Contributed capital	2,519.2	2,327.3	191.9	8
<b>Total equity</b>	<b>9,322.0</b>	<b>8,696.7</b>	<b>625.3</b>	<b>7</b>

Note:

1. The variance is primarily due to the Sustainability Fund (investment) now being reported by the department. The budget for this investment has been classified in Other financial assets.
2. Variance predominantly due to MoG changes relating to the Sustainability Trust Fund, and the transfer of the Growth Areas Public Transport Fund and the Building New Communities Fund from DEDJTR.
3. Increase due to the full revaluation of non-current physical assets which occurs every five years in accordance with the Financial Reporting Direction (FRD) 103F *Non-Current Physical Assets*.
4. Variance primarily represents the prepayment to GMW for Stage 2 of the Connections Project. The decline is due to less payments made to GMW in the 2015-16 financial year and GMW fully exhausting their prepayment during the year. Additional payments have not been made by the Commonwealth as they have not agreed to the reported milestones to date. This is supported by the variance reported in grant from the Commonwealth in the Operating Statement
5. The variance is due to a general reduction in trade creditors and accruals as a result of better historical analysis of accrued expenses and early payment of creditors.
6. The variance is primarily due to borrowings linked to VicFleet finance leases liabilities on motor vehicles.

Statement of Cash Flows - Controlled	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	1,117.0	1,177.0	(60.0)	(5)
Receipts from other entities <sup>1</sup>	451.9	638.1	(186.1)	(29)
Interest received <sup>2</sup>	33.4	21.6	11.8	55
Other receipts	5.9	11.8	(5.9)	(50)
<b>Total receipts</b>	<b>1,608.3</b>	<b>1,848.6</b>	<b>(240.3)</b>	<b>(13)</b>
<b>Payments</b>				
Payments of grants and other transfers	(685.9)	(741.7)	55.9	(8)
Payments to suppliers and employees <sup>3</sup>	(855.2)	(992.1)	137.0	(14)
Capital asset charge	(91.3)	(91.4)	0.0	0
Interest and other costs of finance paid	1.0	(1.0)	2.0	(200)
<b>Total payments</b>	<b>(1,631.4)</b>	<b>(1,826.2)</b>	<b>194.9</b>	<b>(11)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(23.1)</b>	<b>22.3</b>	<b>(45.5)</b>	<b>(204)</b>

Statement of Cash Flows - Controlled	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
<b>Cash flows from investing activities</b>				
Net investment <sup>2</sup>	(127.4)	(74.7)	(52.7)	71
Payment for non-financial assets	(59.7)	(60.8)	1.0	(2)
Proceeds from sale of non- financial assets	5.1	2.2	2.9	132
Net (purchase)/disposal of investments - policy purposes	(3.8)	0.0	(3.8)	–
<b>Net cash flows from/(used in) investing activities</b>	<b>(185.8)</b>	<b>(133.2)</b>	<b>(52.6)</b>	<b>39</b>
<b>Cash flows from financing activities</b>				
Owner contributions by Government	10.0	12.0	(1.9)	(16)
Repayment of finance leases	0.0	0.6	(0.6)	(100)
Net borrowings <sup>4</sup>	134.4	(14.0)	148.4	(1,060)
<b>Net cash flows from/(used in) financing activities</b>	<b>144.4</b>	<b>(1.4)</b>	<b>145.9</b>	<b>(10,421)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(64.5)</b>	<b>(112.3)</b>	<b>47.8</b>	<b>(43)</b>
Cash and cash equivalents at the beginning of the financial year	637.6	405.7	231.9	57
<b>Cash and cash equivalents at the end of the financial year</b>	<b>573.1</b>	<b>293.4</b>	<b>279.7</b>	<b>95</b>

The variances in this report reflect the variations explained in the departmental controlled comprehensive operating statement and balance sheet.

Note:

1. Variance is mainly due to less funding from the Commonwealth (via DTF) for GMW Connections Stage 2 project because of the delay in achieving milestones.
2. The increase is primarily due to additional funds from GMW Connections project, and the Sustainability Trust Fund that were invested with Treasury Corporation of Victoria.
3. Variance is attributable predominantly to the rephasing of GMW Connections project.
4. Variance primarily relates to Capital Assets Charge, and Trust Fund balances movement as a result of internal transfers.

Administered items statement	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
<b>Administered income</b>				
Appropriations - Payments made on behalf of the State	636.9	650.5	(13.6)	(2)
Fair value of assets and services received free of charge or for nominal consideration	21.8	0.0	21.8	-
Sale of goods and services <sup>1</sup>	488.8	417.1	71.7	17
Grants <sup>2</sup>	296.2	573.3	(277.0)	(48)
Interest	452.7	462.7	(10.0)	(2)
Other income	203.0	202.1	0.9	0
<b>Total administered income</b>	<b>2,099.6</b>	<b>2,305.7</b>	<b>(206.1)</b>	<b>(9)</b>
<b>Administered expenses</b>				
Expenses on behalf of the State <sup>3</sup>	197.1	121.6	75.6	62
Grants and other transfers <sup>2</sup>	293.1	560.7	(267.6)	(48)
Payments into the Consolidated Fund	1,144.0	1,108.1	35.9	3
Interest and Depreciation expense	4,63.0	4,62.9	0.1	0
<b>Total administered expenses</b>	<b>2,097.3</b>	<b>2,253.3</b>	<b>(156.0)</b>	<b>(7)</b>
<b>Income less expenses</b>	<b>2.3</b>	<b>52.4</b>	<b>(50.3)</b>	<b>(96)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets <sup>4</sup>	13.5	(1.2)	14.8	(1,233)
Net gain/(loss) on financial instruments and statutory receivables/payables	0.2	0.0	0.2	-
<b>Total other economic flows included in net result</b>	<b>13.7</b>	<b>(1.2)</b>	<b>15.0</b>	<b>(1,250)</b>
<b>Net result</b>	<b>16.1</b>	<b>51.2</b>	<b>(35.2)</b>	<b>(69)</b>
<b>Other economic flows - other comprehensive income</b>				
Asset revaluation reserve	0.0	0.0	0.0	0
Other	0.0	0.0	0.0	0
<b>Total other economic flows - other comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>
<b>Comprehensive result</b>	<b>16.1</b>	<b>51.2</b>	<b>(35.2)</b>	<b>(69)</b>
<b>Administered assets</b>				
Cash and deposits <sup>5</sup>	49.6	1.4	48.1	3,436
Receivables	43,43.9	4,254.0	89.9	2
Other financial assets	0.0	0.1	(0.1)	(100)



Administered items statement	2015-16 Actuals \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
Other	0.0	12.7	(12.7)	(100)
Property, plant and equipment	699.5	688.0	11.4	2
Intangible assets <sup>6</sup>	162.9	103.1	59.8	58
<b>Total administered assets</b>	<b>5,255.9</b>	<b>5,059.4</b>	<b>196.6</b>	<b>4</b>
<b>Administered liabilities</b>				
Payables <sup>7</sup>	(182.8)	(98.2)	(84.6)	86
Borrowings	(4,173.8)	(4,183.4)	9.6	0
<b>Total administered liabilities</b>	<b>(4,356.6)</b>	<b>(4,281.5)</b>	<b>(75.0)</b>	<b>2</b>
<b>Net assets</b>	<b>899.3</b>	<b>777.9</b>	<b>121.4</b>	<b>16</b>

Note:

1. Variance primarily due to increase in Land Title Office registration and Property Enquiry Service Fees as a result of increased activities in the property market.
2. Variance is predominantly due to lower grants received from DEDJTR for local government, as a significant portion of the 2015-16 funding was brought forward into late June 2015.
3. Predominantly relates to Land given free of charge to Level 1 Committee of Management which are having their statements audited for the first time by the Victorian Auditor General's Office (VAGO).
4. Predominantly relates to disposal of Land.
5. Relates to EPA's Trust Fund Inter Entity account with DTF.
6. Variance primarily relates to the State's share of Murray Darling Basin Authority - Living Murray Irrigation Water Entitlements.
7. Primarily due to EPA account payable to DELWP relating to the Landfill levy.

Statement of Changes in Equity - Controlled	2015-16 Actual \$ million	2015-16 Published budget \$ million	Variance \$ million	Variance %
Opening accumulated surplus/(deficit)	456.1	730.8	(274.7)	(38)
Net result	(25.4)	(15.5)	(9.9)	64
<b>Closing accumulated surplus/(deficit)</b>	<b>430.7</b>	<b>715.3</b>	<b>(284.6)</b>	<b>(40)</b>
Opening contributions by owners	2,225.3	2,333.2	(107.9)	(5)
Net transaction with owners in their capacity as owners	293.9	(5.9)	299.8	(5,082)
<b>Closing contribution by owners</b>	<b>2,519.2</b>	<b>2,327.3</b>	<b>191.9</b>	<b>8</b>
Opening physical asset revaluation reserve	5,743.2	5,654.0	89.2	2
Other reserve	628.9	0.0	628.9	-
Other comprehensive income	0.0	0.0	0.0	0
<b>Closing physical asset revaluation reserve</b>	<b>6,372.1</b>	<b>5,654.0</b>	<b>718.1</b>	<b>13</b>
<b>Total equity</b>	<b>9,322.1</b>	<b>8,696.6</b>	<b>625.5</b>	<b>7</b>

Refer to the notes in the Controlled Operating Statement and Balance Sheet for variance commentary

## Appendix 3: Capital projects

### Capital projects/asset investment programs

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

Information on the new and existing capital projects for Departments and the broader Victorian public sector is contained in the most recent Budget Paper No. 4 *State Capital Program* (BP4) which is available on the Department of Treasury and Finance's website.

During the year, the Department completed the following capital projects with a Total Estimated Investment of \$10 million or greater. The details related to these projects are reported below:

**Table 1: Capital projects completed during the financial year ended 30 June 2016**

Project Name	Original completion date	Latest approved completion date	Actual completion date	Original approved TEI* budget \$M	Latest approved TEI* budget \$M	Actual TEI cost \$M	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI Budget
Improved bushfire prevention, preparedness, response and recovery (statewide)	June 2014	June 2016	June 2016	38.606	40.603	40.603	0	N/A

\*Total estimated investment (TEI)

Note:

This project was included in last year's completed project list in the DELWP 2014-15 Annual Report, but was financially completed in 2015-16, and is therefore included again in the 2015-16 Annual Report.

