



DEPARTMENT OF PREMIER AND CABINET  
**ANNUAL REPORT 2015–16**





*Image provided courtesy of the Victorian Parliament*

The Victorian Parliament House lit in rainbow colours as a tribute to the victims of the Orlando shootings on 12 June 2016.

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In the Victorian Parliament on 24 May 2016, the Hon. Daniel Andrews MP made a formal apology to Victoria's gay community for historic convictions under unjust laws against homosexual acts.

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The Department of Premier and Cabinet is committed to fostering LGBTI equality and working with other agencies, partners and citizens to improve the lives of LGBTI Victorians. DPC's Equality branch fosters and promotes lesbian, gay, bisexual, transgender and intersex (LGBTI) equality in the Victorian community. The branch provides advice and support to the Premier, the Minister for Equality and the Victorian Commissioner for Gender and Sexuality to drive whole-of-government LGBTI policy.

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## Accountable officer's declaration

In accordance with the *Financial Management Act 1994*,  
I am pleased to present the Department of Premier and  
Cabinet's annual report for the year ending 30 June 2016.



**Chris Eccles**

Secretary

September 2016

# SECTION ONE

## Overview

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# About us

## Our vision

The Department of Premier and Cabinet's (DPC) vision is to be a recognised and respected leader in whole-of-government policy and performance.

The department works for the people of Victoria by helping the government achieve its strategic objectives. It does this by supporting the Premier, Deputy Premier, the Special Minister of State, the Ministers for Aboriginal Affairs, Equality, Multicultural Affairs, Prevention of Family Violence, Veterans and Women as well as the Cabinet.

The department leads the Victorian Public Service by:

- setting clear expectations
- driving the government's objectives
- providing unifying intelligence within the Victorian Government
- pursuing excellence in whole-of-government outcomes in delivery and reform.

## Departmental objectives

DPC's objectives are:

### Strong policy outcomes

- pursuing policy and service delivery excellence and reform
- leading the public sector response to significant state issues, policy challenges and projects
- supporting the effective administration of government.

## Productivity and competitiveness

- supporting the delivery of policy and projects that enables increased productivity and competitiveness in Victoria.

## Engaged citizens

- supporting and promoting full participation in strong and vibrant communities
- empowering citizens to participate in policy-making and service design
- ensuring a holistic approach to social policy and service delivery.

## Professional public administration

- fostering and promoting a high-performing public service
- ensuring effective whole-of-government performance and outcomes
- protecting the values of good public governance in support of public trust.

## High-performing DPC

- empowering our people and investing in our culture
- ensuring efficient and effective processes and systems
- ensuring good governance and risk management.

## Our values

DPC upholds the public sector values as outlined in the *Public Administration Act 2004*.

### Responsiveness

- providing frank, impartial and timely advice to the government
- providing high-quality services to the Victorian community
- identifying and promoting best practice.

### Integrity

- being honest, open and transparent in our dealings
- using powers responsibly
- reporting improper conduct
- avoiding real or apparent conflicts of interest
- striving to earn and sustain public trust at the highest level.

### Impartiality

- making decisions and providing advice on merit without bias, caprice, favouritism or self-interest
- acting fairly by objectively considering all relevant facts and applying fair criteria
- implementing government policies and programs equitably.

### Accountability

- working to clear objectives in a transparent manner
- accepting responsibility for our decisions and actions
- seeking to achieve best use of resources
- submitting ourselves to appropriate scrutiny.

### Respect

- treating others fairly and objectively
- ensuring freedom from discrimination, harassment and bullying
- using others' views to improve outcomes on an ongoing basis.

### Leadership

- actively implementing, promoting and supporting these values.

### Commitment to human rights

- making decisions and providing advice consistent with the human rights set out in the *Charter of Human Rights and Responsibilities Act 2006*
- actively implementing, promoting and supporting human rights.

## Who we are

DPC consists of five groups:

- Economic Policy and State Productivity
- Governance Policy and Coordination
- Social Policy and Service Delivery Reform
- General Counsel
- People, Culture and Operations.

DPC also supports the following portfolio agencies:

- Commissioner for Privacy and Data Protection
- Freedom of Information Commissioner
- Independent Broad-based Anti-corruption Commission
- Infrastructure Victoria
- Local Government Investigations and Compliance Inspectorate
- Office of the Chief Parliamentary Counsel
- Office of the Governor
- Office of the Victorian Government Architect
- Public Interest Monitor
- Public Record Office Victoria
- Victorian Electoral Commission
- Victorian Inspectorate
- Victorian Ombudsman
- Victorian Public Sector Commission.

Further information relating to DPC's functions and services can be found in Section Four (Appendix 2).

## Our services

DPC delivers its services in four key areas:

- strong policy outcomes
- productivity and competitiveness
- engaged citizens
- professional public administration.

DPC's performance is measured in terms of its outputs in each of these areas. These outputs are detailed in Section Two.



## Our Ministers



### Premier of Victoria

#### The Hon Daniel Andrews MP

The Hon Daniel Andrews MP is Victoria's Premier. He oversees DPC, the Office of the Governor, the Victorian Public Sector Commission and the Office of the Victorian Government Architect.

#### Contact details

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### Special Minister of State

#### Gavin Jennings MLC

Gavin Jennings MLC is the Special Minister of State. He oversees government transparency, integrity, accountability and public sector administration and reform.

#### Contact details

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### Minister for Multicultural Affairs

#### Robin Scott MP

Robin Scott MP is Victoria's Minister for Multicultural Affairs. He oversees the Office of Multicultural Affairs and Citizenship and the Victorian Multicultural Commission.

#### Contact details

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### Minister for Aboriginal Affairs

#### The Hon Natalie Hutchins MP

The Hon Natalie Hutchins MP is Victoria's Minister for Aboriginal Affairs. She oversees Aboriginal Victoria and is responsible for appointing members to the Victorian Aboriginal Heritage Council. She is guided by advice from the Victorian Government Ministerial Forum, the Aboriginal Children's Forum, the Aboriginal Justice Forum and the Victorian Aboriginal Heritage Council.

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### Minister for Veterans

#### The Hon John Eren MP

The Hon John Eren MP is the Minister for Veterans. He oversees the Veterans portfolio, including the Shrine of Remembrance.

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### Minister for Equality

#### Martin Foley MP

[Martin Foley MP is the Minister for Equality. He oversees LGBTI Equality and the Victorian Gender and Sexuality Commissioner.](#)

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## Minister for Women and Minister for the Prevention of Family Violence

### Fiona Richardson MP

Fiona Richardson MP is the Minister for Women and Minister for the Prevention of Family Violence.

She oversees the Office for Women and the Royal Commission into Family Violence Engagement team.

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## Cabinet Secretary

Ms Gayle Tierney MLC is the Cabinet Secretary.

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The Hon Marlene Kairouz MP was the Cabinet Secretary until 20 June 2016 when she was elevated to the Ministry.

## Parliamentary Secretary to the Premier

Mr Colin Brooks MP is the Parliamentary Secretary to the Premier.

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## Secretary's comments

*In supporting the government's ambitious agenda, the Department of Premier and Cabinet's (DPC) role has evolved to challenge what it means to be a conventional First Minister's department. Our core functions of policy leadership, unifying intelligence and whole-of-government coordination have been complemented by emerging areas of community engagement and service delivery responsibilities.*

I am immensely proud to reflect on 2015–16 as a year of transformation and achievement for our department.

On 30 March 2016, the Royal Commission into Family Violence report was tabled in Parliament. This followed a 13-month inquiry into how Victoria could improve early intervention, support victims, make perpetrators accountable and better coordinate community and government responses. The government has committed to implementing all 227 of the commission's recommendations. In April 2016, it announced \$572 million in the 2016–17 State Budget to begin to deliver on the first 65 recommendations.

The department's strong advocacy of self-determination for Aboriginal Victorians took another step forward with the passing of the *Aboriginal Heritage Amendment Act 2016*. These significant amendments are the culmination of four years of work on the Aboriginal heritage reform agenda and include changes to protect Aboriginal intangible heritage, red-tape reductions, and new enforcement and decision-making powers for Aboriginal people.



The year witnessed the appointment of Victoria's first Gender and Sexuality Commissioner and the establishment within DPC of an Equality branch. These are both important milestones in the department's support of the government's lesbian, gay, bisexual, transgender, gender diverse and intersex (LGBTI) policy platform.

The department also actively strengthened innovation practices, with the launch of the Public Sector Innovation Fund to support projects that test new approaches to solving complex policy challenges and the creation of the Behavioural Insights Unit to enable the integration of behavioural insights into public policy, service design and delivery. We also released the Information Technology Strategy Victorian Government 2016–2020 and completed a roll out of ultra-mobile notebooks to staff to support flexible and modern workplace practices.

DPC's support of the government in its efforts to strengthen integrity and accountability in the public sector saw the delivery of new powers for the Victorian Auditor-General

and the Independent Broad-based Anti-corruption Commission. The department also supported legislation to strengthen Victoria's freedom of information system and improve the transparency of emergency services response times.

In pursuit of policies that enhance Victoria's productivity and competitiveness, DPC contributed to the development of Victoria's Regional Statement. The creation of nine new Regional Partnerships, announced in the statement, present a new way in which all three tiers of government can work closely with local communities to deliver place-based policy responses to local issues. The partnerships will give regional communities a greater say about what matters to them and will ensure their voices reach the heart of government.

The department supported the Premier's official visits to China and the United States, with both trips allowing the Premier to engage with high-level business and government representatives, develop new partnerships and promote Victorian capabilities. The department also released Victoria's new China Strategy: Partnerships for Prosperity, which focuses on building stronger and deeper alliances between the Victorian and Chinese governments.

While it is not feasible to provide a comprehensive list of all of the department's other successes this year, I would also like to note the:

- support of the Economic Policy Interdepartmental Committee in its leadership and coordination of the government's economic policy agenda
  - support of the Infrastructure Coordination Committee in its leadership and coordination of the government's infrastructure agenda
  - establishment and appointment of Victoria's first Skills Commissioner
  - establishment of the Forest Industry Taskforce, which provides leadership on matters of job protection, economic activity, and protection of our unique native flora and fauna and threatened species
  - launch and support of the Victoria Against Violence campaign
  - establishment of the Social Cohesion and Community Resilience Ministerial Taskforce
  - significant work accomplished in the development of the Premier's Jobs and Investment Panel's work plan and inputs into the whole-of-government Jobs Package
  - introduction to Parliament of legislation to create standards for government advertising
  - commencement of discussions with Aboriginal Victorians about their treaty aspirations and the establishment of the Victorian Aboriginal Employment Board
  - department meeting its own Aboriginal employment target
  - signing of the Heads of Agreement between the Commonwealth and the States on Public Hospitals Funding 2017–18 to 2019–20
  - consolidation and streamlining of the grants programs in the Multicultural Affairs and Citizenship portfolio to better meet the needs of the community.
- successful negotiation of the National Disability Insurance Scheme (NDIS) Bilateral Agreement and the development of the 2020 NDIS Vision
  - Hazelwood Mine Fire Inquiry Response Team's Victorian Government Implementation Plan was tabled in Parliament, fulfilling one of the government's principal election commitments
  - development of a year-long program of activities to commemorate the 50th anniversary of the Battle of Long Tan

Underpinning these achievements is a commitment to the culture and values of our organisation. 2015–16 saw the development of a new culture strategy, which established the Women in Leadership initiative and supported my commitment to the Male Champions of Change initiative. DPC also negotiated and implemented the Victorian Public Service Enterprise Agreement 2016 and is leading the Recruit Smarter pilot to eliminate unconscious bias in recruitment.