## Appendix 4: Disclosure of grants and transfer payments

Effective Water Management and Supply - grant recipient	\$
Goulburn Broken Catchment Management Authority	23,830,748
North Central Catchment Management Authority	12,313,830
Goulburn-Murray Rural Water Corporation	11,684,680
Corangamite Catchment Management Authority	10,865,461
Mallee Catchment Management Authority	10,064,365
East Gippsland Catchment Management Authority	9,989,480
West Gippsland Catchment Management Authority	8,998,655
Victorian Environmental Water Holder	8,791,079
Glenelg-Hopkins Catchment Management Authority	7,768,095
Wimmera Catchment Management Authority	6,945,890
North East Catchment Management Authority	6,877,660
Port Phillip and Westernport Catchment Management Authority	3,648,840
Department of Justice	3,500,000
Melbourne Water	2,293,785
Department of Economic Development, Jobs, Transport And Resources	2,247,835
Central Highlands Region Water Authority	2,137,367
City of Greater Bendigo	2,034,258
South East Water Ltd	1,944,603
Vic Urban	1,600,000
Lower Murray Water	1,561,581
Yarra Valley Water Ltd	1,245,413
Coliban Water	1,141,756
Melton City Council	1,097,421
Grampians Wimmera Mallee Water Corporation	983,083
Environment Protection Authority	905,000
City of Boroondara	875,000
Baw Baw Shire Council	854,884
Murray-Darling Basin Authority	740,000
City West Water Ltd	653,982
Darebin City Council	650,000
Lend Lease Communities (Australia) Ltd	623,887
Manningham City Council	400,000
Bureau of Meteorology	397,455
City of Greater Geelong	395,000

Effective Water Management and Supply - grant recipient	\$
Carranballac P-9 College	390,300
Murray Lower Darling Rivers Indigenous Nations	307,856
City of Kingston	300,000
Falls Creek Alpine Resort Management Board	300,000
Goulburn-Murray Water Connections Project	300,000
Ewater Ltd	294,316
Surf Coast Shire	283,649
Rural City of Wangaratta	272,800
Barwon Region Water Authority	269,360
Monash City Council	226,684
Western Water	218,181
Southern Rural Water	218,109
Nufarm Australia Ltd	213,636
Goulburn Valley Water Authority	200,736
Victorian State Emergency Service	180,289
Knox City Council	180,000
North East Region Water Corporation	176,609
Wannon Water	171,127
Colac Otway Shire Council	157,402
City of Ballarat	150,000
Pinarc Disability Support	145,400
City of Wodonga	136,161
Merri Creek Management Committee Inc	121,135
Stockland Development Pty Ltd	115,003
Southern Metropolitan Cemeteries Trust	110,000
City of Melbourne	100,000
Moiria Shire Council	100,000
IIG Property Management Pty Ltd	99,651
Gippsland Water	99,091
Department of the Environment	97,616
Port Phillip Ecocentre Inc	97,495
Carlton Neighbourhood Learning Centre Inc	80,514
Maresi Corporations Pty Ltd	79,965
Water Technology Pty Ltd	75,000

Effective Water Management and Supply - grant recipient	\$
Heytesbury District Landcare Network	73,920
South Gippsland Water Authority	68,075
Yorta Yorta Nation Aboriginal Corporation	60,000
East Gippsland Water	59,048
Violet Town Bush Nursing Centre	56,900
Department of Agriculture Fisheries and Forestry - Australia	52,718
Body Corporate Plan 9774	50,192
Stonnington City Council	50,000
Westernport Water	48,476
Parks Victoria	46,000
West Wyck Pty Ltd	45,000
Shire of Campaspe	44,000
Cape Paterson Ecovillage Pty Ltd	40,886
Nature Glenelg Trust	37,000
Hepburn Springs Golf Club Inc	36,000
City of Whittlesea	34,384
Casey Grammar School	34,000
The University of Melbourne	30,000
Victorian Water Industry Association	30,000
Horsham Rural City Council	27,318
University of New South Wales	25,000
Whitehorse City Council	25,000
Indigo Shire Council	22,050
RMIT University	20,000
Victorian Association for Environmental Education	20,000
Birdlife Australia	17,500
Warrnambool City Council	15,994
Ceres - Centre For Education and Research In Environmental Strategies	12,000
Cesar Consultants Pty Ltd	11,000
Australian Flat Oyster Company Pty Ltd	8,861
Nillumbik Shire Council	8,000
Coimadai Avenue of Honour Restoration Association Inc	6,602
Return of unspent grant funding	(130,119)
<b>Total</b>	<b>157,314,983</b>

Management of Forests, Parks and Public Land - grant recipient	\$
Parks Victoria	155,961,688
Zoological Parks and Gardens Board	20,370,353
Royal Botanic Gardens Victoria	15,942,218
Mt Baw Baw Alpine Resort	3,258,338
The University of Melbourne	2,239,027
Lake Mountain Alpine Resort Management Board	1,148,478
Gunaikurnai Land and Waters Aboriginal Corporation	1,055,721
Shrine of Remembrance	939,000
Department of Economic Development, Jobs, Transport and Resources	895,375
Gunaikurnai Traditional Owner Land Management Board	845,000
Mt Baw Baw Resort Management Board	717,459
Dhelkunya Dja Land Management Board	614,567
Yorta Yorta Nation Aboriginal Corporation	520,143
Great Ocean Road Coast Committee of Management	306,879
Tawonga Caravan Park Committee of Management Inc	300,000
Macedon Ranges Shire Council	408,390
Four Wheel Drive Victoria	250,000
National Trust of Australia (Vic)	241,779
City of Greater Geelong	331,702
Barwon Coast Committee of Management	219,935
City of Kingston	173,073
Kingston City Council	164,851
Glenelg Shire Council	160,000
City of Port Phillip	154,182
Surf Coast Shire	150,000
Victorian Plantation Corporation	150,000
Bayside City Council	144,972
Native Title Services Victoria Ltd	141,834
Barengi Gadjin Land Council	133,082
Frankston City Council	122,166
Falls Creek Alpine Resort Management Board	120,000
Hobsons Bay City Council	116,280
Mornington Peninsula Shire Council	101,400
Dja Dja Wurrung Enterprises Pty Ltd	101,350
Ridley Moolap Land Development Corp Pty Ltd	100,000

Management of Forests, Parks and Public Land - grant recipient	\$
Department of Premier and Cabinet	83,750
Port Franklin Public Purposes and Foreshore Committee	80,000
Bellarine Bayside Foreshore Committee of Management Inc	61,111
East Gippsland Shire Council	60,541
Hepburn Shire Council	59,000
Phillip Island Nature Park Board of Management	58,751
Walwa Tourist Park Inc Committee of Management	58,000
Moorabool Shire Council	50,000
Bass Coast Shire Council	48,956
Victorian National Parks Association	42,350
Corinella Foreshore Reserve Inc	35,000
Parklands Albury Wodonga	33,675
Moyne Shire Council	30,000
Kavanagh Excavation and Plumbing Pty Ltd	27,500
Department of Treasury and Finance	26,712
Blackwood Crown Reserves Committee of Management	24,656
Otway Coast Committee	24,466
Federation Heritage Services Pty Ltd	22,727
Langkoop Hall and Recreation Reserve Committee of Management	20,000
Mt Hotham Alpine Resort Management Board	20,000
Whitecliffs - Camerons Bight Foreshore Reserves Committee of Management	19,551
Balnarring Foreshore Parks and Reserves	18,337
Birdlife Australia	14,977
Harmers Haven Residents and Ratepayers Group	14,460
Corack Mechanics Institute Reserve Committee of Management	14,048
Great Southern Rail Trail (Leongatha-Yarram Rail Committee of Management)	13,160
Borough of Queenscliffe	12,722
Gippsland Plains Rail Trail Committee of Management	12,000
Warrnambool City Council	11,762
Castlemaine Pioneers and Old Residents Association Inc	11,500
Cowwarr Public Hall Reserve	11,000
Glenmaggie Mechanics Institute	11,000
East Gippsland Rail Trail Committee of Management	10,000
Princetown Recreation Reserve Committee	10,000
Wellington Shire Council	10,000
Wyeboon Recreation Reserve	9,655



Management of Forests, Parks and Public Land - grant recipient	\$
Corryong Recreation Reserve Inc	9,298
Romsey Mechanics Institute	9,000
Jessica Pocklington	9,000
Alpine Shire Council	8,000
Natte Yallock Recreation Reserve Inc	8,000
Tanjil South Recreation Reserve Committee Inc	8,000
Wyndham City Council	7,826
Angair Inc	7,500
Torquay Coast Action Group	7,500
Friends of Beware Reef Inc	7,496
Friends of Flinders Coastline Inc	7,450
Sarsfield Recreation Reserve Committee of Management Inc	7,434
Ventnor Coast Care Association Inc	7,429
Nature Glenelg Trust	7,348
Badger Creek Hall Committee of Management	7,240
Nyah District Memorial Hall Committee of Management	7,155
Bellarine Catchment Network Inc	7,087
Gippsland Plains Conservation Management Network	7,039
Emu Plains Racecourse and Recreation Reserve Committee of Management	6,950
Sandy Point Foreshore Committee of Management	6,600
Dromana Foreshore Committee of Management Inc	6,505
Murphy's Salvage and Demolition	6,500
Balcombe Estuary Rehabilitation Group Inc	6,313
Victorian Wader Study Group	6,295
Australian Marine Mammal Conservation Foundation	5,998
Southern Otway Landcare Network Inc	5,597
Chiltern Racecourse Recreation Reserve Committee of Management	5,578
Tag For Life	5,520
Dooen Public Hall Management Committee	5,500
Daylesford Museum Reserve Committee of Management	5,400
Merricks Beach Foreshore Committee of Management	5,012
Friends of Venus Bay Peninsula	5,000
Other < \$5,000	109,705
Return of unspent grant funding	(73,595)
<b>Total</b>	<b>209,929,290</b>

Environmental Programs - grant recipient	\$
Parks Victoria	2,017,203
Mount Rothwell Biodiversity Pty Ltd	1,140,429
Trust For Nature Victoria	1,104,451
Wimmera Catchment Management Authority	911,000
Glenelg-Hopkins Catchment Management Authority	804,000
Vicforests	658,662
North Central Catchment Management Authority	619,851
Mallee Catchment Management Authority	603,273
Nargundy Pty Ltd	555,210
North East Catchment Management Authority	532,000
The University of Melbourne	486,744
Goulburn Broken Catchment Management Authority	467,924
Port Phillip and Westernport Catchment Management Authority	456,000
Greenhouse Balanced	455,586
Corangamite Catchment Management Authority	356,000
West Gippsland Catchment Management Authority	336,000
East Gippsland Catchment Management Authority	315,000
VFF Farm Tree and Landcare Association Inc	309,000
Corrections Victoria	250,000
Shire of Yarra Ranges	241,950
Glen Goulburn	230,559
Grand Ridge Plantations Pty Ltd	210,744
Dunkeld Pastoral Co Pty Ltd	201,475
Landcare Australia Ltd	200,000
Nillumbik Shire Council	190,267
Yarram Yarram Landcare Network	165,000
Tania Kirby	163,097
Cardinia Shire Council	150,000
Royal Botanic Gardens Victoria	147,572
Latrobe Catchment Landcare Network	145,000
South Gippsland Landcare Network Inc	145,000
Moogji Aboriginal Council	128,000
Connecting Country (Mt Alexander Region) Inc	125,000
Lismore Land Protection Group	125,000
La Trobe University	105,498
Nature Glenelg Trust	104,000
Southern Otway Landcare Network Inc	91,614

Environmental Programs - grant recipient	\$
LM Buckley and PR Buckley	89,287
Euroa Environment Group Inc	85,000
Yarrowee Leigh Catchment Group Inc	76,461
Grant Flynn	72,791
Bass Coast Landcare Network Inc	70,000
Hindmarsh Landcare Network	70,000
Southern Ranges Environment Alliance	70,000
Upper Goulburn Landcare Network	70,000
Millewa Carwarp Landcare Group Inc	66,500
Zoological Parks and Gardens Board	65,905
Rainbow and District Landcare Group	63,980
Syer Stephen and Woodward Elisabeth	60,811
Heytesbury District Landcare Network	60,490
Upper Loddon and Avoca Landcare Network	59,220
Hughes Creek Catchment Collaborative	57,850
Vegetation Link Pty Ltd	56,500
David and Ruth Marnie	55,816
Wodonga Urban Landcare Network	55,375
Cesar Consultants Pty Ltd	55,000
Fechner BA and SJ	53,728
Nullawil Landcare Group	52,640
Jeroen and Margaret Van Veen	51,418
Australian Marine Mammal Conservation Foundation	50,400
Barongarook Landcare Group	50,000
Bellarine Landcare Group Inc	50,000
Blampied-Kooroocheang Landcare Group	50,000
East Gippsland Landcare Network Inc	50,000
Far East Victoria Landcare Inc	50,000
Geelong Landcare Network	50,000
Glenaladale Landcare Group	50,000
Goulburn Murray Landcare Network Inc	50,000
H11 - H12 Community Action Group	50,000
Hamilton to Coleraine Railway Line Landcare Group	50,000
Kiewa Catchment Landcare Group Inc	50,000
Kowree Farm Tree Group Inc	50,000
Laharum Landcare Group	50,000

<b>Environmental Programs - grant recipient</b>	<b>\$</b>
Loddon Plains Landcare Network	50,000
Maffra and Districts Landcare Network	50,000
Manangatang Landcare Group	50,000
Merton Landcare Inc	50,000
Mid Ovens Landcare Consortium	50,000
Mitta Valley Landcare Group Inc	50,000
Moorabool Landcare Network	50,000
Murrayville Landcare Group	50,000
Ovens Landcare Network	50,000
Southwest Goulburn Landcare Inc	50,000
Strathewen Landcare Group	50,000
Surf Coast and Inland Plains Network	50,000
Tarragal Landcare Group	50,000
Tom's Creek Landcare Group Inc	50,000
Up2Us Landcare Alliance	50,000
Upper Campaspe Combined Landcare Groups	50,000
Upper Mt Emu Creek Landcare Network	50,000
Western Port Catchment Landcare Network	50,000
Yarra Ranges Landcare Network	50,000
Yarrilinks Inc	50,000
Bellarine Bayside Foreshore Committee of Management Inc	49,946
Upper Deep Creek Landcare Network	49,900
Upper Murray Landcare Network	49,888
Morison Alden Superannuation Pty Ltd	49,815
Basalt To Bay Landcare Network	49,764
Pannyabyr Landcare Group	49,545
Kara Kara Conservation Management Network Inc	48,086
Mornington Peninsula Landcare Network	47,800
Lancefield Primary School	46,850
Buloke and Northern Grampians Landcare Network	45,562
Western Melbourne Catchments Network Inc	45,000
Snowy River Interstate Landcare Committee	44,940
Avon Landcare Group	44,495
Kaniva District Landcare	42,350
Wedderburn Conservation Management Network	42,015
Woody Yaloak Catchment Group	41,470

Environmental Programs - grant recipient	\$
Christiane Jaeger	41,088
Upper Hopkins Land Management Group	39,737
Wandobah Pastoral	39,565
Michelle Eustice	38,919
Richard Sealock	37,500
James Patrick Fowler	36,477
Greening Australia - Victoria	36,000
Environment Protection Authority	35,000
Willera Ag Pty Ltd	31,924
Cairnlea Conservation Reserves Committee of Management	30,150
Wyndham City Council	30,000
Mid Loddon Sub-Catchment Management Group	28,036
Melbourne Water	26,700
Hume City Council	26,300
Coomboona Dairies Prop Co 1 Pty Ltd	25,873
Ballarat Environment Network Inc	25,140
Broken Catchment Landcare Network	25,000
Gecko Clan Inc	25,000
Perri Joseph	24,914
Phillip Island Nature Park Board of Management	23,800
DJ Baker-Gabb and JC Fitzherbert	23,700
G and J Wallis	22,450
Birdlife Australia	22,000
Winton Wetlands Committee of Management Inc	21,800
AJ and KJ Rowe Pty Ltd	20,491
3 Creeks Landcare Network Inc	20,000
Bass Valley Landcare Group Inc	20,000
Fungimap Inc	20,000
Greta Valley Landcare Group	20,000
Moorabool Catchment Landcare Group	20,000
Mt Rothwell Landcare Volunteers Inc	20,000
Parklands Albury Wodonga	20,000
Phillip Island Landcare Group	20,000
Powlett Project	20,000
Northern Plains Conservation Management Network Inc	19,991
Dja Dja Wurrung Clans Aboriginal Corporation	19,900

Environmental Programs - grant recipient	\$
Friends of Sassafras Creek Inc	19,900
Friends of Merri Creek Inc	19,890
Longwood Plains Conservation Management Network Inc	19,725
Cardinia Catchment Landcare Inc	19,500
Honeysuckle Recreation Environment Project	19,156
East Gippsland Rainsforest Conservation Management Network	19,000
Kinglake Ranges Neighbourhood House Inc	19,000
Vicsuper Ecosystems Services Pty Ltd	18,490
Gippsland Plains Conservation Management Network	18,000
Mandurang Strathfieldsaye Landcare Network	17,900
Birchip Landcare Group	17,600
Strathbogie Ranges Conservation Management Network Inc	17,000
Koetong Landcare Group	16,740
JA Michelson and RJ Michelson	16,000
David K Hung	15,919
Campaspe River and Land Management	15,779
Harvey Spring Creek	15,691
Making A Difference (MAD) For The Merri Inc	15,672
Wildlife Victoria	15,000
South Beach Wetlands and Landcare	14,440
Bland Dairies	14,300
Stephen Watson	14,024
Sharp Transport	13,968
Cardinia Environment Coalition Inc	13,860
Milawa Markwood Oxley Landcare Group	13,500
Geoscience Australia	12,798
Wooragee Landcare Group	12,700
Pinkerton Landcare and Environment Group Inc	12,220
Friends of the Earth Fitzroy	12,100
Kilmore Mechanics Institute and Free Library Inc	11,660
Active Seeds	11,608
Trentham Reserves Committee of Management	11,200
Deakin University	10,909
Latrobe University	10,909
GJ Mcnaughton Pastoral Co	10,468
Friends of the Brisbane Ranges Inc	10,000

<b>Environmental Programs - grant recipient</b>	<b>\$</b>
Geelong Performing Arts Centre	10,000
Sussex Heights Primary School	10,000
Yarragon Primary School	10,000
Euroa Arboretum Inc	9,988
Friends of Kevin Hoffman Walk Inc	9,976
Bethanga Recreation Reserve Committee of Management	9,964
Friends of Willow Park	9,852
Julie Caddy	9,572
Friends of the Terrick Terrick National Park Inc	9,480
Hamilton-Coleraine Railway Line Committee	9,445
Flynn Peter J and Brenda V	9,374
Dunmoochin Landcare Group Incorporated	8,642
St Arnaud Field Naturalists	8,500
Gonzaga Reserve Committee of Management	8,400
King and Shiau Pty Ltd	7,907
Sharkey Farming Trust	7,500
Museum of Victoria	7,150
Lancefield Park Recreation Reserves Inc	7,060
Apex Club of Bairnsdale Inc	7,000
Somerville Secondary College	6,886
Great Western Recreation Reserve Committee of Management Inc	6,847
The Scout Association of Australia Victorian Branch	6,566
Mt Worth and District Landcare Group Inc	6,220
Merricks Beach Foreshore Committee of Management	6,059
Frayne College	5,867
Yarram Recreation Reserve Inc	5,818
Robert Swinburn	5,727
Culmination Superfund	5,438
Warrenbayne Boho Land Protection Group Inc	5,366
University of Western Sydney	5,000
Victorian Landcare Council Inc	5,000
Victorian Wildlife Council Inc	5,000
Woodleigh School	5,000
Other < \$5,000	247,774
Return of unspent grant funding	(12,107)
<b>Total</b>	<b>21,105,056</b>



Local Government - grant recipient	\$
Melton City Council	6,743,809
Nillumbik Shire Council	6,368,354
City of Whittlesea	6,312,989
City of Casey	5,970,647
Cardinia Shire Council	5,611,801
Mornington Peninsula Shire Council	5,576,146
Wyndham City Council	5,424,654
Hume City Council	4,870,722
Mitchell Shire Council	3,947,703
Shire of Yarra Ranges	3,327,824
Eastern Regional Libraries Corporation	2,618,183
Yarra Plenty Regional Library Service	2,371,302
Casey Cardinia Library Corporation	2,294,874
Geelong Regional Library Service	1,966,473
Latrobe City Council	1,827,159
Whitehorse Manningham Regional Library Corporation	1,767,441
Vision Australia Ltd	1,651,349
Brimbank City Council	1,458,735
City of Ballarat	1,357,956
North Central Goldfields Regional Library Corporation	1,298,104
Monash City Council	1,141,110
City of Boroondara	1,060,976
Moreland City Council	1,041,930
City of Greater Dandenong	1,007,204
City of Kingston	994,385
Darebin City Council	932,009
Frankston City Council	910,392
Melton Shire Council	910,135
Glen Eira City Council	898,821
City of Greater Geelong	889,953
Caroline Chisholm Society	855,000
West Gippsland Regional Library Corporation	821,181
Goulburn Valley Regional Library Corporation	804,985
Hepburn Shire Council	801,088
Corangamite Regional Library Corporation	772,027

Local Government - grant recipient	\$
City of Melbourne	763,366
Moonee Valley City Council	745,835
Mildura Rural City Council	743,568
Hobsons Bay City Council	694,792
Stonnington City Council	669,431
City of Port Phillip	667,905
Wimmera Regional Library Service	652,251
Bayside City Council	637,724
High Country Library Corporation	635,713
Monash Health	600,000
Wellington Shire Council	567,437
City of Yarra	551,210
City of Maribyrnong	543,159
East Gippsland Shire Council	516,127
Colac Otway Shire Council	437,162
Gannawarra Shire Council	426,313
Glenelg Shire Council	424,330
Central Goldfields Shire Council	403,192
Murrindindi Shire Council	378,503
Horsham Rural City Council	357,880
Southern Grampians Shire Council	344,700
Yarra City Council	325,704
Yarriambiack Shire Council	310,000
Northern Grampians Shire Council	305,000
Public Libraries Victoria Network Inc	295,879
City of Wodonga	295,132
Indigo Shire Council	284,643
Moorabool Shire Council	281,344
Shire of Campaspe	276,550
Swan Hill Rural City Council	273,104
Surf Coast Shire	263,314
Manningham City Council	240,000
Golden Plains Shire Council	236,222
Buloke Shire Council	220,638
Macedon Ranges Shire Council	214,298
Towong Shire Council	198,939

Local Government - grant recipient	\$
Ararat Rural City Council	188,513
Greater Shepparton City Council	174,345
Pyrenees Shire Council	163,766
Mt Alexander Shire Council	151,343
The Scout Association of Australia Victorian Branch	147,000
Strathbogie Shire Council	143,378
Loddon Shire Council	125,000
Hindmarsh Shire Council	123,970
Moyne Shire Council	123,347
West Wimmera Shire Council	116,595
City of Greater Bendigo	115,521
Maroondah City Council	110,700
Benalla Rural City Council	107,854
Bass Coast Shire Council	106,412
South Gippsland Shire Council	105,935
Corangamite Shire Council	105,690
Baw Baw Shire Council	102,868
Campaspe Shire Council	84,120
Moira Shire Council	75,000
Warrnambool City Council	66,579
Mount Alexander Shire Council	60,000
Mansfield Shire Council	55,758
Alpine Shire Council	49,705
Rural City of Wangaratta	45,304
Australian Local Government Women's Association Inc Victorian Branch	20,000
Other < \$5,000	110
<b>Total</b>	<b>105,057,600</b>

Environmental Policy - grant recipient	\$
Sustainability Victoria	6,353,858
Environment Protection Authority	5,965,983
Commissioner for Environmental Sustainability	1,114,608
National Association of Charitable Recycling Organisations Inc	1,050,000
Parks Victoria	525,084
Gippsland Waste and Resource Recovery Group	483,333
Barwon South West Waste and Resource Recovery Group	383,333

<b>Environmental Policy - grant recipient</b>	<b>\$</b>
Goulburn Valley Waste and Resource Recovery Group	383,333
Grampians Central West Waste and Resource Recovery Group	383,333
Loddon Mallee Waste and Resource Recovery Group	383,333
North East Waste and Resource Recovery Group	383,333
Goulburn Broken Catchment Management Authority	222,015
Melbourne Water	181,818
East Gippsland Landcare Network Inc	149,500
Rural City of Wangaratta	145,000
City of Greater Geelong	130,000
Conservation Volunteers Australia	128,972
Indigo Shire Council	115,000
Wurundjeri Tribe Land Compensation and Cultural Heritage Council Inc	114,050
East Gippsland Shire Council	111,000
Wildlife Victoria	105,000
Friends of Merri Creek Inc	93,970
Moirra Shire Council	80,000
Trust For Nature Victoria	77,040
Yarram Yarram Landcare Network	75,000
Nillumbik Shire Council	74,760
VFF Farm Tree and Landcare Association Inc	74,150
Manton and Stony Creeks Landcare Group	73,925
Longwood Plains Conservation Management Network Inc	70,194
City of Casey	60,000
City of Port Phillip	50,000
Firestarter Pty Ltd	50,000
Mornington Peninsula Shire Council	50,000
Honeysuckle Recreation Environment Project	46,273
Alpine Shire Council	45,000
Laharum Landcare Group	41,000
Loddon Shire Council	40,000
Mount Elephant Community Management	34,695
Ballarat Environment Network Inc	33,804
Department of the Environment	31,072
Merri Creek Management Committee Inc	30,056
Central Goldfields Shire Council	30,000
Horsham Rural City Council	30,000