As I look to the year ahead, I am optimistic about the department's ability to again successfully take on the challenges of its leadership, coordination and stewardship roles. In 2016–17, DPC will:

- continue the commitments outlined in the China strategy by supporting Victorian businesses to reach into Asian markets
- administer a grants program to fund small-scale jobs, innovation and economic development projects that support disadvantaged communities
- through Service Victoria, deliver a new whole-of-government service capability to enhance the delivery of government transactions with the community
- continue to support the government's efforts to strengthen integrity and accountability in the public sector
- deliver a 10-year family violence plan that will change the way that government funds, delivers and evaluates social services

- deliver a public sector innovation strategy
- deliver a coordinated approach to the settlement of asylum seekers and refugees
- seek to deepen our engagement with Aboriginal communities
- prepare for the transition to the NDIS
- contribute to the procurement of a Pride Centre that will provide a safe space for Victoria's LGBTI communities.

I would like to conclude by thanking DPC's people for their tireless commitment to the department over the past year and to pay tribute to their professionalism, enthusiasm and humour.

I would also like to acknowledge the work of the Victorian Secretaries Board and to thank my colleagues for their commitment to high-quality public policy, public administration and public sector performance.



**Chris Eccles**  
Secretary  
Department of Premier and Cabinet

## Five-year financial summary

### KEY FINANCIAL RESULTS 2011–12 TO 2015–16

#### DEPARTMENTAL (CONTROLLED) ACTIVITIES

	2015–16 (i)	2014–15 (ii)	2013–14 (iii)	2012–13 (iv)	2011–12 (v)
	\$'000	\$'000	\$'000	\$'000	\$'000
Income from government appropriations	360,104	471,182	585,035	557,094	571,184
Other income	36,799	15,999	12,500	15,626	11,572
Total income from transactions	396,903	487,181	597,535	572,720	582,756
Total expenses from transactions	(371,506)	(475,706)	(568,917)	(532,678)	(547,395)
Net result from transactions	25,397	11,475	28,618	40,042	35,361
Other economic flows included in net result	(451)	72	(7)	(37)	(169)
Net result	24,946	11,547	28,611	40,005	35,192
Net cash flow from operations	20,720	9,571	7,578	14,922	17,581
Total assets	634,521	580,490	929,852	843,511	808,296
Total liabilities	62,796	57,681	36,680	29,341	27,909

- (i) Machinery-of-government transfers impacted the department's operations and balances in 2015–16. Asset balances were impacted by asset revaluations during the year.
- (ii) Machinery-of-government transfers effective 1 January 2015 impacted the department's operations and balances in 2014–15.
- (iii) In 2013–14, for the first time, the department applied AASB 119 *Employee Benefits* (September 2011, as amended) and the related consequential amendments. This impacted the way annual leave provisions are measured. Comparative figures for 2012–13 have been restated accordingly.
- (iv) Machinery-of-government transfers effective 1 July 2013 impacted the department's operations and balances in 2013–14.
- (v) During the year, 2011–12 asset balances were impacted by asset revaluations.

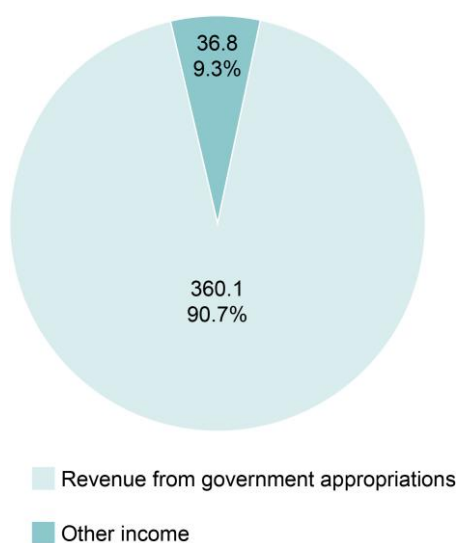
## Current-year financial performance

### Net result

The department recorded an operating surplus of \$24.9 million in 2015–16, compared with \$11.5 million in 2014–15.

These surpluses arise primarily from grants revenue received from Department of Economic Development, Jobs, Transport and Resources (DEDJTR) for Information and Communication Technology (ICT) initiatives.

### Sources of income (\$ million)



Revenue from government appropriations represents appropriations received from the state government for the delivery of outputs in the areas of:

- policy advice and support to government and Cabinet
- strengthening communities
- public sector governance and accountability
- project prioritisation and investment.

Other income in 2015–16 included grants received from other government agencies (\$34.6 million) for ICT initiatives, the National Disability Insurance Scheme and various community advancement initiatives.

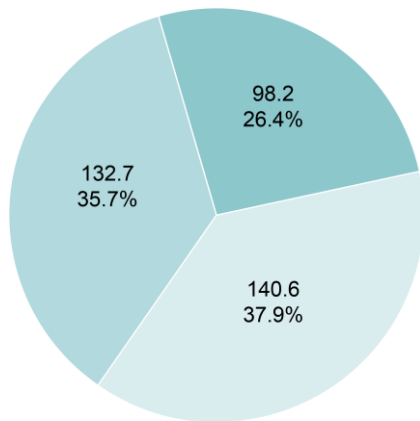
The decrease in income from transactions (from \$487.2 million to \$396.9 million) is mainly due to lower appropriations in 2015–16 compared with those in 2014–15. Following machinery-of-government changes in 2014–15, arts grants previously funded through DPC's appropriations are now funded through DEDJTR.

Total expenses from transactions for the year were correspondingly lower at \$371.2 million, compared with \$475.7 million in 2014–15.

Employee expenses represented 37.9 per cent of total operating expenses. There is an increase of \$16.5 million from the prior year due to increased staffing levels for new government initiatives being delivered by the department and the full-year impact of expenses incurred for staff transferred to the department from machinery-of-government changes.



### Expenses (\$ million)



- Employee expenses
- Grants expense
- Other

The graph above shows the distribution of expenses incurred in delivering the department's outputs. Specific performance measures for each output are provided Section Two of this report.

### Financial position

Net assets increased during the year from \$522.8 million to \$571.7 million. This increase mainly reflects \$21 million in funds received from DEDJTR to be utilised on ICT initiatives and a \$24 million increase in land value from land revaluations.

The major assets of the department are the permanent public records held by Public Record Office Victoria (PROV) (\$253.1 million), the Government House land and buildings (\$141.2 million) and the department's receivables from the State Administration Unit (SAU) (\$101.3 million). The SAU receivables include accumulated depreciation from previous years, accrued employee entitlements and payables.

Total liabilities increased from \$57.7 million to \$62.8 million primarily as a result of increases in leave provisions. The balance of the department's liabilities consists principally of trade creditors and accruals and employee benefit provisions.

# SECTION TWO

## Our performance

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## Departmental output performance

This section reports on DPC's outcomes against the performance measures in the 2015–16 Budget Paper No. 3 (BP3). This includes performance measures relating to DPC's portfolio entities as per the output costs published in BP3 and the consolidated financial statements presented in Section Three. For further information about individual entities, please refer to their annual reports and websites.

The department's output structure for 2015–16 is as follows:

<b>OUTPUT GROUP</b>	<b>OUTPUT TITLE</b>
Policy advice and support to Government and Cabinet	Government-wide leadership reform and implementation
	Strategic advice and government support
Strengthening communities	Aboriginal policy, strengthening Aboriginal cultural heritage and communities
	Multicultural Affairs policy and programs
	Support to veterans in Victoria
	Women and equality policy and programs
Public sector governance and accountability	Advice and support to the Governor
	Chief Parliamentary Counsel services
	Management of Victoria's public records
	Public administration advice and support
	Public sector integrity
	State electoral roll and electoral events
Project prioritisation and investment	Infrastructure Victoria
	Public Sector ICT and digital government
	Office of the Victorian Government Architect

## Departmental objectives, indicators and progress

The department has four objectives and associated indicators that are linked to outputs and specific Budget Paper No.3 performance measures. This section reports on the department's progress on the achievement of objectives and on the trends of quantifiable results.

DEPARTMENTAL OBJECTIVES	INDICATORS	OUTPUTS	MEASURE (BP3)	2013–14	2014–15	2015–16
<b>Strengthen public policy outcomes and high-quality government decision making</b>	DPC's policy advice and its support for Cabinet, committee members and the Executive Council is valued and informs decisions	Government wide leadership, reform and implementation  Strategic advice and government support	Number of briefs supporting Cabinet and Cabinet committee decision-making	1,167	986	1,346
			Policy services satisfaction rating	90	90	90
			Policy services timeliness rating	91	94	87
<b>Promote and strengthen active citizenship</b>	Increased opportunities for participation by members of the Victorian community in the social, cultural, economic and democratic life of Victoria	Aboriginal policy, strengthening Aboriginal cultural heritage and communities  Multicultural affairs policy and programs  Support to veterans in Victoria  Women and equality policy and programs	Capacity building activities provided for Traditional Owners and Aboriginal community organisations	nm*	nm	20
			Participation of Aboriginal people in Local Indigenous Networks (LINs)	2,041	2,078	2,449
			Attendance at Cultural Diversity Week flagship event, Viva Victoria	43,802	45,550	50,000
			Consultations with culturally and linguistically diverse (CALD) communities	75	62	74
			Event attendance: student participation in Shrine of Remembrance programs	51,565	59,620	56,220
			Number of women participating in funded programs, projects and events	nm	826	1,826