<b>Environmental Policy - grant recipient</b>	<b>\$</b>
Upper Campaspe Combined Landcare Groups	28,900
South Gippsland Shire Council	26,900
Newham and District Landcare Group	26,500
Hepburn Shire Council	25,000
Moorabool Shire Council	25,000
Upper Barwon Landcare Network Inc	25,000
West Wimmera Shire Council	25,000
Friends of Leadbeaters Possum Inc	22,052
Kiewa Catchment Landcare Group Inc	21,883
Yarrowee Leigh Catchment Group Inc	21,299
Corangamite Shire Council	20,000
Darebin City Council	20,000
Geoscience Australia	18,400
Southern Grampians Shire Council	17,760
Brimbank City Council	16,000
Australian Marine Mammal Conservation Foundation	13,200
The University of Melbourne	12,823
Golden Plains Shire Council	10,000
Habitat Restoration Fund	10,000
Flinders Christian Community College Inc	9,950
Port Campbell Public Purpose Reserve	9,850
Longwood East Landcare Group Inc	5,994
Lismore Land Protection Group	5,480
Nicholson River Landcare Group	5,300
Burke Road Billabong Committee of Management Inc	5,250
City of Wodonga	5,000
Colac Otway Shire Council	5,000
Maroondah City Council	5,000
Mildura Rural City Council	5,000
Moyne Shire Council	5,000
Northern Grampians Shire Council	5,000
Other < \$5,000	54,163
Return of unspent grant funding	(14,687)
<b>Total</b>	<b>20,499,841</b>

<b>Planning, Building and Heritage - grant recipient</b>	<b>\$</b>
Metropolitan Planning Authority	14,900,000
Municipal Association of Victoria	966,000
Heritage Council Victoria	500,000
CRC For Spatial Information	100,000
Perspective Planning Consultants Pty Ltd	45,000
Macroplan Holdings Pty Ltd	32,058
Brayd Consulting	14,725
Fisher Planning Pty Ltd	9,600
Perceval Pty Ltd	8,988
Meinhardt Infrastructure and Environment Pty Ltd	6,534
Other < \$5,000	171,120
<b>Total</b>	<b>16,754,025</b>

<b>Land Victoria - grant recipient</b>	<b>\$</b>
Towong Shire Council	1,000
<b>Total</b>	<b>1,000</b>

<b>Statutory Activities and Environmental Protection - grant recipient</b>	<b>\$</b>
Environment Protection Authority	44,100,195
Sustainability Victoria	22,834,328
Metropolitan Waste and Resource Recovery Group	5,179,372
Grampians Central West Waste and Resource Recovery Group	898,868
Loddon Mallee Waste and Resource Recovery Group	850,364
Barwon South West Waste and Resource Recovery Group	837,128
Goulburn Valley Waste and Resource Recovery Group	581,512
North East Waste and Resource Recovery Group	576,240
Gippsland Waste and Resource Recovery Group	560,672
<b>Total</b>	<b>76,418,679</b>

<b>Fire and Emergency Management - grant recipient</b>	<b>\$</b>
Parks Victoria	24,182,912
Otway Coast Committee	638,000
Department of Justice	620,229
The University of Melbourne	457,500
Department of Economic Development, Jobs, Transport and Resources	200,000
Bureau of Meteorology	159,829

<b>Fire and Emergency Management - grant recipient</b>	<b>\$</b>
Environment Protection Authority	145,659
NSW Rural Fire Service	75,000
Southern Otway Landcare Network Inc	30,000
Lancefield Mechanics Institute Committee of Management	15,000
<b>Total</b>	<b>26,524,129</b>
<b>GRAND TOTAL</b>	<b>633,604,602</b>



## Appendix 5: Environmental contributions

Legislation was passed in September 2004 requiring water authorities to make an environmental contribution to fund initiatives that promote the sustainable management of water or address adverse water-related environmental impacts, equivalent to 5 per cent of urban authorities' revenues and 2 per cent of rural water authorities' revenues. Section 195 of the *Water Industry Act 1994* requires the department to report on the details of expenditure funded by environmental contributions by water supply authorities in its annual report.

In June 2012 the former Victorian Government established a third tranche of the environmental contribution (EC3). The four-year tranche, which ceased on 30 June 2016, has generated \$405.3 million to fund initiatives consistent with the purposes set out in legislation.

The table below (Table 1) displays expenditure across each year of the tranche, with 2015-16 project expenditure bringing the total EC3 expenditure as at 30 June 2016 to \$327.9 million.

The remaining funds collected through EC3 have now been committed to projects to be delivered from 2016-17 to 2018-19. This includes new projects announced in the 2016-17 state budget as well as the completion of existing projects. The annual expenditure of these projects will be reported in future annual reports.

<b>Table 1: EC3 Current and Projected Expenditure</b>	<b>\$'000</b>
2012-13 expenditure	29,625.7
2013-14 expenditure	68,676.7
2014-15 expenditure*	99,827.5
2015-16 expenditure	129,806.1
<b>Total EC3 Expenditure as at 30 June 2016</b>	<b>327,936.0</b>
Funding committed to projects from 2016-17 to 2018-19	77,630.0
<b>Total Projected EC3 Expenditure</b>	<b>405,566.0</b>

Note:

Due to a printing error, the 2014-15 DELWP annual report appendix on EC expenditure omitted reference to project expenditure of \$16.7 million (Murray Darling Basin Authority initiative), thereby under reporting total 2014-15 expenditure by this amount. The table above displays the corrected amount.

The table below (Table 2) displays all project expenditure funded by environmental contributions in 2015-16.

Program Title	2015-16 Expenditure \$'000
<b>Output</b>	
Living Melbourne, Living Victoria	3,410.44
Breathing life back into the Yarrowee River	200.00
Securing Priority Waterways: Regional on-ground works	17,984.89
Management of environmental entitlements and on-ground delivery	12,760.43
Surface water monitoring and data management	2,786.30
Groundwater monitoring of the State Observation Bore Network	2,346.60
Improving modelling for water resource management and transitioning to the National Hydrologic Platform	1,805.07
Demonstrating waterway health outcomes	2,048.20
Maintaining capability in groundwater management	1,392.37
Managing risks to water availability	1,087.34
Water user entitlement refinement and market development	1,023.08
Enhancing the Victorian Water Register	1,121.76
Integrated water analysis and reporting	481.99
Simplifying the Bulk Water Entitlements Framework	452.85
Water Law Review	213.34
Coordination of Murray-Darling Basin Plan activities within the department	920.53
Linking Farms and Catchments to Modernisation II (Whole Farm Planning in the GMID)	514.69
Improved integrity in water savings assessment and management	176.32
GMW Connections project management - ensuring governance and accountability	1,034.96
Flood resilient communities and catchments	284.80
Basin Plan modelling	867.62
Living Victoria	7,289.07
Macalister Irrigation District 2030	180.52
Catchment Management Authority water statutory costs	6,799.00
Sustainable Irrigated Agriculture Program	4,428.86
Implementing environmental water charges	123.00
Implementing the Government's commitment to flood inquiries	5,113.43
Sustainable Water Management - Investment in irrigation	3,854.52
Sustainable Water Management - Healthy waterways	7,004.72

<b>Program Title</b>	<b>2015-16 Expenditure \$'000</b>
Sustainable Water Management - Gippsland Lakes	2,500.00
Sustainable Water Management - Riparian land	8,780.44
Climate Change Action Package	4,045.03
Managing groundwater risks from Bendigo mines	5,881.19
Rural water management	96.10
Yarra River protection	484.79
<b>Total projected output funding</b>	<b>109,494.2</b>
<b>Asset</b>	
Climate Change Action Package - Capital	1,405.50
Macalister Irrigation District 2030	5,507.00
Groundwater bores	1,599.41
<b>Total projected asset funding</b>	<b>8,511.9</b>
<b>Payment on Behalf of the State</b>	
Murray Darling Basin Authority	11,800.00
<b>Total projected payment on behalf of the state</b>	<b>11,800.0</b>
<b>Total Environmental Contribution</b>	<b>129,806.1</b>

## Appendix 6: Ministerial Statements of Expectations

Ministerial Statements of Expectations (SOEs) aim to improve regulatory governance and performance. The statements articulate the Government's priorities and objectives for regulators. Regulators report annually on actions to fulfil these expectations.

The development of each statement is a collaborative effort. Consultation takes place with each regulator to ensure the statements are fit for purpose and take into account the regulator's circumstances, including objectives, legislative basis, size of organisation, and current practices and processes.

### Departmental regulators

In relation to SOEs, DELWP has two broad areas of regulatory responsibility – Planning; and Environment and Climate Change. Regulatory powers and functions are allocated to the Minister for Planning, the Minister for Energy, Environment and Climate Change; and the Secretary of DELWP, and in many cases these powers are delegated.

### Machinery of Government impacts

On 23 May 2016, the Victorian Government announced changes to some ministerial portfolios. Minister Neville retained the Water portfolio, while also assuming responsibility as Minister for Police. Minister D'Ambrosio took on the new portfolio of Energy, Environment and Climate Change, with a focus on renewable energy, energy efficiency and combatting the effects of climate change. Minister D'Ambrosio also became Minister for Suburban Development. These changes resulted in the transfer of the Energy portfolio from DEDJTR to DELWP, commencing from 1 July 2016.

Progress for each commitment and the associated improvement strategies are presented below.

### Environment and Climate Change

In March 2015, the Premier of Victoria wrote a charter letter to the then Minister for Environment, Climate Change and Water outlining the Government's election commitments (EC) and priority initiatives (P) for the Minister's portfolio. A progress report summarising the key achievements for each initiative over the 2015-16 financial year is below.

#### 2015-16 progress

SOE performance measures	Progress	Status
(EC) Review the <i>Flora and Fauna Guarantee Act 1988</i> , including a broader assessment of threatened species management	Public consultation on the draft biodiversity plan was held from 17 March to 15 May 2016 and produced more than 250 submissions from individuals and organisations. DELWP is finalising analysis of the consultation feedback, which will inform the content and timeframes of the final plan. A public discussion paper on the Act review and possible reforms are in preparation, the review is being informed by consultations with 29 stakeholder groups. Further scheduling for possible parliamentary reforms will be finalised in the coming months. The 2016-17 State Budget allocated \$54 million in funding over 4 years for biodiversity conservation actions. These deliver on-ground actions that align with the direction of the draft plan. This election commitment is scheduled to be completed in 2017.	In Progress

SOE performance measures	Progress	Status
(EC) Establish a terms of reference for a public inquiry into the Environment Protection Authority to ensure it strikes the right balance between environment regulation, economic development, and public health and safety	The Ministerial Advisory Committee provided its report, <i>Independent Inquiry into the Environment Protection Authority</i> , to Minister Neville on 31 March 2016. The report was made public on 16 May 2016. The government response to the inquiry's recommendations is currently being prepared and is expected to be released publicly later in 2016.	In Progress
(EC) Refocus Sustainability Victoria to support communities to take practical actions on climate change, including energy, waste and water efficiency	Sustainability Victoria's (SV) Strategic Plan, <i>Towards SV2020</i> was released on 2 March 2016 and is the mechanism to refocus the role of SV to assist the Victorian community with responding to climate change. In early 2016 SV delivered a series of community conversations across Victoria. SV is leading the delivery of a voluntary climate pledge program across local government, business and the community. This is part of the TAKE2 pledge program announced by government on 9 June 2016. SV received \$1.75m in funding to continue the Resource Smart Schools initiative in 2016-17.	In Progress
(EC) Examine a carbon emission reduction target as part of a new climate change policy approach that recognises the State's role in adaptation and mitigation	An emissions reduction target of net zero carbon emissions by 2050 was announced on 9 June 2016, alongside a whole of Victorian pledging program to allow all members of Victoria to contribute to this goal (including state government, local government, community and businesses). External recruitment to the pledging process is being led by SV, who organised the TAKE2 Climate Change Pledge Action Day. Internal state government pledges are currently being worked through with departments, led through the Climate Change division. Outcomes of the pledging process will be collated as part of the Climate Change Framework which will be released at the end of 2016 and provide a long term vision for climate change action in Victoria. The Bill for changes to the Climate Change Act will be introduced to Cabinet by the end of 2016.	In Progress
(P) Seek Cabinet endorsement of suitable projects to help ensure that Victoria secures a maximum share of Direct Action Funding	Victoria is continuing to look for opportunities for Victorian government and key stakeholder participation in the Emissions Reduction Fund (ERF). DELWP is working with the Commonwealth on the development of new methods which might provide opportunities for future participation in the ERF. DELWP is working with the Commonwealth government to progress the case for the development of conservation-focused ERF method for native state forest on public land. The Commonwealth government has a prioritisation process to determine what ERF methods are developed.	In Progress

SOE performance measures	Progress	Status
(P) Work with local government and industry to support jobs in recycling by removing e-Waste from landfill	<p>The Government made an election commitment to ban e-waste from landfill. To bring this commitment into effect, an e-waste discussion paper, <i>Managing E-waste in Victoria</i>, was released for public feedback in September 2015. A summary of input received is on the DELWP website.</p> <p>Building on the input from the discussion paper, DELWP is now considering options for the regulatory and non-regulatory tools that will support the ban of e-waste from landfill. Development of tools will occur over the next 12 months. Workshops with industry and local government will take place in August 2016, with further public consultation on a proposal for the ban, including a regulatory impact statement, in early 2017.</p> <p>Through feedback on our discussion paper, formal consultation sessions, research on the flow of e-waste in Victoria, and individual discussions with key stakeholders, we have gathered a great deal of information. This is now informing the design and development of the range of measures needed to effectively ban e-waste from landfill.</p> <p>E-waste is growing three times faster than general municipal waste in Australia. Given it contains both hazardous and valuable materials, we need be prepared for these increasing volumes. E-waste can present risks to our environment and community but, if managed appropriately and proactively, it presents opportunities. Recovery of the valuable components of e-waste will lead to growth of the e-waste recycling industry and more jobs, as well as ensuring non-renewable resources are available for future generations.</p> <p>An approach to the landfill ban will be finalised by June 2017, and is likely to come into effect in mid-2018.</p>	In Progress
(P) Prepare the Government's response to the State of the Environment Report 2013	On 26 May 2015, the Victorian Government released its response to the <i>State of the Environment Report 2013</i> . The report and the government's response are informing work currently underway on climate change, biodiversity, waste and resource recovery, and fire and emergency management. The next State of the Environment Report is expected in 2018.	In Progress
(EC) Fully implement the ban on cattle grazing in the Alpine and Red Gum National Parks	The Victorian Government has permanently banned cattle grazing in the Alpine National Park and river red gum parks. A Bill to amend the <i>National Parks Act 1975</i> was introduced into Parliament on 17 March 2015 and was passed by the Legislative Council on 5 May 2015.	Complete
(EC) Amend legislation to remove the Government's ability to grant 99 year leases in national parks	The <i>No 99 Year Lease Bill</i> was introduced into Parliament on 15 September and debated on 6-8 October 2015. The Act commenced on 27 October 2015.	Complete
(EC) Establish an industry taskforce to examine the future of VicForests' Central Highlands Operation	The Forest Industry Taskforce Terms of Reference were released in November 2015. A deliberating phase with workshops began in February 2016. Professor Don Henry was announced as the independent chair of the taskforce in June 2016. The commencement of the deciding phase also begun in June 2016 and will result in the production of a mid-year report that will be submitted to government.	In Progress

SOE performance measures	Progress	Status
(EC) Establish a new Marine and Coastal Act and refocus the operations of environmental agencies, including catchment management authorities, to ensure their effective delivery	Development of a new Marine and Coastal Act is progressing with a discussion paper prepared with guidance from an expert panel soon to be released. Public consultation on the paper will guide preparation of the new Act as well as potential changes to management and oversight arrangements in 2017.	In Progress
(EC) Coordinate the Government's oversight of the Portarlington Safe Harbour development	<p>This is a joint election commitment between DEDJTR and DELWP. Parks Victoria has let two contracts. Breakwater works are well advanced and works to create new berths for commercial aquaculture operators are progressing as scheduled. A third works element, upgrade of the pier head and lower landing, will be let when the remaining budget is known and scope of works finalised. Dredging works on the inner harbour are completed. A consequential benefit of the dredging has been renourishment of Portarlington beach.</p> <p>The Portarlington Safe Harbour project commenced and a Project Steering Group was established. The detailed planning and approval processes were initiated. This project supports the aquaculture industry by adding value to the growing mussel industry in Portarlington, and sustaining a growing scallop harvesting sector. It will also enhance leisure activities in the region and assist in longer-term tourism opportunities through the development of recreational boating opportunities.</p> <p>This election commitment is scheduled to be completed by December 2016.</p>	In Progress
(P) Review options for the proposed Point Nepean Quarantine Station Development	<p>The election commitment to review the options for the proposed Point Nepean Quarantine Station Development has been completed.</p> <p>The Parks Victoria process to refresh the 2010 master plan has commenced with reports on community consultation due to be released in late July 2016. The final draft master plan is due to be exhibited later in 2016 and finalised in 2017. The scope of the master plan has expanded in response to community consultation, and it will now include an implementation plan.</p>	In Progress
(P) Review existing policy and legislative arrangements for the management of Crown land, with a view to creating a modern and flexible system	The proposed approach to progress Crown land reform directions over the near to midterm is to link with and build on relevant projects that are currently underway e.g. the VEAC statewide assessment of public land (discussion paper due August 2016, final report due mid 2017); the new Marine and Coastal Act and governance arrangements; and Land Victoria's proposed reforms to improve government land records.	In Progress



SOE performance measures	Progress	Status
(EC) Assist the Minister for Planning to establish a new Yarra River Trust to develop standardised planning controls for the Yarra	The Victorian Government committed to protect the Yarra River's amenity and significance by introducing legislation, stronger planning controls and a Trust (or similar entity) to ensure this valuable asset is protected for the benefit and enjoyment of future generations. In December 2015, the Minister for Planning and the then Minister for Environment, Climate Change and Water announced a new Yarra River Protection Ministerial Advisory Committee to provide advice on the need and form of legislation and trust. Interim planning controls were implemented in January 2016 that establish development and vegetation management expectations to guide appropriate development while permanent controls are progressed for protecting the whole of the Yarra River Corridor. Following stakeholder engagement, a discussion paper was released in July 2016 for public consultation in early July. The paper promotes discussion and debate on the key issues and proposed governance reforms. Submissions to the paper close in August 2016, and it is anticipated that the Ministerial Advisory Committee will provide advice to Government in late 2016.	In Progress
(P) Review and focus the operations of environmental agencies, including catchment management authorities, to ensure their effective delivery	VAGO Action Plan for CMA audit completed. Key actions delivered are: (1) development of improved strategic planning for integrated catchment management; (2) review relevant legislative instruments to improve statewide catchment management; (3) improve linkages between funding and overarching for integrated catchment management and regional catchment strategy priorities; (4) development of a catchment condition and management reporting framework; (5) improved information collation and access to support catchment condition and management of monitoring, evaluating and reporting. Further implementation will occur over the next four years through the <i>Our Catchments, Our Communities</i> strategy, supported by \$22 million investment. Minister Neville launched <i>Our Catchments, Our Communities</i> , a new statewide strategy for integrated catchment management on 19 May 2016.	Complete
(P) Review the merits of the grid of inter-urban water pipelines to enable water sharing with areas of greatest need across Victoria	The merits of a water grid are reviewed and supported. The <i>Water for Victoria</i> discussion paper includes proposed strategic directions on creating a grid oversight role to inform statewide investment decisions and to explore options for additional connections to better use the grid. Further work (and funding) will provide more detailed directions on the best ways of using the water grid. Response from the consultation on the discussion paper will inform the final plan.	Complete

## Planning

In October 2014, the Minister for Planning wrote to Heritage Victoria and the Heritage Council of Victoria, providing SOEs to establish clear performance goals to reduce red tape and promote greater efficiency and effectiveness in the administration and enforcement of regulation. Four key areas were identified for performance improvements:

- Role clarity between Heritage Victoria and the Heritage Council
- Clear and consistent regulatory activities and strengthening of risk based strategies
- Accountability and transparency
- Compliance related assistance and advice.

**2015-16 progress**

SOE performance measures	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.	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.	In progress (incorporated into 2016-17 SOEs)
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.	Complete
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.	In progress (incorporated into 2016-17 SOEs)

**Forest, Fire and Regions**

In June 2014, the then Minister for Environment and Climate Change wrote to the former DEPI, providing a Statement of Expectations for the regulation of land, fire and environment activities. In its response to the minister in July 2014, the department outlined a range of commitments and actions that would be implemented over the next one to two years. These commitments included:

- Regulatory principles
- Role clarity.

**Regulatory principles - Land, Fire and Environment improvement strategy**

Relevant areas	Improvement strategy	Targets
All former LFE regulatory areas	To work with other DELWP regulators to jointly develop a standard for measuring DELWP's performance in delivering the regulatory principles and report against the standard.	Participate in preparing the standard, collect and report on baseline data by 1 July 2016

### 2015-16 progress

DELWP is currently updating its overarching compliance policy to cover latest MoG changes and ensure a best practice, risk-based approach is being followed. Compliance strategies for the following key functional areas - *Wildlife Act 1975*, *Flora and Fauna Guarantee Act 1988*, high risk invasive animals, public land compliance (draft), bushfire prevention and tour operator compliance are completed or in final draft. Work has commenced on developing control plans for each of the above strategies, which detail high level priorities to focus compliance efforts. Annual reviews (strategic assessments) will be conducted each year to measure the performance of compliance activities and set compliance goals for the following year.

The existing regional compliance will be progressively updated as control plans give greater focus to priorities.

Governance arrangements have been established to oversee the development and implementation of all levels of these plans. These arrangements include regular meetings with portfolio partners, including Parks Victoria, EPA, DEDJTR and others, at the state and regional level. Partner agencies are also involved in the annual strategic assessment, ensuring a consistent approach.

### Role clarity - Land, Fire and Environment improvement strategies

Relevant areas	Improvement strategies	Targets
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

### 2015-16 progress

All strategies are currently being updated to reflect latest departmental structural changes, this will include updating names for roles and responsibilities. Existing strategies remain operational as roles and responsibilities have been allocated as part of restructure.

**Native Vegetation:** The Government's Native Vegetation Regulations review is due for completion later in 2016, and any work relating to compliance matters has been placed on hold. Once the review is completed, a compliance strategy and subsequent control plan will be developed, which will clarify roles and responsibilities.

**Tour operators:** Current compliance strategy clarifies roles and responsibilities, with Parks Victoria taking a lead role.

**Wildlife:** *Flora and Fauna Guarantee Act 1988* and *Wildlife Act 1975* current compliance strategies outline roles and responsibilities.

The *Code of Practice for Timber Production 2014* was reviewed and the three priority areas; construction and maintenance of coupe roads, construction and rehabilitation of waterway crossings and the protection of mandatory exclusion areas from the impacts of timber harvesting are all still relevant.

## Appendix 7: Municipal and Industrial Landfill Levy Trust Account

Victoria applies a levy on each tonne of municipal and industrial waste disposed to Victorian landfills. The *Environment Protection Act 1970* determines how municipal and industrial landfill levy revenue is to be managed and spent. Legislative amendments to the Act effective 1 July 2015 revised these conditions.

The EPA continues to collect landfill levies and credit them to the Environment Protection Fund. Consistent with the legislative amendments commencing 1 July 2015, the EPA now transfers the municipal and industrial landfill levies to DELWP's newly created Municipal & Industrial Landfill Levy (MILL) Trust Account each quarter.

Payments from the MILL Trust Account are then made to government agencies consistent with Ministerial Determinations approved and signed by the Minister for Energy, Environment and Climate Change as required under Section 70E of the Act.

Annual payments are made to the EPA, Sustainability Victoria and the seven Waste and Resource Recovery Groups to support the operations of these environment agencies. A total of \$56.31 million in payments to these environmental agencies was made in 2015-16. The legislative amendments effective 1 July 2015 mean the Minister may also make allocations from the MILL Trust Account to public entities or bodies for environmental purposes.