\* nm = new measure

DEPARTMENTAL OBJECTIVES	INDICATORS	OUTPUTS	MEASURE (BP3)	2013–14	2014–15	2015–16
			Women and the Prevention of Family Violence service agreements and contracts deliver agreed outcomes for the prevention of family violence and the social and economic participation of women are delivered on time	nm	nm	100
<b>Ensure an innovative, accountable and professional public administration</b>	Fairness, integrity and respect for human rights and administrative excellence in the Victorian public sector are effectively promoted	Advice and support to the Governor	Proportion of jurisdictional complaints independently investigated by the Victorian Ombudsman	nm	nm	22
Foster and promote a high-performing public administration in support of good public governance and public trust		Chief Parliamentary Counsel services	Advice given on legislation in response to written requests	99	98	99
Protect the values of good public governance		Management of Victoria's public records	Education and training activities delivered by Freedom of Information Commissioner (FOIC)	15	16	27
		Public administration advice and support	Collection usage: utilisation of physical and digital records held by Public Record Office Victoria (PROV)	nm	nm	609,412
		Public sector integrity	Proportion of Independent Broad-Based Anti-Corruption Commission (IBAC) investigations completed within 12 months	100	85	86
		State electoral roll and electoral events				
<b>Increase Victoria's competitiveness and productivity</b>	Quality infrastructure drives economic activity in Victoria	Infrastructure Victoria	Establishment or renewal of whole-of-government ICT contracts	10	9	7
Support the delivery of policy and projects that enables increased productivity and competitiveness in Victoria	The development and effective use of technology supports productivity and competitiveness	Public sector ICT and digital government	Stakeholder satisfaction with quality advice on significant public and private sector projects	80	80	80
	The costs and barriers associated with doing business in Victoria are reduced	Office of the Victorian Government Architect				

## Changes to the output structure

The department has made the following changes to its output structure in 2015–16:

2014–15 OUTPUTS	REASON	2015–16 OUTPUTS
Business Environment Policy Advice	The Victorian Competition and Efficiency Commission transferred to the Department of Treasury and Finance (DTF) in September 2015	na
na	The Office of the Victorian Government Architect (OVGA) transferred from the Department of Environment, Land, Water and Planning (DELWP) as a result of machinery-of-government changes	OVGA

## Output group: Policy advice and support to Government and Cabinet

This output group delivers advice and support to the Premier and Cabinet on all aspects of government policy. This includes advice on issues as they arise, policy coordination, research and analysis, consultation with stakeholders and leadership in long-term policy development.

Commentary is provided where there are significant variances between targets and actual results for performance measures (significant being equal to or greater than five per cent).

### Results legend

- ✓ Performance target achieved — both within five per cent variance and exceeds five per cent variance
- Performance target not achieved — within five per cent variance
- Performance target not achieved — exceeds five per cent variance

### Government-wide leadership, reform and implementation

Lead whole-of-government policy and responses to significant identified issues. Monitor the implementation and delivery of the government's decisions and projects.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Whole-of-government emergency management forums, meetings and exercises facilitated	number	16	17	6%	✓
The 2015–16 actual exceeded the target due to the unpredictable nature of, and preparation and response to, emergencies and disasters.					
Whole-of-government forums, meetings and advisory groups chaired	number	54	69	28%	✓
The 2015–16 actual exceeded the target due to increased portfolio responsibility, including the National Disability Insurance Scheme (NDIS), the Royal Commission into Family Violence, the Premier's Jobs and Investment Panel and associated Inter Departmental Committee (IDC).					
<b>Quality</b>					
Relevant communication activity compliant with government advertising and communication guidelines	per cent	100	100	0%	✓
<b>Timeliness</b>					
Timely delivery of state events and functions	per cent	100	100	0%	✓
<b>Cost</b>					
Total output cost	\$million	43.2	41.0	-5%	○

## Key initiatives and projects

### Family violence reform

- The department oversaw the establishment of the Victorian Secretaries Board Sub-Committee on Family Violence Reform (VSB-SC) to respond to recommendation 196 of the Royal Commission into Family Violence. The VSB-SC had its first meeting on 25 May 2016. The VSB-SC will oversee whole-of-government family violence reform, including coordination of the Statewide Family Violence Action Plan.

### Jobs Package

- The Economic Policy IDC developed the broad strategic directions and coordinated proposals for the Jobs Package contained in the 2016–17 State Budget. The IDC continues to oversee the implementation of major initiatives to maximise their impact on job creation in Victoria.

### Hazelwood Mine Fire Inquiry

- The Hazelwood Mine Fire Inquiry Response Team led the drafting of the Hazelwood Mine Fire Inquiry: Victorian Government Implementation Plan. The plan outlines 246 action items to be undertaken by the government over the next three years to implement all recommendations and affirmations of the 2014 and 2015–16 Hazelwood Mine Fire Inquiry reports. The Inspector-General for Emergency Management will monitor and publicly report on the progress of implementation. His next annual report will be released by the end of 2016.

### Promoting the State of Victoria

- Advised government on opportunities to modernise the state's visual branding to raise global recognition and promote Victoria's strengths.



## Strategic advice and government support

Provide strategic policy analysis and advice to the Premier, lead policy development on key priority issues and support informed government decision making.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Number of briefs supporting Cabinet and Cabinet committee decision making	number	1,200	1,338	12%	✓
The 2015–16 actual exceeded the target due to the number of items considered on the Cabinet and Committee business program in this period.					
<b>Quality</b>					
Policy services satisfaction rating	per cent	86	90	4%	✓
<b>Timeliness</b>					
Policy services timeliness rating	per cent	95	87	-8%	■
The 2015–16 actual is lower than the target due to increased demands across all branches and agencies which equate to compression of briefing timeframes.					
<b>Cost</b>					
Total output cost	\$million	79.7	83.7	5%	✓

## Key initiatives and projects

### Cabinet Handbook

- Released the Cabinet Handbook which provides a resource for all Ministers, ministerial staff and public sector officials involved in the development and progression of Cabinet business, outlining the principles, conventions and processes of Cabinet in Victoria.

### Legislation Program

- Managed the Legislation Program to ensure the timely delivery of Bills available for introduction into Parliament. 85 Bills were passed by both Houses of Parliament and received Royal Assent during the 2015–16 financial year.

## Output group: Strengthening communities

This output group coordinates and provides services and support to culturally, linguistically and religiously diverse communities, Aboriginal Victorians, veterans, women and the Equality portfolio. The group promotes social cohesion, enhanced engagement and greater opportunities for participation and contribution to the social, cultural and economic life of Victoria.

### Results legend

- ✓ Performance target achieved — both within five per cent variance and exceeds five per cent variance
- Performance target not achieved — within five per cent variance
- Performance target not achieved — exceeds five per cent variance

### Aboriginal policy, strengthening Aboriginal cultural heritage and communities

Work in partnership with Aboriginal Victorians, other tiers of government and the private and community sectors to: coordinate the delivery of whole-of-government priorities; protect and manage Aboriginal cultural heritage; strengthen Aboriginal community organisations; and build community engagement to improve the long-term social and economic outcomes for Aboriginal Victorians.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Award ceremonies held: Victorian Aboriginal Honour Roll	number	1	1	0%	✓
Capacity building activities provided for traditional owners and Aboriginal community organisations	number	20	20	0%	✓
Delivery of the Victorian Government Aboriginal Annual Affairs Report to Parliament	number	1	1	0%	✓
Victorian Aboriginal Heritage Council meetings conducted within legislative timeframes	number	6	7	17%	✓
The 2015–16 actual exceeded the target due to one additional meeting taking place. Regular meetings are scheduled throughout the year, the dates of which determine whether six or seven meetings occur in a financial year.					
Client service contacts for members of the Stolen Generations with Connecting Home Limited	number	132	155	17%	✓
The 2015–16 actual exceeded the target due to Connecting Home Limited having higher-than-expected client service levels in 2015–16.					
Client service contacts for members of the Stolen Generations with the Victorian Koorie Family History Service	number	154	184	19%	✓
The 2015–16 actual exceeded the target due to the Victorian Koorie Family History Service having higher than expected client service levels for 2015–16.					

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quality</b>					
Participation of Aboriginal people in Local Indigenous Networks	number	2,200	2,449	11%	✓
The 2015–16 actual exceeded the target due to a marked increase in Local Aboriginal Network participant numbers as a result of the launch of the Victorian Local Aboriginal Networks Five Year Plan 2016–2020.					
<b>Timeliness</b>					
Assessments completed by Office of Aboriginal Affairs Victoria within legislative timeframe: cultural heritage management plans	per cent	100	99	1%	✓
<b>Cost</b>					
Total output cost	\$million	20.2	19.2	-5%	○

## Key initiatives and projects

### Aboriginal family violence

- Delivered immediate responses to family violence, in partnership with the Aboriginal community, including early intervention workshops.

### Aboriginal Affairs Report and Networks Plan

- Tabled the Victorian Government Aboriginal Affairs Report 2014–15 in Parliament on 9 December 2015.
- Launched the Victorian Local Aboriginal Networks Plan 2016–2020 in March 2016.

### Victorian Aboriginal Economic Board

- Established the Victorian Aboriginal Economic Board which met for the first time on 24 June 2016. The Board's role is to champion economic development initiatives, advise the Minister for Aboriginal Affairs on projects to be delivered and identify any barriers to Aboriginal economic development.

### Aboriginal Heritage Amendment Act 2016

- Passed the *Aboriginal Heritage Amendment Act 2016*, which contains significant amendments that are the culmination of four years work on the Aboriginal heritage reform agenda, including a review of the principal legislation, a Parliamentary Inquiry, funding reforms and other related non-legislative changes. The amendments include cutting-edge reforms to protect Aboriginal intangible heritage, significant red-tape reductions, and new enforcement and decision-making powers for Aboriginal people.

## Multicultural affairs policy and programs

Oversee the provision of policy advice on multicultural affairs and citizenship, settlement coordination for newly arrived migrants and refugees and deliver programs to support Victoria's whole-of-government approach to multicultural affairs and social cohesion. Coordinate the monitoring of government departments' responsiveness to Victorians from culturally, linguistically and religiously diverse backgrounds.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Consultations with culturally and linguistically diverse (CALD) communities	number	60	74	23%	✓
The 2015-16 actual exceeded the target due to the appointment of the new Chair and seven new Commissioners and increased community consultation activity for the period.					
Attendance at Cultural Diversity Week flagship event, Viva Victoria	number	45,000	50,000	11%	✓
The 2015-16 actual exceeded the target as the running time of the festival was two hours longer than in previous years, taking advantage of other events that were occurring in Melbourne on the same day, such as the Grand Prix.					
<b>Quality</b>					
Proportion of grants approved which are provided to organisations in regional/rural areas	per cent	20	20	0%	✓
<b>Timeliness</b>					
Event briefs completed within the required timeframe	per cent	100	100	0%	✓
<b>Cost</b>					
Total output cost	\$million	28.5	26.2	-8%	■
The 2015-16 actual is lower than the target due to the transfer of grant payments initially budgeted in 2015-16 but not expensed until 2016-17.					

## Key initiatives and projects

### Migrant communities

- Supported the capacity of ethnic and multicultural organisations to respond to community needs including the settlement and participation of newly arrived migrants, and the needs of ageing migrant communities.

### Social cohesion

- Supported social cohesion and community resilience by developing initiatives that engage and empower communities to address economic and social disengagement, which may lead to individual or community isolation, anti-social behaviour or violent extremism.