In 2015-16, the remaining cash balance of \$94.62 million was transferred to the Sustainability Fund Account as per section 70F(2) of the Act.

The table below provides details of the cashflow into and out of the Municipal and Industrial Landfill Levy Trust Account.

	(\$ million)
<b>Opening cash balance</b>	<b>0.00</b>
<b>Municipal and Industrial Landfill Levy funds transfer from EPA</b>	<b>150.93</b>
<i>Agency Payments</i>	
<i>Environment Protection Authority</i>	35.46
<i>Sustainability Victoria</i>	13.92
<i>Waste and Resource Recovery Groups</i>	6.93
<b>Total Agency payments</b>	<b>56.31</b>
<b>Balance transferred to the Sustainability Fund Account</b>	<b>94.62</b>
<b>Closing cash balance</b>	<b>0.00</b>

The MILL Trust Account did not exist prior to 1 July 2015. The EPA previously managed the collection, payment and financial reporting of municipal and industrial landfill levy revenue prior to the legislative amendments commencing 1 July 2015, and details can be found in their published annual reports up to 2014-15.

For the financial year 2015-16, a total of \$201 million of landfill levies were accrued, as identified in Note 2 of Schedule A of the Financial Statements. The table below provide a reconciliation of the accrued landfill levies to funds transfer from EPA in the 2015-16 financial year.

	(\$ million)
<b>Landfill levies accrued</b>	<b>201.17</b>
<i>Less: Amount receivable from EPA</i>	97.24
<i>Add: Landfill levies for the 2014-15 financial year received in 2015-16</i>	47.00
<b>Landfill levy funds transfer from EPA</b>	<b>150.93</b>

## Appendix 8: Sustainability Fund Account and Sustainability Fund Grants 2015-16

The Sustainability Fund Account is established under section 70F of the *Environment Protection Act 1970* and is sourced from municipal and industrial landfill levy revenue. The purpose of the fund is to support the environmentally sustainable use of resources and best practice in waste management to help the state's social and economic development, and to support community action or innovation on climate adaptation.

The Premier and Minister jointly approve allocations from the Sustainability Fund Account consistent with section 70F of the Act. A published set of Sustainability Fund priorities and guidelines must be in place when new allocations are made.

In response to the recommendations of the 2013 Ministerial Advisory Committee report on Waste and Resource Recovery Governance Reform, legislative amendments to section 70 of the Act effective 1 July 2015 saw management of the Sustainability Fund transfer.

DELWP has established a dedicated Sustainability Fund team to manage the fund, and a Sustainability Fund Committee to support the strategic and accountable management of the Sustainability Fund so that it best utilises landfill levy revenue collected for the specific legislated purposes of the fund.

A new dedicated Sustainability Fund Trust Account was established at DELWP to receive municipal and industrial landfill levy revenue, as required under section 70F(1) of the Act. On 1 July 2015, the Sustainability Fund Trust Account received the closing cash balance of \$383.76 million from the EPA's Sustainability Fund Account (held in the Environment Protection Fund). During the remainder of 2015-16, payments from the MILL Trust Account (\$94.62 million) and investment revenue (\$11.10 million) were also received.

The financial transfer of the Sustainability Fund balance was reviewed and independently verified by KPMG before and after the 1 July 2015 transfer date.

The table below provides details of the cashflow totals into and out of the Sustainability Fund Trust Account, including a detailed breakdown of payments to programs.

	(\$ million)
<b>Opening cash balance</b>	<b>0.00</b>
Transfer from EPA	383.76
Transfer from Municipal and Industrial Landfill Levy Trust Account	94.62
Investment revenue	11.10
<b>Total receipts</b>	<b>489.47</b>
Living Victoria Water Rebate Program	3.03
A Cleaner Yarra and Port Phillip Bay	1.59
Getting Full Value	2.21
National Association of Charitable Recycling Organisations (NACRO)	1.20
Threatened Species	6.00
Climate Change Adaptation	0.20
Climate Change Grants	0.80
Climate Change Research	0.23
Victorian Adaptation and Sustainability Partnership	1.25
Driving Investment for New Recycling	0.30
Community Sustainability Infrastructure Fund	0.57

	(\$ million)
Household Chemical Collection	2.65
Love Food Hate Waste	0.32
Community Education on Waste	0.09
Victorian Litter Plan	0.05
Optimising Kerbside Collection System	0.09
Climate Change Engagement	0.20
Metropolitan Local Government Waste and Recovery Fund	0.25
Illegal Dumping Strikeforce Program	1.70
Sustainability Fund Operations	0.50
<b>Total payments</b>	<b>23.22</b>
<b>Closing cash balance</b>	<b>466.25</b>

Note:

The Sustainability Fund Trust Account at DELWP did not exist prior to 1 July 2015. The EPA managed the collection, payment and financial reporting of Sustainability Fund Account revenue and expenditure prior to the legislative amendments commencing 1 July 2015, and details can be found in their published annual reports up to 2014-15.

Note that the transfer balance for the Sustainability Fund Account reported by EPA in 2014-15 was \$384 million cash and \$47 million in assets. As required by the legislated flow of municipal and industrial landfill levy revenue detailed in section 70D-70E of the amended Act, the \$47 million was accrued to the newly established Municipal and Industrial Landfill Levy (MILL) Trust Account at DELWP as at 1 July 2015, rather than the Sustainability Fund.

### Sustainability Fund Grants 2015-16

#### Program - Climate Change Grants: Competitive

Recipient	Grant	Funding Support \$
City of Greater Geelong	Shellfish reefs for shoreline protection of highly erodible coasts	80,000
East Gippsland Shire Council	East Gippsland Renewable Energy Feasibility with Innovative Options	80,000
Hepburn Shire Council	Climate Resilient Recreation Facilities	67,670
Moreland City Council	Working together to cool communities	80,000
City of Yarra	Embedding Green Infrastructure Best Practice Toolkit	80,000
Warrnambool City Council	Barwon South West Local Coastal Hazard Assessment (Phase 1) G21	80,000
Yarra Ranges Council	Eastern Sporting Savers	30,000
South Gippsland Shire Council	Investigation into the impact of climate change on Seawalls	80,000
Warrnambool City Council	Barwon South West Local Coastal Hazard Assessment (Phase 1)	80,000
Towong Shire Council	Banking on our solar future - Innovation for resilient communities	80,000
Indigo Shire Council	Battery Storage Revolution	45,000

**Program - Climate Change Grants: Non-Competitive**

Recipient	Grant	Funding Support \$
Mount Alexander Shire	Mount Alexander - Waste to Energy - Feasibility Study	10,000
Pyrenees Shire Council	Beaufort Sustainable Water Use Plan	10,000
Bass Coast Shire Council	Communities Making Energy Together across Southern Gippsland	10,000
Gannawarra Shire Council	Be Cool in Gannawarra	10,000
Golden Plains Shire Council	Online Mapping Tools and Templates - Fire, Conservation and Construction	10,000
Borough of Queenscliffe	Supporting Queenscliff and Point Lonsdale to prepare for climate change	10,000
Moyne Shire Council	East Beach Seawall Design	10,000
South Grampians Shire	On for Young and Old: Kinders and Senior Citizens Facilities	10,000
Moorabool Shire Council	Sustainable Buildings Initiative	10,000
Northern Grampians Shire Council	Supporting Vulnerable Households Respond to Climate Risk	10,000
Campaspe Shire Council	Campaspe Community Clubs Combat Climate Change	10,000
West Wimmera Shire Council	Paving the way	10,000
Moira Shire Council	Collaborative Climate Change Reporting	10,000
South Gippsland Shire Council	Communities Making Energy Together across Southern Gippsland	10,000
Horsham Rural City Council	Green Waste makes a Greener Place	9,000
Macedon Ranges Shire Council	Designing a revolving energy fund for community-use buildings	9,500
Murrindindi Shire Council	Collaborative Climate Change Reporting	10,000
Central Goldfields Shire	Yarriambiack. Planning for the Future	10,000
Benalla Rural City Council	Collaborative Climate Change Reporting	10,000
Buloke Shire Council	Community Facilities Sustainability Audit	10,000
Warrnambool City Council	Barwon South West Coastal Hazard Assessment Phase One (Non-Competitive)	30,000
Wodonga Council	Collaborative Climate Change Reporting	10,000
Alpine Shire Council	Plantation waste to energy	10,000
Nillumbik Shire Council	Adapting to a New Climate	9,970
Ararat Rural City Council	Stay in Play: Recreation Reserves and Climate Change Workshop	8,000
Hepburn Shire Council	Carbon Free Communities	10,000
Towong Shire Council	Beating the heat - cooling canopies for community resilience	10,000



Recipient	Grant	Funding Support \$
Indigo Shire Council	Collaborative Climate Change Reporting	10,000
Rural City of Wangaratta	Collaborative Climate Change Reporting	10,000
Mitchell Shire Council	Feasibility Study for the Chittick Park Micro-Grid Project	10,000
Baw Baw Shire Council	Baw Baw Shire Community Responding to Climate Change	10,000
Corangamite Shire	Corangamite Biolinks Project	10,000
Surf Coast Shire Council	Local Food Program	10,000
Swan Hill Rural City Council	Opportunity for a Regional Composting Facility - Swan Hill	10,000

**Program - Climate Change Research**

Recipient	Grant	Funding Support \$
Climate KIC Australia, represented by the University of Melbourne	EU Climate KIC Summer School Grants	95,000
Australian Research Council Centre of Excellence for Climate System Science, represented by the University of Melbourne	ARC Centre of Excellence Scholarship	70,000
Australian Research Council Centre of Excellence for Climate System Science, represented by Monash University	ARC Centre of Excellence Scholarship	70,000

**Program – National Association of Charitable Recycling Organisations (NACRO)**

Recipient	Grant	Funding Support \$
National Association of Charitable Recycling Organisations (NACRO)	Distributed to 22 charitable organisations across the state to mitigate the costs imposed on Victorian charities by illegal dumping	\$1.2m

**Program - Threatened Species**

Recipient	Grant	Funding Support \$
Arthur Rylah Institute	Roundsnout Galaxias recovery actions	27,000
Arthur Rylah Institute	McDowalls Galaxias and East Gippsland Galaxias recovery actions	27,000

Recipient	Grant	Funding Support \$
Arthur Rylah Institute	Dargo Galaxias recovery actions	23,000
Arthur Rylah Institute	Predator removal to save Shaw Galaxias from extinction	45,000
Arthur Rylah Institute	Tapered Galaxias and West Gippsland Galaxias recovery actions	23,000
Arthur Rylah Institute	Helping Hand: Glenelg Freshwater Mussel recovery actions	35,000
Arthur Rylah Institute	Barred Galaxias recovery actions	45,000
Arthur Rylah Institute	Determining threat management options for Master's Snake	28,675
Arthur Rylah Institute with Parks Victoria	Management to aid the survival of the highly localised Heath Skink in Victoria	51,500
DELWP	Threat busting in key Jericho Wire-grass populations	10,300
Arthur Rylah Institute with La Trobe University	Mapping and monitoring <i>Caltha introloba</i> Herbland Community	49,900
DELWP with Royal Botanic Gardens Victoria	Putting Shiny Daisy-bush back in its place: Protecting diversity and unlocking the mysteries of low seed viability	32,000
Trust for Nature with Parks Victoria and DELWP	Protecting the New Holland Mouse	51,050
BirdLife Australia	Reintroduction and reinforcement of the endangered Black-eared Miner ( <i>Manorina melanotis</i> ) to the Victoria mallee: Translocation Plan	20,000
DELWP with Amaryllis Environmental	Ballantinia's road to recovery: Hydrological restoration and moving to new heights	52,600
DELWP with Trust For Nature	Gippsland Plains EPBC Grassland ecosystems and flora species	136,200
Trust For Nature (Vic) and Arthur Rylah Institute	Critical assessment and protection of Velvet Daisy-bush ( <i>Olearia pannosa</i> subsp. <i>cardiophylla</i> )	61,700
DELWP	Murray hardyhead recovery program	156,000
La Trobe University with Murray-Darling Freshwater Research Centre, Mt Buller-Mt Stirling Resort Management, Falls Creek Resort Management and Parks Victoria	Saving the threatened Alpine and Mount Stirling stoneflies	105,498
Zoos Victoria	Establishment of a self-sustaining captive insurance population of the Baw Baw Frog that supports wild recovery of the species.	46,530

Recipient	Grant	Funding Support \$
NCCMA with Fire Flood and Flora, Murray Darling Fresh Water Research Centre and Royal Botanical Gardens Victoria	Winged Peppercreess - in-situ monitoring and ex-situ seedbank maintenance	13,851
Hume City Council	Broadmeadows Valley Park - Geranium sp. 1	26,300
Arthur Rylah Institute with Museum Victoria	Conservation management response to the arrival of the Amphibian Chytrid Fungus at the last fungus-free population of the nationally Vulnerable (Critically Endangered in Victoria) Alpine Tree Frog	19,958
Port Phillip and Westernport CMA	Securing the future of Victoria's State Emblems	100,000
Parks Victoria with DELWP	Yarra Ranges Endemic Shiny Nematolepis ( <i>Nematolepis wilsonii</i> ) Protection	32,000
Trust For Nature (Vic)	Private Land Action for Threatened Species	32,700
DELWP	Rare and Restored- Orchids of the Loddon Mallee	88,000
Glenelg Hopkins CMA	Glenelg Hopkins Pine Wildling Removal	66,000
DELWP with Tiverton Property Partners Pty Ltd, Zoos Victoria, Eastern Barred Bandicoot Recovery Team	Reintroduction of Eastern Barred Bandicoots into Tiverton, Western Victoria	25,000
DELWP with Mt Rothwell Biodiversity Conservation Centre, Tidbinbilla Nature Reserve, Zoos South Australia	Supporting the captive insurance population of Southern Brush-tailed Rock Wallabies.	35,000
DELWP	Discovery Bay Coastal Park Limestone Ridge, Orchid Conservation Project	25,000
Arthur Rylah Institute	A survey protocol for the threatened Heath Mouse	15,000
Parks Victoria	Moorabool Environmental Weed Control for Rocky Chenopod Communities	17,000
DELWP with East Gippsland Rainforest Conservation Management Network	Lowland Rainforest: Littoral Rainforest and Coastal Vine Thickets of Eastern Australia - Measuring for Recovery	25,000
Parks Victoria	Metallic Sun Orchid Protection	30,000
DELWP with Parks Victoria	Alpine Flora - managing threats from large introduced herbivores	50,000
Trust for Nature (Vic) with Parks Victoria, Royal Botanic Gardens, Australasian Native Orchid Society and Southern Peninsula Indigenous Flora and Fauna Association	Strategic Actions for Mornington Peninsula & Westernport Threatened Species & Communities	84,000
Parks Victoria	Threatened orchids of Middle Yarra and the Warrandyte-Kinglake Habitat Corridor	50,000

Recipient	Grant	Funding Support \$
DELWP with Royal Botanic Gardens Victoria	Saving Plains Orchids	21,063
DELWP with Cesar Pty Ltd	Genetic Sampling – Critical to Management Imperatives of a Highly Fragmented Threatened Woodland Population in Victoria	40,000
Nature Glenelg Trust with Deakin University	Identifying the distribution of, and restoration opportunities for, the critically endangered Western Swamp Crayfish in the Grampians	15,000
Parks Victoria	Plenty Gorge Park Orchid Sites	25,000
Yarra Ranges Council	Addressing stormwater threats to sensitive riparian ecosystems in Sassafras and Perrins Creek sub-catchment	70,000
DELWP	Southern right whale data assessment and risk analysis (south-east population)	49,628
Yarra Ranges Council	<i>Pomaderris vacciniifolia</i> protection Yarra Ranges	34,750
DELWP with Trust For Nature	Gippsland Plains Threatened Species and Communities - 2.	93,800
DELWP with Recovery Team and Trust For Nature	Threatened Invertebrates of the Western Strzeleckiis	30,100
Nature Glenelg Trust	Strategic on-ground management to retain and enhance threatened flora and ecological communities of the Mortlake Common Flora Reserve.	13,000
Parks Victoria	Eastern Barred Bandiicoot (EBB) Recovery - Pest Animal Control in the Back Paddock, Woodlands Historic Park	30,000
Nature Glenelg Trust	Recovery of threatened species (Wimmera Bottlebrush and Dwarf Galaxias) in response to the permanent restoration of Gooseneck and Brady Swamps	30,000
Royal Botanic Gardens Victoria	Wild Orchids of the Wimmera	141,572
Arthur Rylah Institute	Protecting spawning conditions for Freshwater catfish at Tahbilk Lagoon	32,000
GBCMA with Birds Bush and Beyond, GB CMA, Superb Parrot Action Group	Threatened woodland birds of the Goulburn-Murray irrigation district: Are we prioritising works in the right landscapes?	54,924
Nature Glenelg Trust	Protecting stream habitat for the critically endangered Glenelg Freshwater Mussel	25,000
DELWP with Parks Victoria and Royal Botanic Gardens	Threatened Orchids of the West Gippsland Coast	28,300

Recipient	Grant	Funding Support \$
DELWP and Royal Botanic Gardens Victoria	Basalt Rustyhood Translocation Project	25,000
DELWP	Mapping review of optimal Orange-bellied Parrot habitat	40,000
DELWP with Birdlife Australia	Expanded Orange-bellied Parrot winter survey	49,940
Arthur Rylah Institute with NECMA, Fisheries Victoria	Re-establishing Macquarie perch in the Ovens River	84,246
Trust For Nature (Vic)	Survey of the Rayed Blue Butterfly (Wimmera form) and its food plant	15,200
Nature Glenelg Trust	Protecting a western basalt plains endemic: conservation for the Salt-lake Tussock Grass at Lake Linlithgow Lake Reserve	12,000
Nature Glenelg Trust	Rapid assessments informing critical recovery actions for threatened grassland flora of the Linear Reserves Program	4,000
Greening Australia with Parks Victoria	Protecting Threatened Icons of the Volcanic Plains and Lakes - Salt-lake Tussock-grass	36,000
DELWP with Mt Hotham Alpine Resort Management Board	The design of a rock corridor linking Mountain Pygmy-possum habitat at Little Higginbotham, Mt Hotham - remove the barriers to the conservation movement.	25,000
Trust For Nature (Vic)	Protection and augmentation of populations of seven threatened Orchid species on Trust For Nature covenanted properties in the Goldfields Bioregion	66,500
Royal Botanic Gardens Victoria	Reducing extinction threat by seedbanking	6,000
Nature Glenelg Trust	Protecting threatened orchids on the urban fringe: conserving the Basalt Leek-orchid at Maam Reserve	5,000
Zoos Victoria	Captive-breeding to protect and recover the last lowland Leadbeater's Possum population at Yellingbo Nature Conservation Reserve	19,375
DELWP	On a Wing and Prayer- protecting the Loddon Mallee's most endangered butterflies	77,000
Cesar Pty Ltd, Melbourne University, Zoos Victoria, DELWP, Mt Rothwell Biodiversity and Interpretation Centre, Parks Victoria, DPWE (Tasmania), Victorian Eastern Barred Bandicoot Recovery Team	Eastern Barred Bandicoot Gene Widening Project	55,000
Southern Otway Landcare Network	Landcare is Critical	10,000

Recipient	Grant	Funding Support \$
Cairnlea Conservation Reserve Committee of Management and Friends of Iramoo	Saving Six Grassland Species	12,000
Friends of the Brisbane Ranges	Homes for Brush-tailed Phascogales	10,000
East Gippsland Rainforest Conservation Management Network	Peri-urban littoral rainforest stand improvement and community education program	19,000
Parklands Albury Wodonga Ltd	West Wodonga Nest-box Corridors	20,000
Friends of Campbells Creek Landcare Group (sponsored)	Resurrection of Dianella amoena along Campbells Creek	5,562
Upper Goulburn Landcare Network (sponsored)	Ribbons of Remnant Roadsides	20,000
Friends of the Bannockburn Bush Reserve (sponsored)	Caring for Bannockburn Bush	19,310
Mid-Loddon Sub-Catchment Management Group (sponsored)	Citizens Science threatened species training, monitoring and habitat restoration program	14,406
Mt. Worth and District Landcare Group Inc	Mt. Worth Strzelecki Gum Biolink	6,220
Southern Otway Landcare Network	Community Based Monitoring of Threatened Species Habitat in the Otway Ranges	19,660
Millewa-Carwarp Landcare Group	Rabbit eradication for the protection of threatened species	16,500
Whroo Goldfields Conservation Management Network (sponsored)	Gliders in the Goldfields - Providing habitat and raising awareness for the endangered Squirrel Glider	16,000
Campaspe River and Land Management group	Australian Anchor Plant- protection; propagation; and revegetation	15,779
Middle Yarra Landcare Network (sponsored)	Future-proofing threatened species and their habitat within the Middle Yarra River catchment	19,968
Friends of Brisbane Ranges Inc (sponsored)	Nest boxes for Brush-tailed Phascogale habitat and monitoring	9,300
Cairnlea Conservation Reserves Committee of Management	Endangered Reptiles Habitat Restoration and Improvement	18,150
Friends of Sassafras Creek Inc	Friends of Sassafras Creek battle weed infestations to save seven threatened species in Sassafras Creek.	19,900
Southern Otway Landcare Network	Restoring the Woodland Habitat of the Leafy Greenhood on Cape Otway	17,204

Recipient	Grant	Funding Support \$
Kulkyne Way Landcare Group	Understanding Hopbush dieback and potential implications for Mildura Ogyris in north west Victoria	4,320
Boolarra South Landcare (sponsored)	Boolarra South Landcare Threatened Species Training Workshops and on-ground Works Program	17,800
Pinkerton Landcare & Environment Group Inc	Pinkerton Link Project	12,220
Kowree Farm Tree Group (sponsored)	Kids creating habitat for Cockies	17,900
Post Office Hill Action Hill Group (sponsored)	Delivering Habitat for Phascogales on Post Office Hill	4,460
Northern Plains Conservation Management Network	Northern Plains Grasslands Threatened Flora & Fauna Project	19,991
Friends of Nyah-Vinifera Forest - through Friends of the Earth Melbourne	Community surveying and weed removal in Nyah-Vinifera Park.	12,100
Friends of Mallacoota (sponsored)	Hooded Plover Nesting Sites Protection at Betka Beach	2,000
Ararat Regional Bio-Links Network Inc.	Restoration of the Native Grasslands Areas within part of the Ararat Cemetery Creek Bio-Link	4,428
St Arnaud Field Naturalist Club Inc.	Protection and Recruitment of the depleted iconic Grey Grass-tree ( <i>Xanthorrhoea glauca</i> ssp. <i>angustifolia</i> )	8,500
Dunmoochin Landcare Group	Expanding Orchid Conservation on Private Land in the Dunmoochin Landcare Region	8,642
Dja Dja Wurrung Clans Aboriginal Corporation	Mt Barker Temperate Woodland Bird Restoration	19,900
Hughes Creek Catchment Collaborative (sponsored)	Brush-tailed Phascogale	7,850
Nullawil Landcare Group	Nullawil Threatened Species Revegetation	2,640
Lalbert Landcare Group (sponsored)	Goschen Bushland Reserve - Community action to protect threatened flora and fauna	18,000
Greta Valley Landcare Group Inc.	Protecting Paddock Trees for Threatened Species	20,000
Leigh Catchment Group	Saving the Growling Grass frog from Chytrid Fungus	10,640
Milawa Markwood Oxley Landcare Group	Nesting boxes for hollow dependant threatened species in a fragmented landscape	13,500
Strathbogie Ranges Conservation Management Network	Striped Legless Lizard Surveys - Cluster 8, North East Vic	17,000