### Access and equity

- Helped build or refurbish community facilities through the Community Infrastructure and Cultural Precincts Fund to improve access by multicultural groups, and enhance cultural precincts to promote local heritage, business activity and tourism.
- Assisted in improving access and responsiveness of government services for Victorians from culturally and linguistically diverse backgrounds through the Multicultural Access Program.

- The VMC prepared 11 submissions to government inquiries and policies advocating on behalf of Victoria's diverse communities, informed by the outcomes of VMC's community engagement, including through its regional advisory councils.

## Support to veterans in Victoria

Coordinate veteran-related issues at a state level, especially in relation to preparations for and delivery of the Centenary of Anzac. Assist and fund veteran commemorative, welfare and education programs. Support the Shrine of Remembrance and the Victorian Veterans Council.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Entries received: Premier's Spirit of Anzac Prize	number	350	196	-44%	■
The 2015-16 actual is lower than the target due to a significant decrease in the level of interest compared to the previous year, which was the commencement of the Anzac Centenary. A review of the Premier's Spirit of Anzac Prize, undertaken in 2016, will consider strategies to further increase diverse community participation and to meet the target of 350 applications.					
Event attendance: student participation in Shrine of Remembrance programs	number	65,000	56,220	-14%	■
The 2015-16 actual is lower than the target due to a combination of factors, including: a decrease in the number of students attending commemoration ceremonies; a shorter term 1 which resulted in a lower than anticipated uptake for the education and outreach programs in January-March 2016; and an indication that some schools are finding excursions increasingly difficult from a liability perspective.					
<b>Quality</b>					
Commemorative and educative projects meet agreed project objectives	per cent	100	100	0%	✓
<b>Timeliness</b>					
Deliver an annual program of grants within agreed, published timelines	per cent	100	100	0%	✓
<b>Cost</b>					
Total output cost	\$million	8.0	6.2	-22%	■
The 2015-16 actual is lower than the target due to the deferral of some activities from 2015-16 to 2016-17. This is a phasing issue only and the delivery of the two Anzac Centenary projects, one on the Western Front, the other on conscription, will not be affected.					

## Key initiatives and projects

### Anzac Centenary

- Ensured Victoria's veteran community were honoured and recognised through a continued program of commemorations and events to mark the Anzac Centenary including the Anzac Centenary Roadshow and support for the 5,000 Poppies Project to travel to the Chelsea Flower Show and Western Front.

### Battle of Long Tan

- Supported an extensive program of activities in 2015-16 to commemorate the 50th anniversary of the Battle of Long Tan including gravesite vigils and a history competition planned for the extended march and service for Vietnam Veterans Day on 18 August 2016.

### Improving the lives of Victorian Veterans

- Provided opportunity for veterans to engage with government through a Sector Study Report undertaken by the Victorian Veterans Council, which was released in February 2016. This report will form the basis of policy and program initiatives to support the future needs of Victorian veterans. A similar study undertaken in 2008 resulted in \$1.35 million funding for the Richmond Housing Project which the Minister for Veterans opened in September 2015. The project provides crisis accommodation to veterans in need.

### Veterans Heritage

- Supported the broader community to engage with the legacy of veterans' service and Victoria's military history through educative and grant programs, including the Spirit of Anzac Prize. The Veterans History and Heritage Strategy, announced in April 2016, will help protect, interpret and manage Victoria's war heritage.

## Women and equality policy and programs

Lead and coordinate whole-of-government policy, engage with women from diverse backgrounds, and deliver initiatives that support the economic, social and civic participation of Victorians and support the prevention of family violence.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quality</b>					
Number of meetings, forums and events held for Women and the Prevention of Family Violence consultation/engagement with key stakeholders	number	20	30	50%	✓
The 2015-16 actual exceeded the target due to increased activity in response to the Royal Commission into Family Violence and the Gender Equality Strategy.					
Number of women participating in funded programs, projects and events	number	1,450	1,826	26%	✓
The 2015-16 actual exceeded the target due to increased activity in response to the Royal Commission into Family Violence and the Gender Equality Strategy.					
<b>Quality</b>					
Women and the Prevention of Family Violence service agreements and contracts deliver agreed outcomes for the prevention of family violence and the social and economic participation of women	per cent	100	100	0%	✓

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Timeliness</b>					
Timely delivery of policy analysis and papers prepared, including submissions to the Royal Commission	per cent	100	100	0%	✓
Women and the Prevention of Family Violence projects and programs which support the prevention of family violence and the social and economic participation of women are delivered on time	per cent	100	100	0%	✓
<b>Cost</b>					
Total output cost	\$million	12.5	12.3	-2%	○

### Key initiatives and projects

#### Royal Commission into Family Violence

- Supported the government's initial response to the findings of the Royal Commission into Family Violence, including a major stakeholder event and private reception with victim survivors on 29 March 2016.
- Established the Family Violence Steering Committee and administered nearly \$10 million in immediate funding for family violence victim survivors.
- Delivered \$2 million of prevention funding from the 2015–16 State Budget, to Our Watch, Women with Disabilities Victoria, Domestic Violence Resource Centre Victoria and the Municipal Association of Victoria for associated prevention of violence against women and promotion of gender equality projects across a number of key target settings and populations, including workplaces, young people and women with disabilities.

#### Women's Honour Roll

- Implemented the Women's Honour Roll event in March 2016, where 20 outstanding women were inducted at a celebration coinciding with International Women's Day.

## Output group: Public sector governance and accountability

This output group provides independent services and aims to ensure effective management, governance and support of the public sector.

### Results legend

- ✓ Performance target achieved — both within five per cent variance and exceeds five per cent variance
- Performance target not achieved — within five per cent variance
- Performance target not achieved — exceeds five per cent variance

### Advice and support to the Governor

Provide advice and support to the Governor, and maintain Government House and its collections as a heritage asset of national importance.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Increase in the annual number of guests and visitors to Government House	per cent	5	5	0%	✓
<b>Quality</b>					
Maintenance of Government House in accordance with the asset management strategy	per cent	70	70	0%	✓
Standard, physical appearance of gardens and grounds in accordance with contract key performance indicators (KPIs)	per cent	85	85	0%	✓
<b>Timeliness</b>					
Support the Governor's community engagement activities by arranging all internal and external events in a timely manner	per cent	100	100	0%	✓
<b>Cost</b>					
Total output cost	\$million	10.3	12.6	22%	■

The 2015–16 actual exceeded the target due to higher staffing costs, increased levels of official events held at Government House, increased security related expenses and higher levels of asset maintenance and preservation works on the significant cultural and heritage buildings. From 2016–17 the Office of the Governor has funding which properly reflects its operating requirements.



## Key initiatives and projects

### Visitors to Government House

- In 2015–16, more than 35,000 people visited Government House, including 20,000 visitors when the house was open to the public on Australia Day.
- The Governor hosted an expanded ceremonial program for investitures of Order of Australia Honours so that recipients could enjoy the special occasion with family, friends or colleagues. Community-based award ceremonies continued to be hosted, while a new range of ceremonies were held to showcase Victoria's volunteers, business, industry and education leaders as well as medical and research innovators, bringing even more people to Government House.

### Patronage

- The Governor and Judge Howard collectively accepted offers from more than 150 community-related organisations to be patrons or equivalent to assist in shedding light on the important work of each organisation.

### Regional engagement

- In addition to her support of the Victorian community at Government House, the Governor received 160 official calls and attended 165 events throughout the year. As part of this extensive program, the Governor undertook a number of regional community engagement tours of Loddon Shire, Central Goldfields Shire, Horsham Rural City, Hindmarsh Shire, Yarriambiack Shire, Rural City of Wangaratta and Benalla Rural City.

### International partnerships

- The Governor and Judge Howard also represented the state on official business abroad, building on international partnerships and fostering state-to-state relationships essential to advancing Victoria's development.

### Constitutional duties

- The Governor, Lieutenant-Governor and Administrator of the State of Victoria collectively presided at 48 meetings of the Executive Council, granted Royal Assent to 85 Bills and undertook five ministerial and three judicial swearing-in ceremonies.

### Communication

- The Governor and Judge Howard continued publishing the work they undertake, and that of the Office of the Governor, through the [governor.vic.gov.au](http://governor.vic.gov.au) website, daily Vice-Regal notes in The Age and through the Governor's official Twitter and Instagram channels, [@VicGovernor](https://twitter.com/VicGovernor).

For further information, visit [www.governor.vic.gov.au](http://www.governor.vic.gov.au)

## Chief Parliamentary Counsel services

Preparation of Bills for introduction in Parliament, including: provision of quality and timely legislative drafting services; hard copy and electronic publication of Acts and Statutory Rules; and the maintenance of a database of Victorian legislation and legislative information on [www.legislation.vic.gov.au](http://www.legislation.vic.gov.au).

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Advice given on legislation in response to written requests	per cent	96	99	3%	✓
<b>Quality</b>					
Statutory Rules made and Bills prepared and introduced into Parliament	number	290	260	-10%	■
The 2015–16 actual is lower than the target due to the number of Bills introduced and Statutory Rules made being less than projected. While the Office of the Chief Parliamentary Counsel (OCPC) undertook drafting work on a number of other Bills, some were not introduced during the period. Fewer Statutory Rules were made during the period.					
Number of Acts and Statutory Rules published electronically and in hard copy without error	per cent	96	98	2%	✓
Number of Bills and Statutory Rules drafted or settled which meet required standard	per cent	96	99	3%	✓
Bills and Statutory Rules drafted or settled within required timeframe	per cent	96	99	3%	✓
<b>Timeliness</b>					
Electronically published versions of Principal Acts and Statutory Rules published within three business days of coming into operation and new Acts and Statutory Rules published within 24 hours of enactment or making	per cent	96	99	3%	✓
<b>Cost</b>					
Total output cost	\$million	5.8	6.5	11%	■
The 2015–16 actual exceeded the target due to reprioritised funding provided to OCPC during 2015–16.					

## Key initiatives and projects

### Community safety improvements

- Community protection was a focus this year including the enactment of, *Serious Sex Offenders (Detention and Supervision) and Other Acts Amendment Act 2015*, *Serious Sex Offenders (Detention and Supervision) Amendment (Community Safety) Act 2016*, *Terrorism (Community Protection) Amendment Act 2015* and *Public Health and Wellbeing Amendment (Safe Access Zones) Act 2015*.

### Public policy improvements

- The office drafted a range of significant legislation to strengthen public policy outcomes and implement major government policy initiatives and reforms across a wide range of law. Particular emphasis was placed on improving governance (for example, the *Local Government Amendment (Improved Governance) Act 2015*, *Integrity and Accountability Legislation Amendment (A Stronger System) Act 2016*, *Health Complaints Act 2016* and *Judicial Commission of Victoria Act 2016*).

- Other significant legislation related to Victoria's infrastructure, including the *Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Act 2016* and *Infrastructure Victoria Act 2015*.