Recipient	Grant	Funding Support \$
Yackandandah Landcare Group (sponsored)	Creating Homes and Habitat for Yackandandah Ck Threatened Species: A community-led initiative	14,050
Friends of Turtons Creek (sponsored)	Turtons Creek survey for South Gippsland Spiny Crayfish and habitat rehabilitation	20,000
Wedderburn Conservation Management Network	Conservation of malleefowl in the Wychitella NCR	16,665
Birchip Landcare Group (sponsored)	Birchip Buloke Woodlands Protection	17,600
South Beach Wetlands and Landcare Group	Lathams Snipe Project	14,440
Gippsland Plains Conservation Management Network	Artificial Hollows for the Endangered Masked Owl	18,000
Moorabool Catchment Landcare Group	Raising Awareness of Threatened Grasslands and Their Species in the Moorabool Region	20,000
Fungimap Inc	Develop surveys, training and data collection systems to improve the conservation status of Claspings Hypocrepis	20,000
Koetong Landcare Group	Protecting habitat values and mitigating threats to the Summer Leek Orchid in Pheasant Creek Reserve	16,740
Friends of Kurth Kiln, Tall Astelia Recovery Group, Kurth Kiln Regional Park	Tall Astelia Recovery Project, Kurth Kiln Regional Park: Phase 1 - Plant Propagation	3,850
Cardinia Catchment Landcare Inc.	Cardinia Creek Threatened Species Protection Program	19,500
Mt Korong Eco Watch (sponsored)	Rewilding Korong Ridge – Short Story Nursery	8,800
Christmas Hills Landcare Group (sponsored)	Christmas Hills Community - Protecting our Threatened Species.	19,915
3 Creeks Landcare Group	Creating Growling Grass Frog and Orange-bellied Parrot habitat in 3 Creeks	20,000
Latrobe Catchment Landcare Network	Gippsland Red Gum Woodland Species Win Hearts through Community Engagement	20,000
Wooragee Landcare Group (sponsored)	Protecting Our Fauna Through Empowering People	12,700
Warrenbayne Boho Land Protection Group Inc. (sponsored)	Railway Reserve Links	5,366
Friends of Merri Creek	Matted and Tangled; Fine scale threat reduction for urban Matted Flax-lily populations	19,890

Recipient	Grant	Funding Support \$
Bass Valley Landcare Group	Holden the Ground - predator proofing and fox control at Holden Proving Ground	20,000
Friends of Winton Wetlands (sponsored)	"Friends, Frogs and Fishes": practical community actions to help monitor and restore a wetland system	11,200
Jack and Albert River Restoration Committee (sponsored)	Bringing The Community Together To Tackle Threatened Species Conservation	20,000
Binginwarri Landcare Group (sponsored)	Protecting and enhancing Warm Temperate Rainforest	20,000
Phillip Island Landcare Group Inc (sponsored)	Mapping, Monitoring, Protecting and Enhancing Phillip Island Coastal Moonah Woodlands	20,000
Watson Creek Catchment Landcare Group (sponsored)	Protecting Dwarf Galaxias in Watson Creek Catchment	19,800
Southwest Mornington Peninsula Landcare (sponsored)	Protect and Connect - Restoring bushland on properties adjoining Peninsula Gardens Bushland Reserve	20,000
Powlett Project Landcare Group (sponsored)	Protecting the Powlett improving Australian Grayling and Orange Bellied Parrot habitat	20,000
Friends of Winton Wetlands (sponsored)	"That's one giant leap!": increasing the availability of habitat for threatened arboreal mammals	10,600
Friends of Terrick Terrick National Park Inc. (sponsored)	Fabian's Threatened Flora and Fauna Species Survey	9,480
Entomological Society of Victoria (sponsored)	Survey for the Cryptic Sun Moth <i>Synemon thesa</i>	7,150
Port Campbell Public Purposes Reserve (sponsored)	Port Campbell BioLinks – Threatened Species Protection	10,490
Upper Maribyrnong Catchment Group (sponsored)	Protecting Remnants, Enhancing Biodiversity and Linking Corridors Project	20,000
Castlemaine Landcare Group (sponsored)	Protecting Bibron's Habitat in Happy Valley Castlemaine, Stage 1	4,120
Longwood Plains Conservation Management Network	Baits, boxes and biodiversity corridors for Bush-stone Curlews and Squirrel Gliders in Longwood Plains	19,725
Mt Korong Eco-Watch (sponsored)	Rewilding Korong Ridge – Short-storey planting, retelling a threatened understorey.	16,550
Violet Town Action Group	Honeysuckle Creek, Violet Town: A Hot-spot for Threatened Fauna	19,156
Rainbow and District Landcare Group Inc.	Preservation, Protection and Restoration of Rainbow's Buloke Populations	13,980

Recipient	Grant	Funding Support \$
Friends of the Eltham Copper Butterfly (sponsored)	Copper Fields: Sustaining Change for the Eltham Copper Butterfly	19,832
Kinglake Landcare Group (sponsored)	Kinglake Landcare Threatened species monitoring, survey, and revegetation	19,000
Hindmarsh Landcare Network	Project Hindmarsh 2016	20,000
Southern Ranges Environment Alliance	Muddy Creek Headwaters Biodiversity Protection Program	20,000
Kilmore Mechanics Institute and Free Lending Library Inc.	Kilmore Monument Hill Reserve Threatened Species Conservation & Community Education Project	11,660
Ovens Landcare Network (sponsored)	What's in our patch - Silver Tea-tree	6,300
Korumburra Landcare Group (sponsored)	Protecting and enhancing Giant Gippsland Earthworm and Strzelecki Gum Habitat in the upper Powlett catchment	20,000
Meredith Police Paddocks Support Group (sponsored)	Meredith Police Paddocks Threatened Species Project	8,980
Cardinia Environment Coalition Inc.	Improving the habitat for Southern Brown Bandicoot at Five Mile Reserve	13,860
Mt Rothwell Landcare Volunteers Inc.	Let the threatened natives thrive: let's be rabbit free	20,000
Upper Loddon and Avoca Landcare Network	Ullina and Talbot remnant Pimelea spinescens and VVP Grassland Awareness raising and on-ground Conservation	9,220
Ballarat Environment Network	Ballarat Environment Network Threatened Species Project	11,660

**Program – Smarter Resources Smarter Business**

Recipient	Grant	Funding Support \$
Melba Support Services	Resource Assessments: energy efficiency assessment	4,285
East Gippsland Shire Council	East Gippsland Renewable Energy Feasibility with Innovative Options	80,000
Hepburn Shire Council	Climate Resilient Recreation Facilities	67,670
Moreland City Council	Working together to cool communities	80,000
City of Yarra	Embedding Green Infrastructure Best Practice Toolkit	80,000
Warrnambool City Council	Barwon South West Local Coastal Hazard Assessment (Phase 1) G21	80,000
Yarra Ranges Council	Eastern Sporting Savers	30,000

Recipient	Grant	Funding Support \$
South Gippsland Shire Council	Investigation into the impact of climate change on Seawalls	80,000
Warrnambool City Council	Barwon South West Local Coastal Hazard Assessment (Phase 1)	80,000
Towong Shire Council	Banking on our solar future - Innovation for resilient communities	80,000
Indigo Shire Council	Battery Storage Revolution	45,000
Skillinvest	Resource Assessments: energy efficiency assessment	4,600
Del Re National Food Group	Resource Assessments: energy efficiency assessment	5,200
Kyabram Cold Storage Pty Ltd	Resource Assessments: energy efficiency assessment	8,000
Southern Ocean Mariculture	Resource Assessments: energy efficiency assessment	7,750
Saltwater Coast Lifestyle Centre	Resource Assessments: energy efficiency assessment	5,700
Wilson and Bradley	Resource Assessments: energy efficiency assessment	4,825
Foamex Victoria Pty Ltd	Resource Assessments: energy efficiency assessment	8,000
The Comics Lounge	Resource Assessments: energy efficiency assessment	5,000
The Leveson	Resource Assessments: energy efficiency assessment	6,000
AF Gason	Resource Assessments: energy efficiency assessment	6,000
E-Laundry and Dry Cleaning Service Pty Ltd (t.a. South Pacific Laundry)	Resource Assessments: energy efficiency assessment	8,000
Western Private Hospital	Resource Assessments: energy efficiency assessment	8,000
Goldacres Trading Pty Ltd	Resource Assessments: energy efficiency assessment	5,750
Committee of Portland	Business Champions Project	9,800
City of Kingston-Kingston Sustainable Business network	Business Champions Project	3,987
East Gippsland Food Cluster-Event Series	Business Champions Project	9,650
South Gippsland Shire Council-South Gippsland Manufacturing Event Series	Business Champions Project	9,500

**Program – Industry Waste Reduction**

Recipient	Grant	Funding Support \$
Zilzie Wines Pty Ltd	Materials Efficiency Assessment	10,000
Merino and Jumbuck	Materials Efficiency Assessment	11,415
Southern Cross Recycling Group Pty Ltd	Materials Efficiency Assessment	12,990
Alberton Timber and Treatment Plant Pty Ltd	Materials Efficiency Assessment	12,460

**Program – Litter Hotspots**

Recipient	Grant	Funding Support \$
City of Greater Dandenong	Greater Dandenong cigarette butt litter prevention campaign	15,000
Nillumbik Shire Council	Ramp up litter prevention – Eltham Skate Park	14,420
Upper Yarra River Reserves Committee of Management	Plastic Bag Free Warburton – Litter prevention program	15,000
Wyndham City Council	Hook, Line and Litter	9,930
Friends of Williamstown Wetlands Incorporated	Wader Beach for birds not litter – tracking the plastic	14,300
Maroondah City Council	Dorset Recreation Reserve Impact on Tarralla Creek	10,184
Beautiful Brimbank/Friends of Kororoit Creek	Love Where you Live Drain project	13,880
Hume City Council	Smart Bins, Stop Litter	14,985
City of Whittlesea	Cover Your Load	14,300

## Appendix 9: Acronyms

AAS	Australian Accounting Standards	ISO	International Organisation for Standardisation
AIIMS	Australasian Inter-service Incident Management System	MFB	Metropolitan Fire Brigade
APU	Accredited Purchasing Unit	MW	Melbourne Water
ARI	Arthur Rylah Institute for Environmental Research	MoG	Machinery of Government
CFA	Country Fire Authority	N/A	Not Applicable
CMA	Catchment Management Authority	NABERS	National Australian Built Environment Rating System
DEDJTR	Department of Economic Development, Jobs, Transport and Resources	NACRO	National Association of Charitable Recycling Organisations
DELWP	Department of Environment, Land, Water and Planning	NEO	Networked Emergency Organisation
DEPI	Department of Environment and Primary Industries	OHS	Occupational Health and Safety
DPC	Department of Premier and Cabinet	PFF	Project Firefighter
DPCD	Department of Planning and Community Development	PPP	Public Private Partnership
DTF	Department of Treasury and Finance	PV	Parks Victoria
DTPLI	Department of Transport, Planning and Local Infrastructure	SCC	State Coordination Centre
EMS	Environmental Management System	SES	State Emergency Service
EO	Executive Officer	SGV	Surveyor-General Victoria
EPA	Environment Protection Authority	SOE	Ministerial Statement of Expectation
EWB	Environmental Water Reserve	SV	Sustainability Victoria
FMCF	Financial Management Compliance Framework	VBRC	Victorian Bushfires Royal Commission
FOI	Freedom of Information	VCAT	Victorian Civil and Administrative Tribunal
FMA	Financial Management Act 1994	VGW	Valuer-General Victoria
FRD	Financial Reporting Direction	VGPB	Victorian Government Purchasing Board
FTE	Full-Time Equivalent	VIPP	Victorian Industry Participation Policy
GMW	Goulburn Murray Water	VPS	Victorian Public Service
HVAC	Heating, Ventilation and Air Conditioning	WoVG	Whole of Victorian Government
ICT	Information and Communications Technology		
IGEM	Inspector-General for Emergency Management		
IPAA	Institute of Public Administration Australia		

### Units of measure

L	Litre
G	Gigalitre
MJ	Megajoules
ML	Megalitre
Ha	Hectare

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Printed by Doculink Australia – Port Melbourne.

ISBN 2205-8931 (print)

ISBN 2205-894X (pdf)

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