The office continued to improve access to the law by publishing electronic versions of the legislation to provide visibility to unproclaimed legislation.

For further information, visit [www.ocpc.vic.gov.au](http://www.ocpc.vic.gov.au)

## Management of Victoria's public records

Provide direction to government on the management of public records and ensure that the historical memory of the Victorian Government endures, and is secure and accessible.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Collection usage: utilisation of physical and digital records held by Public Record Office Victoria (PROV)	number	250,000	609,412	144%	✓
The 2015-16 actual exceeded the target due to an increase in the number of digital records available for viewing by the public on PROV's website; an increase in records shared by users on social media; and the publication of new indexes to simplify the search for digital images.					
<b>Quality</b>					
Satisfaction with services provided by PROV to government agencies and to the public	per cent	90	91	1%	✓
<b>Timeliness</b>					
Provision of services within published timeframes	per cent	95	98	3%	✓
<b>Cost</b>					
Total output cost	\$million	17.4	17.2	-1%	○

## Key initiatives and projects

### Public record collections

- Approximately 2.5 million digital images of public records digitised from PROV's collection were accessed online globally as a result of third party digitising agreements in place with FamilySearch, Ancestry.com and Findmypast.

- The PROV Volunteer Program delivered more than 33,000 hours of volunteer time that were invested in the following key projects: digitising pre-1950 records from PROV's three most popular series (wills, probates and inquests); digitising and indexing the correspondence sent to the Superintendent Port Phillip District, Charles Joseph La Trobe; and improving the storage and description of PROV's collection of drawings from the Public Works Department.

For further information, visit [www.prov.vic.gov.au](http://www.prov.vic.gov.au)

## Public administration advice and support

Through the Victorian Public Sector Commission (VPSC): provide advice and support on issues relevant to public administration, governance, service delivery and workforce matters; undertake related research, data collection, reporting and dissemination of information; advocate for an apolitical and professional public sector; monitor compliance with the public sector values, employment principles, codes and standards; conduct related reviews; and make recommendations to public sector body heads.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Advice and support provided to the public sector on relevant issues	number	80	80	0%	✓
Referred reviews underway or completed aimed at improving service delivery, governance and/or public administration efficiency and effectiveness	number	5	5	0%	✓
<b>Quality</b>					
Recommendations arising from reviews of actions (section 64) implemented by the public service	per cent	100	100	0%	✓
<b>Timeliness</b>					
Proportion of data collection and reporting activities completed within target timeframes	per cent	90	100	10%	✓
The 2015-16 actual exceeded the target due to the streamlining of data collection and reporting activities.					
<b>Cost</b>					
Total output cost	\$million	8.1	7.4	-8%	■
The 2015-16 actual is lower than the target due to funding to be carried over from 2015-16 to 2016-17. This is due to the deferral of activities related to the development of Victorian Public Sector Leadership Capability Framework from 2015-16 to 2016-17.					

## Key initiatives and projects

### Code of Conduct

- The Directors Code of Conduct was updated and modernised to reflect the evolving nature of the sector and the environment in which it operates. The code sets the standard of behaviour expected of directors and statutory office holders, and exists to ensure the continuing confidence of government and the wider community in board directors.

### Victorian Leadership Development Program

- Between March and June 2016, Carmel McGregor PSM undertook a review of the Victorian Leadership Development Program. A report on the review was submitted to the Victorian Secretaries Board at the end of June 2016.

### Executive Officer Employment and Remuneration Framework

- At the Premier's request, the VPSC led a review of Victoria's Executive Officer Employment and Remuneration Framework. This review was the first comprehensive examination of executive employment and remuneration arrangements in more than two decades.

The review considered optimum arrangements for the employment of high-performing Victorian public sector leaders now and into the future, and examined the framework for executive officer classification, remuneration and performance management. It also reviewed governance and oversight arrangements for executive employment.

### Public sector integrity

Identify, investigate and expose allegations of corrupt conduct and police personnel misconduct. Provide independent investigations of complaints concerning administrative actions and alleged breaches of privacy. Oversee the Victorian Protective Data Security regime. Enhance the Victorian Government's transparency and openness and provide advice, education and guidance to public agencies.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Law enforcement, data security and privacy reviews completed	number	5	5	0%	✓
Proportion of Independent Broad-Based Anti-Corruption Commission (IBAC) investigations completed within 12 months	per cent	70	86	16%	✓
The 2015-16 actual exceeded the target due to: an increase in operational staff; setting priorities that enable investigations to deliver optimum impact; streamlining processes to better facilitate investigative activities; and an increased focus on staff skills and training.					
Proportion of jurisdictional complaints independently investigated by the Victorian Ombudsman (VO)	per cent	25	22	-3%	✓
Reviews and complaints completed by Freedom of Information (FOI) Commissioner	number	550	692	26%	✓
The 2015-16 actual exceeded the target due to the continued focus on completing ageing and complex reviews and complaints while working toward addressing as many as possible of the complaints and reviews submitted this financial year.					
Education and training activities delivered by FOI Commissioner	number	20	27	35%	✓
The 2015-16 actual exceeded the target due to the continued drive to meet training demand within the public sector.					
Jurisdictional complaints finalised (VO)	number	14,000	13,987	0%	✓
Corruption prevention initiatives delivered by IBAC	number	60	78	30%	✓
The 2015-16 actual exceeded the target due to IBAC proposing a conservative target for this reporting period as the Commission was commencing implementation of a new corruption prevention strategy and team structure. Despite these changes, outputs continued to be on par to previous reporting periods.					

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quality</b>					
Proportion of jurisdictional complaints where the original outcome is set aside by a review undertaken in accordance with the Ombudsman's internal review policy	per cent	<1.5	0.04	-1%	✓
Client satisfaction with data security and privacy training provided	per cent	90	99	9%	✓
The 2015-16 actual exceeded the target due to high levels of satisfaction of the initial users of privacy training. Satisfaction level likely to move toward the target as the number of training module users increases.					
FOI Commissioner applicants that appeal to the Victorian Civil and Administrative Tribunal (VCAT)	number	30.0	12.9	-57%	✓
The 2015-16 actual is lower than the target. This is a positive result as it reflects fewer applicants appealing to VCAT during this period.					
Recommendations accepted by agencies upon completion of investigations by the VO	per cent	95	100	5%	✓
The 2015-16 actual exceeded the target due to the Ombudsman's office ensuring that its investigations are thorough and fair. This includes seeking input from agencies that are subject to investigation to ensure that recommendations are well founded, reasonable, practical and achievable.					
Satisfaction rating with IBAC's prevention and education initiatives delivered to stakeholders	per cent	90	99	9%	✓
The 2015-16 actual exceeded the target due to IBAC continuing to post an exceptionally high level of satisfaction with the prevention initiatives it delivered during the reporting period. This measure reflects continual improvements to activities of this nature.					
<b>Timeliness</b>					
Complaints or notifications assessed by IBAC within 45 days	per cent	90	94	4%	✓
Complaints received by the Local Government Investigations and Compliance Inspectorate (LGICI) assessed and actioned within five working days	per cent	100	99	-1%	✓
Complaints resolved within 30 calendar days of receipt by the VO	per cent	95	88	-7%	■
The 2015-16 actual is lower than the target due to the cumulative impact of an increased workload over the last three years resulting from reforms to the integrity system which were introduced in 2012, an increase in jurisdictional cases handled by the office, and an increase in the number of complaints the Ombudsman enquires into or investigates, to improve outcomes for more people. The <i>Integrity and Accountability Legislation Amendment (A Stronger System) Act 2016</i> , which takes effect on 1 July 2016, will give the Ombudsman greater flexibility to manage workload.					
Responses within 15 days to written enquiries relating to the legislated responsibility of the Commissioner for Privacy and Data Protection (CPDP)	per cent	90	98	8%	✓
The 2015-16 actual exceeded the target due to effective processes introduced to manage what was expected to be a challenging target in the first full year of operation.					
Timeline agreed by FOI applicants for completion of reviews is met	per cent	85	59	-26%	■
The 2015-16 actual is lower than the target due to the continued focus on completing ageing and complex reviews.					
<b>Cost</b>					
Total output cost	\$million	85.4	59.5	-30%	■
The 2015-16 actual is lower than the target due to re-phasing and the carrying forward of funds for an expansion in functions and complexity arising from changes to integrity legislation.					

## Key initiatives and projects

### Victorian Ombudsman

- The Ombudsman's investigation into the rehabilitation and reintegration of prisoners in Victoria examined systemic issues affecting prisoners and the wider justice system. The report made recommendations — covering both specific initiatives and the whole-of-government — to improve public safety and reduce the number of repeat offenders and, eventually, the cost to the public purse.
- The Ombudsman tabled phase two of her investigation into how allegations of abuse in the disability sector are handled. The phase two report focused on how incidents are reported and managed. The Ombudsman recommended changes to strengthen the system and support the people involved. This report informed both the Victorian Parliamentary Inquiry into Abuse in Disability Services and the shape of safeguarding arrangements for the NDIS.
- The Ombudsman's investigation into public transport fare evasion enforcement found the system was poorly targeted, disproportionate and unfairly punished many travellers in an attempt to snare a small number of recidivist evaders. The government has said it is committed to reforming the system to ensure it is fair.
- During the Ombudsman's visit to Mildura, Shepparton, Seymour and Bendigo, she held information sessions for community service organisations and public sector agencies. Ombudsman staff took complaints from members of the public.

### Office of the Commissioner for Privacy and Data Protection

- The Law Enforcement Data Security function of the CPDP developed and promulgated the Crime Statistics Security Standards and undertook a broad range of monitoring and assurance activities of Victoria Police and the Crime Statistics Agency, including a number of Victoria Police site inspections.
- On 28 June 2016, the Commissioner issued the Victorian Protective Data Security Framework following extensive consultation with stakeholders.

### Independent Broad-based Anti-corruption Commission

- Conducted major investigations exposing serious public sector corruption and police misconduct. IBAC's recommendations have contributed to whole-of-government action to strengthen integrity and prevent corruption.

### The Local Government Investigations and Compliance Inspectorate

- LGICI completed seven comprehensive compliance audits of individual councils to assess their operations in accordance with the legislation. In addition, the inspectorate completed three special purpose audits on tendering, small procurement and election caretaker policies. Each of these audits tested either a sample of councils from across the state, or each of the 79 councils.

### The Freedom of Information Commissioner

- In 2015–16, the FOIC made the highest number of formal review decisions and resolved the most complaints since the office commenced in 2012.

For further information visit the relevant websites in Section 4: Appendix 6 of this report.

## State electoral roll and elections

The Victorian Electoral Commission (VEC) maintains a high-quality electoral system that supports democracy in Victoria through: the administration of an accurate and secure electoral roll; electoral services to ensure fair and equitable representation; the conduct of fair and impartial elections; and encouraging greater participation in civic life through education and awareness activities and improving ease of access.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
State elections, municipal and statutory elections, by-elections, polls and electoral representation reviews	number	39	40	3%	✓
<b>Quality</b>					
Legal challenges to VEC conduct upheld	number	0	0	0%	✓
<b>Timeliness</b>					
Changes to electors details, or additions to the Victorian Electoral Register are processed within set timeframes	per cent	90	92	2%	✓
<b>Cost</b>					
Total output cost	\$million	30.0	25.2	-16%	■

The 2015–16 actual is lower than the target due to an underspend in 2015–16. The VEC budget includes an estimate for the number of by-elections to be held each year. As the number of by-elections required to be held is not within the control of VEC, this may result in an under or overspend.

## Key initiatives and projects

### Electoral services

- Conducted representation and subdivision reviews for 18 local governments ensuring affected electors were fairly and equitably represented.
- Conducted parliamentary by-elections in the South West Coast and Polwarth districts.

- Finalised the election service plan for the 2016 local government elections in consultation with the sector and established 78 service level agreements with councils.

For further information, visit [www.vec.vic.gov.au](http://www.vec.vic.gov.au)



## Output group: Project prioritisation and investment

This output group provides advice on ways government can increase Victoria's competitiveness and productivity in the areas of infrastructure, public sector ICT and the business environment.

### Results legend

- ✓ Performance target achieved — both within five per cent variance and exceeds five per cent variance
- Performance target not achieved — within five per cent variance
- Performance target not achieved — exceeds five per cent variance

### Infrastructure Victoria

Infrastructure Victoria is an independent statutory authority that provides expert advice and guides decision-making on Victoria's infrastructure needs and priorities.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Number of research, advisory or long-term project reports completed	number	2	6	200%	✓
The 2015–16 actual exceeded the target. During January and June 2016, IV published a large number of reports which will contribute to the delivery of a 30-year Infrastructure Strategy. This product will be finalised next financial year.					
<b>Quality</b>					
Satisfaction with independent, transparent and expert advice on infrastructure needs and priorities	per cent	80	na	na	na
This item is not applicable because IV was established on 1 October 2015. Specific expert advice on infrastructure needs will be delivered in December 2016 and satisfaction will be measured once this advice has been provided.					
<b>Timeliness</b>					
Delivery of research, advisory or long-term project reports within agreed timelines	per cent	100	100	0%	✓
<b>Cost</b>					
Total output cost	\$million	10.0	9.3	-7%	■
The 2015–16 actual is lower than the target due to funding to be carried over from 2015–16 to 2016–17.					

### Key initiatives and projects

#### Infrastructure services

- Infrastructure Victoria was established as a statutory authority, and appointed a Board and a Chief Executive Officer.
- Infrastructure Victoria publicly released 12 research and consultation reports, contributing to the development of the 30-year Infrastructure Strategy to be delivered in December 2016.
- A far-reaching consultation and stakeholder engagement program was implemented. Infrastructure Victoria met with more than 100 key stakeholders and received 318 formal written submissions for the development of the 30-year Infrastructure Strategy in 2015–16.

For further information, visit [www.infrastructurevictoria.com.au](http://www.infrastructurevictoria.com.au)

## Public Sector ICT and digital government

Public Sector ICT: supports more effective investment, procurement and management of ICT in government; encourages the innovative use of ICT to improve service delivery and business processes; and provides information and services to Victorian citizens and businesses through digital and other delivery channels.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015–16 TARGET	2015–16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Average number of monthly visits to <a href="http://www.vic.gov.au">www.vic.gov.au</a>	number	240,000	244,104	2%	✓
Establishment or renewal of whole-of-government ICT contracts	number	7	7	0%	✓
<b>Cost</b>					
Total output cost	\$million	30.0	12.1	-60%	■
The 2015–16 actual is lower than the target due to unspent funding relating to the \$21 million grant received from DEDJTR for future operational requirements.					

### Key initiatives and projects

#### ICT procurement

- The whole-of-government Technology Procurement Branch delivered seven State Purchase Contracts.
- The government established a new 10-year Telecommunications Purchasing and Management Strategy (TPAMS2025) to replace current telecommunications arrangements and provide greater flexibility, contestability and enhanced service offerings.

## Office of the Victorian Government Architect

This output provides strategic leadership and advice to government and key stakeholders on architecture and the built environment and contributes to the department's objective of leadership, advocacy and advice on the quality of architecture and the built environment.

PERFORMANCE MEASURES	UNIT OF MEASURE	2015-16 TARGET	2015-16 ACTUAL	PERFORMANCE VARIATION	RESULTS
<b>Quantity</b>					
Strategic advice on significant public and private sector projects from project inception and procurement to design and delivery	number	60	82	37%	✓
The 2015-16 actual exceeded the target due to an increased demand for procurement advice and independent design review of strategic public and private sector projects across both state and local government.					
<b>Quality</b>					
Stakeholder satisfaction with the quality of advice on significant public and private sector projects	per cent	80	80	0%	✓
<b>Timeliness</b>					
Average number of business days to issue formal advice	days	10	12	20%	■
The 2015-16 actual exceeded the target due to a higher-than-expected demand for design review.					
<b>Cost</b>					
Total output cost	\$million	1.7	1.5	-13%	■
The 2015-16 actual is lower than the target due to \$1.3 million in output cost being transferred to DPC as a result of machinery-of-government changes and an additional \$0.1 million being provided in 2015-16.					

## Key initiatives and projects

### Major Transport Infrastructure Program (MTIP)

- The OVGA has played an important role in advocating for excellent outcomes for the Metro Tunnel and the Level Crossing Removals Project. The formalisation of a collaboration between the OVGA and the MTIP will further consolidate and support the OVGA's leadership role in championing design excellence and promoting an integrated design approach.

### Design review

- The OVGA continues to promote and extend the expertise of the Victorian Design Review Panel (VDRP) across all levels of government. Since its establishment and first review in April 2012, the VDRP has undertaken more than 200 independent and expert design reviews of public and private sector

projects. This year the OVGA has had more than 520 people attend design review panel processes and has conducted reviews with a total value of \$11.4 billion.

### City of Melbourne developments

- In December 2015, the OVGA formalised an agreement with DELWP to meet the government's election commitment to secure greater involvement of the OVGA for developments with a gross floor area exceeding 25,000 square metres within the City of Melbourne and, also, other jurisdictions where the Minister for Planning is the Responsible Authority.

For further information, visit [www.ovga.vic.gov.au](http://www.ovga.vic.gov.au)

# SECTION THREE

## Financial statements

### for the year ended 30 June 2016

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

		2016	2015
	Notes	\$'000	\$'000
<b>Income from transactions</b>			
Output appropriations	4(a)	309,464	443,411
Special appropriations	4(b)	50,640	27,771
Interest income	3(a)	-	42
Grants income	3(b)	34,609	10,990
Other income	3(c)	2,190	4,967
<b>Total income from transactions</b>		<b>396,903</b>	<b>487,181</b>
<b>Expenses from transactions</b>			
Employee expenses	5	140,635	124,156
Depreciation	5	7,940	11,060
Finance lease interest	1(f)	66	62
Grants expense	5	132,649	257,959
Capital asset charge	1(f)	8,346	11,345
Resources provided free of charge	1(f)	1	2
Supplies and services	5	81,869	71,122
<b>Total expenses from transactions</b>		<b>371,506</b>	<b>475,706</b>
<b>Net result from transactions</b>		<b>25,397</b>	<b>11,475</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on disposal of non-financial assets		177	170
Net loss from revaluation of leave liabilities		(628)	(98)
<b>Total other economic flows included in net result</b>		<b>(451)</b>	<b>72</b>
<b>Net result</b>		<b>24,946</b>	<b>11,547</b>
<b>Other economic flows — other comprehensive income</b>			
Changes in physical asset revaluation surplus		24,409	-
<b>Comprehensive result</b>		<b>49,355</b>	<b>11,547</b>

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

## Balance sheet as at 30 June 2016

		2016	2015
	Notes	\$'000	\$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6	43,471	27,544
Receivables	7	114,533	97,678
<b>Total financial assets</b>		158,004	125,222
<b>Non-financial assets</b>			
Other non-financial assets		1,231	449
Property, plant and equipment	8	471,435	449,752
Intangible assets	9	3,851	5,067
<b>Total non-financial assets</b>		476,517	455,268
<b>Total assets</b>		634,521	580,490
<b>Liabilities</b>			
Payables	10	32,845	32,695
Provisions	11	27,269	22,531
Borrowings	12	2,682	2,455
<b>Total liabilities</b>		62,796	57,681
<b>Net assets</b>		571,725	522,809
<b>Equity</b>			
Contributed capital		244,525	244,964
Asset revaluation surplus		221,628	197,219
Accumulated surplus		105,572	80,626
<b>Total equity</b>		571,725	522,809

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

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

		Contributed capital	Asset revaluation surplus	Accumulated surplus	Total
	Notes	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>		338,384	268,498	286,290	893,172
Annual appropriations — capital		6,734			6,734
Special appropriations — capital		600			600
Reserves transferred to contributed capital		288,490	(71,279)	(217,211)	-
Machinery-of-government transfers		(340,194)			(340,194)
Other transfers through contributed capital		(45,025)			(45,025)
Capital distributions to portfolio agencies		(4,025)			(4,025)
Net result for the year				11,547	11,547
<b>Balance at 30 June 2015</b>		244,964	197,219	80,626	522,809
Annual appropriations — capital	4(a)	5,560			5,560
Special appropriation — capital	4(b)	990			990
Machinery-of-government transfers	24	(539)			(539)
Other transfers through contributed capital		(1,000)			(1,000)
Capital distributions to portfolio agencies		(5,450)			(5,450)
Revaluation increment			24,409		24,409
Net result for the year				24,946	24,946
<b>Balance at 30 June 2016</b>		244,525	221,628	105,572	571,725

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

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

		2016	2015
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from government		379,852	462,938
Receipts from other entities		697	7,470
GST recovered from the Australian Taxation Office (ATO)		10,593	12,285
Interest received		-	42
		391,142	482,735
Payments to suppliers and employees		(229,361)	(203,798)
Grants paid		(132,649)	(257,959)
Capital asset charge paid		(8,346)	(11,345)
Interest and other finance costs paid		(66)	(62)
		(370,422)	(473,164)
<b>Net cash flows from operating activities</b>	20	20,720	9,571
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(2,000)	(7,565)
<b>Net cash flows used in investing activities</b>		(2,000)	(7,565)
<b>Cash flows from financing activities</b>			
Cash received from activity transferred in — machinery-of-government changes		403	17,916
Cash transferred on activity transferred out — machinery-of-government changes		(1,562)	(3,832)
Proceeds from capital contribution by state government — annual appropriations	4(a)	5,560	6,734
Proceeds from capital contribution by state government — special appropriations	4(b)	990	600
Capital distributions to portfolio agencies		(6,454)	(4,025)
Repayment of finance leases		(1,730)	(1,896)
<b>Net cash flows from/(used in) financing activities</b>		(2,793)	15,497
<b>Net increase in cash and cash equivalents</b>		15,927	17,503
Cash and cash equivalents at the start of the year		27,544	10,041
<b>Cash and cash equivalents at the end of the year</b>	6	43,471	27,544
Non-cash financing and investing activities	21		

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



# Notes to the financial statements

## 30 June 2016

### Note 1. Summary of significant accounting policies

#### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) including Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where relevant, those paragraphs of the AASs 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.

A glossary of terms applied in financial statements is available in Note 25.

#### (b) Basis of preparation

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.

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, and other heritage assets (Note 1(j))
- employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Note 1(k)).

The 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 revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are made with sufficient regularity such that the carrying amounts do not materially differ from their fair value.

Consistent with AASB 13 *Fair Value Measurement*, the Department of Premier and Cabinet (DPC or the department) determines the policies and procedures for both recurring fair value measurements — such as property, plant and equipment and

financial instruments — and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

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

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

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

In addition, the department determines whether transfers have occurred between levels in the hierarchy by 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 its assets through relevant data sources to determine whether revaluation is required.

The accounting policies set out below have been applied in preparing the financial statements.

### **(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. Its principal address is:

1 Treasury Place  
Melbourne VIC 3002

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

The financial statements include all the controlled activities of DPC. This includes the transactions and balances of the controlled trust funds as shown on page 49:

<b>Controlled Trust</b>	<b>Act</b>	<b>Purpose</b>
Arts Fund (to 1 January 2015)	<i>Arts Victoria Act 1972</i>	To provide funds to develop and improve knowledge, understanding, appreciation and practice of the arts in Victoria
Australia Day Committee Victoria Trust	<i>Financial Management Act 1994</i>	To record the receipt of funds from sponsors and disbursements for promotion during official Australia Day celebrations
Departmental Suspense Account	<i>Financial Management Act 1994</i>	To hold moneys transferred from departmental suspense accounts pending distribution
Information Victoria Working Account	<i>Financial Management Act 1994</i>	To record transactions of activities conducted on a commercial basis including the direct charging of purchases and operating expenses
Master Agency Media Services (MAMS) Trust (to 1 July 2015)	<i>Financial Management Act 1994</i>	To record the receipt of service fees and disbursement of media-related expenses under the MAMS contract
Treasury Trust	<i>Financial Management Act 1994</i>	To record the receipt and disbursement of unclaimed and unidentified monies and other funds held in trust
Vehicle Lease Trust	<i>Financial Management Act 1994</i>	To record transactions relating to the management of the department's leased vehicles

Pursuant to section 53(1)(b) of the *Financial Management Act 1994*, the results of the following entities are reported in aggregate as part of the department's financial statements. These entities are not controlled by the department:

- Freedom of Information Commissioner
- Victorian Multicultural Commission
- Victorian Competition and Efficiency Commission (to 22 September 2015).

The following general government sector entities within the department's portfolio prepare separate annual financial statements and accordingly are not included in the department's financial statements:

- Victorian Public Sector Commission
- Office of the Ombudsman
- Shrine of Remembrance Trustees
- Victorian Veterans Council
- Commissioner for Privacy and Data Protection
- Victorian Inspectorate
- Independent Broad-based Anti-corruption Commission
- Victorian Electoral Commission
- Infrastructure Victoria (established 1 October 2015).

#### **Administered resources**

The department administers, but does not control, certain resources on behalf of the Crown. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for its own benefit or for the achievement of its objectives. For these resources, the department acts only on behalf of the Crown.

Accordingly, transactions and balances relating to these administered resources are not recognised as departmental income, expenses, assets or liabilities within the body of the financial statements, but are disclosed separately in Note 22. Except as otherwise disclosed, administered transactions are accounted for on an accrual basis using the same accounting policies adopted in these financial statements. These include the transactions and balances of the following administered trust funds:

<b>Administered Trust</b>	<b>Act</b>	<b>Purpose</b>
Public Service Commuter Club	<i>Financial Management Act 1994</i>	To record the receipt and payment of amounts relating to the purchase of rail tickets and associated reimbursement from club members.
Victorian Veterans Fund	<i>Veterans Act 2005</i>	To provide funds to educate Victorians about Victoria's involvement in Australia's war and service history; to honour or commemorate the service or sacrifice of veterans; to assist the education of veterans' dependants; and for any other purpose agreed in writing by the Minister.
ANZAC Day Proceeds Trust Fund	<i>ANZAC Day Act 1958</i>	To receive funds relating to ANZAC Day racing and sporting revenues and to provide welfare to the ex-service community.
Departmental Suspense Account	<i>Financial Management Act 1994</i>	To hold moneys transferred from departmental suspense accounts pending distribution.
Treasury Trust	<i>Financial Management Act 1994</i>	To record the receipt and disbursement of unclaimed and unidentified monies and other funds held in trust.

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

#### **Objectives and funding**

The department's role is to display exemplary leadership and innovation to support the Victorian Government in achieving strong public policy and service delivery outcomes for all Victorians. It achieves this through:

- strengthening public policy outcomes and high-quality government decision making
- promoting and strengthening active citizenship
- ensuring an innovative, accountable and professional public administration
- increasing Victoria's competitiveness and productivity.

The department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs.

#### **Outputs of the department**

Information about the department's output activities, and the income, expenses, assets and liabilities which are reliably attributable to those activities, is set out in the departmental outputs schedules (Note 2). 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 22).

#### **(d) 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', and 'other economic flows — other comprehensive income'. 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. Other economic flows — other comprehensive income comprises of items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. It includes changes in physical asset revaluation surplus. The sum of the first two represents the net result, which 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*.

### **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. Non-current assets or liabilities are those 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.

### **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 year to the closing balance at the end of the year. It also separately shows changes due to amounts recognised in the 'comprehensive result' and amounts recognised in 'other economic flows — other movements in equity' related to 'transactions with the owner in its capacity as owner'.

### **Cash flow statement**

Cash flows are classified according to whether they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts and are included as current borrowings on the balance sheet.

### **(e) 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.

### **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 Appropriation Act. Additionally, the department is permitted under section 29 of the *Financial Management Act 1994* to have certain revenues annotated to the annual appropriation. The revenues which form part of a section 29 agreement are recognised and paid into the Consolidated Fund by the department as administered income (Note 22). When the revenue is recognised, section 29 provides for an equivalent amount to be added to the annual appropriation authority, which is then available for application by the Treasurer. Examples of revenues which can form part of a section 29 agreement are revenues from sales of products and services, Commonwealth specific-purpose grants and the proceeds from the sale of assets.

Amounts disclosed as income are, where applicable, net of duties and taxes. Income is recognised for each of the department's major activities as follows:

- *Output appropriations*  
Income from the outputs the department provides to 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*  
Special appropriations income is recognised when the amount appropriated for the purpose specified under the relevant legislation is due and payable by the department.

### **Interest income**

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised on a time-proportionate basis that takes into account the effective yield on the financial asset.

### **Grants income**

Income from grants (other than contribution 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 (Note 22). Where grants are reciprocal (i.e. equal value is given back by the department to the provider), the department is deemed to have assumed control when it has satisfied its performance obligations under the terms of the grant. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

#### Other income

Other income includes income from miscellaneous receipts, provision of services and resources received free of charge or for nominal consideration.

##### *Income from the provision of services*

Income from the provision of services where they can be deployed for the achievement of departmental objectives is recognised when the services are provided.

##### *Resources received free of charge*

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. 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 received as a donation.

### (f) Expenses from transactions

#### Employee expenses

Employee expenses comprise all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation expenses represent the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance centrally recognises, on behalf of the State as the sponsoring employer, the defined benefit liability or surplus of most Victorian government employees in such funds. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

#### Depreciation

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

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a 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.

Typical estimated useful lives applicable for the years ended 30 June 2016 and 30 June 2015 were as follows:

Buildings (including heritage buildings)	5–200 years
Leasehold improvements	5–40 years
Office and computer equipment	3–20 years
Motor vehicles owned by department	5 years
Leased motor vehicles	2–3 years
Other heritage buildings	99–200 years
Intangible assets	3–10 years

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

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

#### **Finance lease interest**

Finance lease interest charges are recognised as expenses in the period in which they are incurred.

#### **Grants expense**

Grants to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

#### **Capital asset charge**

The capital asset charge represents the opportunity cost of capital invested in the non-financial physical assets used in the provision of outputs. The charge is calculated on the budgeted carrying amount of applicable non-financial physical assets (excluding leased motor vehicles).

#### **Resources provided free of charge**

Resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of any restrictions or conditions imposed over their use, except that transfers to another government department or agency as a consequence of a restructuring of administrative arrangements are recognised at carrying value.

#### **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.

#### **(g) Other economic flows included in net result**

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

#### **Net gain/(loss) on non-financial assets**

Net gain/(loss) on non-financial assets includes realised and unrealised gains

and losses from impairments and disposals of all physical assets and intangible assets.

#### *Disposal of non-financial assets*

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

#### *Impairment of non-financial assets*

All non-financial physical assets and intangible assets, except inventories and non-financial physical assets held for sale, are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off 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 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.

#### *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 assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

#### **Other gains/(losses) from other economic flows**

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

#### **(h) Financial instruments**

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

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

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132

and those that do not. The following refers to financial instruments unless otherwise stated.

#### **Categories of non-derivative financial instruments**

##### *Loans and receivables*

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The loans and receivables category includes cash and deposits (refer to Note 1(i)), trade receivables and loans, but not statutory receivables.

##### *Financial liabilities at amortised cost*

Financial instrument 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 rate method.

Financial instrument liabilities measured at amortised cost include all of the department's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

##### *Offsetting financial instruments*

Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the department concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.



### **(i) Financial assets**

The financial assets held by the department include cash and deposits and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The department assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### **Cash and deposits**

Cash and deposits comprise cash on hand and cash at bank, deposits at call and short-term deposits that are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

#### **Receivables**

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services
- statutory receivables, which include predominantly amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Receivables that are contractual are classified as financial instruments. Statutory receivables are recognised and measured on the same basis as contractual receivables (except for impairment) but are not classified as financial instruments as they do not arise from a contract.

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

### **(j) Non-financial assets**

#### **Other non-financial assets**

Other non-financial assets includes prepayments, inventories and non-financial assets classified as held for sale.

#### *Prepayments*

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### *Non-financial assets classified as held for sale*

Non-financial physical assets are classified as held for sale and treated as current assets if their carrying amount will be recovered through a sale transaction rather than 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 is expected to be completed within one year from the date of classification. Non-financial assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

#### **Property, plant and equipment**

Property, plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery-of-government change are transferred at their carrying amount.

The initial cost for non-financial physical assets under a finance lease (Note 1(l)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for

depreciated replacement cost because of the short lives of the assets concerned.

Assets such as specialised land and heritage assets are measured at fair value with regard to the asset'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 use.

The fair value of heritage assets that the state intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the reproduction cost or replacement cost (as appropriate) of the asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

#### *Leasehold improvements*

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

#### *Non-financial physical assets constructed by the department*

The cost of non-financial physical assets constructed by the department includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

#### *Restricted nature of heritage assets and Crown land*

During, and at the end of the reporting period, the department held heritage assets and

Crown land (Note 8), which are deemed worthy of preservation for the social rather than financial benefits they provide to the community. Consequently there are certain limitations and restrictions imposed on their use and/or disposal.

#### *Revaluation of non-financial physical assets*

Non-financial physical assets are measured at fair value in accordance with Financial Reporting Direction 103F *Non-Financial Physical Assets*, issued by the Minister for Finance. A full revaluation normally occurs every five years, based on the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations as determined in accordance with the requirements of the Financial Reporting Direction.

Revaluation increments are recognised in other comprehensive income as an increase in the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised in determining the net result.

Revaluation decrements are recognised immediately as expenses (other economic flows) in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are recognised in other comprehensive income as a decrease in the asset revaluation surplus.

Revaluation increases and revaluation 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.

#### **Intangible assets**

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible produced assets are initially

recognised at cost. Subsequently, intangible produced assets with finite useful lives are carried at cost less accumulated depreciation and impairment. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the department.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The department's intangible produced assets comprise capitalised software and digital databases. Costs incurred in developing systems and costs incurred in acquiring databases, software and licences that will contribute to future economic benefits are capitalised. Software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the department has an intention and ability to use the asset. Other development costs that do not meet these criteria are recognised as expenses as incurred.

## **(k) Liabilities**

### **Payables**

Payables consist of:

- contractual payables, such as accounts payable. Accounts payable represent liabilities for goods and services provided to the department prior to the end of the financial year that are unpaid, and arise when the department becomes obliged to make future payments in respect of the purchase of those goods and services
- statutory payables, such as GST and fringe benefits tax payables.

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

### **Provisions**

Provisions are recognised when the department has a present obligation where the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

#### *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.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the department in respect of services provided by employees up to the reporting date. The liability is classified as a current liability where the department does not have an unconditional right to defer settlement for at least 12 months after the reporting date. The long service leave liability is classified as non-current where the department has an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

### **Borrowings**

The borrowings of the department mainly comprise liabilities under finance leases — see Note 1(l). Fair value is determined in the manner described in Note 13(f).

### **(l) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Minimum finance lease payments are apportioned between reduction of the lease liability and periodic finance charges which are 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 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.

### **(m) Goods and services tax**

Income, expenses and assets are recognised net of GST, unless the GST incurred is not recoverable from the ATO. In this case, it 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 ATO is included as part of receivables or payables.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

### **(n) Events after the reporting date**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the department and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial

statements for events which occur after the reporting date and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note that disclosure is made about events between the reporting date and the date the financial statements are authorised for issue where the events relate to conditions which arose after the reporting date and which are considered to be of material interest.

#### **(o) 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 or distributions have also been designated as contributions by owners.

Transfers of net assets or liabilities arising from administrative restructurings are treated as distributions to or contributions by owners.

#### **(p) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (Note 14) at their nominal value and inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### **(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 and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### **(r) Rounding**

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise shown.

#### **(s) Accounting standards issued but not yet effective**

As at 30 June 2016, the following standards and interpretations (applicable to the department) had been issued but were not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of these new standards and advises the department of their applicability and early adoption where applicable.

AASB 9 *Financial Instruments*, applicable for reporting periods commencing 1 January 2018. 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. While the department's assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, applicable for reporting periods commencing 1 January 2018. 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:

- the change in fair value attributable to changes in credit risk is presented in other comprehensive income
- other fair value changes are presented in profit or 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.

The department's assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.

*AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]*, applicable for reporting periods commencing 1 January 2018. 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; and to amend reduced disclosure requirements. 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 Amendments to Australian Accounting Standards arising from AASB 9*, applicable for reporting periods commencing 1 January 2018. Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9. The department's assessment has indicated that there will be no significant impact for the department.

*AASB 15 Revenue from Contracts with Customers*, applicable for reporting periods commencing 1 January 2018. 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. Note that amending standard *AASB 2015-8 Amendments to Australian Accounting Standards — Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. 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.

*AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15*, applicable 1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply from 1 January 2018. Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component are to be measured at their transaction price, at initial recognition. The department's assessment has indicated that there will be no significant impact for the department.

*AASB 16 Leases*, applicable for reporting periods commencing 1 January 2019. The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet. The department's 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. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. 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.

*AASB 2015-1 Amendments to Australian Accounting Standards — Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [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]*, applicable for reporting periods commencing 1 January 2016. Amends the methods of disposal in AASB 5 *Non-current assets held for sale and discontinued operations*. Amends AASB 7 *Financial Instruments* by including further guidance on servicing contracts. 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 Amendments to Australian Accounting Standards — Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]*, applicable for reporting periods commencing 1 January 2016. AASB 2015-6 extends the scope of AASB 124 *Related Party Disclosures* to not-for-profit public sector entities. Guidance has been included to assist the application of the Standard by not-for-profit public sector entities. The amending standard will result in extended disclosures on the entity's key management personnel, and the related party transactions.

## Note 2. Departmental outputs

### (a) Outputs and objectives

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

#### **Policy advice and support to the Victorian Government and Cabinet**

The provision of advice and support to the Premier and the Cabinet on all aspects of government policy. This involves advice on issues as they arise, policy coordination, research and analysis, consultation with stakeholders and leadership in long-term policy development. These outputs contribute to the departmental objective of strong public policy outcomes and high-quality decision making.

#### **Strengthening communities**

These outputs relate to the coordination and provision of services and support to culturally, linguistically and religiously diverse communities, Aboriginal Victorians, Veterans, Women and the Equality portfolio. They promote social cohesion, enhanced engagement and greater opportunities for participation and contribution to the social, cultural and economic life of Victoria. These outputs contribute to the departmental objective to promote and strengthen active citizenship.

#### **Public sector governance and accountability**

These outputs relate to the provision of independent services and aim to ensure effective management, governance and support in the public sector. These outputs contribute to the departmental objective to promote an innovative, accountable and professional public administration.

#### **Project prioritisation and investment**

These outputs provide advice on ways government can increase Victoria's competitiveness and productivity in the areas of infrastructure, public sector ICT and the business environment. These outputs

contribute to the departmental objective to increase Victoria's competitiveness and productivity.

### (b) Changes to outputs and output groups

In 2014–15, as a result of machinery-of-government changes effective 1 January 2015, the department relinquished the Arts and Cultural Development output group which included the Creative Victoria (formerly Arts Victoria) function to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

As a result of machinery-of-government changes effective 22 September 2015, the Victorian Competition and Efficiency Commission (VCEC) was abolished, and the secretariat supporting VCEC was transferred to DTF to support the new Commissioner for Better Regulation. VCEC was previously included in the Strategic Advice and Support output group.

The following changes were made to output groups in 2015–16:

- Strategic Advice and Support has been renamed Policy Advice and Support to the Victorian Government and Cabinet
- Supporting and Strengthening Communities has been renamed Strengthening Communities
- Public Sector Management, Governance and Support has been renamed Public Sector Governance and Accountability
- Project Prioritisation and Investment is a new output group covering the outputs of Business Environment Policy Advice, Infrastructure Victoria, and Public Sector ICT and Digital Government.

There were no other material changes to the output structure for 2015–16.



## Note 2. Departmental outputs schedule

	Policy advice and support to government and the Cabinet		Strengthening communities		Public Sector governance and accountability		Project prioritisation and investment		Arts and cultural development*		Departmental total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Controlled income and expenses for the year ended 30 June 2016</b>												
<b>Income from transactions</b>												
Output appropriations	131,731	91,650	61,336	47,260	102,653	76,801	13,744	14,656	-	213,044	309,464	443,411
Special appropriations	24,665	10,600			25,975	17,171					50,640	27,771
Interest	-	42									-	42
Grants income	7,582	8,106	5,743	2,857	92	-	21,192	-		27	34,609	10,990
Other income	1,560	4,335	319	187	163	50	148	100	-	295	2,190	4,967
<b>Total income from transactions</b>	<b>165,538</b>	<b>114,733</b>	<b>67,398</b>	<b>50,304</b>	<b>128,883</b>	<b>94,022</b>	<b>35,084</b>	<b>14,756</b>	<b>-</b>	<b>213,366</b>	<b>396,903</b>	<b>487,181</b>
<b>Expenses from transactions</b>												
Employee benefits	93,490	84,653	18,404	13,252	19,706	11,451	9,035	4,896	-	9,904	140,635	124,156
Depreciation	2,128	2,049	455	454	5,317	1,876	40	23	-	6,658	7,940	11,060
Finance lease interest	54	36	-	4	10	16	2	2	-	4	66	62
Grants expense	10,449	4,274	33,859	26,978	85,938	55,014	2,403	2,047	-	169,646	132,649	257,959
Capital asset charge	461	471	431	430	7,440	2,862	14	7	-	7,575	8,346	11,345
Resources provided free of charge	1	2									1	2
Supplies and services	54,442	39,633	12,012	10,461	10,459	6,019	4,956	8,679	-	6,330	81,869	71,122
<b>Total expenses from transactions</b>	<b>161,025</b>	<b>131,118</b>	<b>65,161</b>	<b>51,579</b>	<b>128,870</b>	<b>77,238</b>	<b>16,450</b>	<b>15,654</b>	<b>-</b>	<b>200,117</b>	<b>371,506</b>	<b>475,706</b>
<b>Net result from transactions</b>	<b>4,513</b>	<b>(16,385)</b>	<b>2,237</b>	<b>(1,275)</b>	<b>13</b>	<b>16,784</b>	<b>18,634</b>	<b>(898)</b>	<b>-</b>	<b>13,249</b>	<b>25,397</b>	<b>11,475</b>

	Policy advice and support to government and the Cabinet		Strengthening communities		Public Sector governance and accountability		Project prioritisation and investment		Arts and cultural development*		Departmental total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Other economic flows included in net result</b>												
Net gain/(loss) on disposal of property, plant and equipment	141	165	5	(2)	30	8	1	-	-	(1)	177	170
Net gain/(loss) arising from revaluation of leave liabilities	(319)	(60)	(117)	(14)	(133)	(9)	(59)	(5)	-	(10)	(628)	(98)
<b>Total other economic flows included in net result</b>	<b>(178)</b>	<b>105</b>	<b>(112)</b>	<b>(16)</b>	<b>(103)</b>	<b>(1)</b>	<b>(58)</b>	<b>(5)</b>	<b>-</b>	<b>(11)</b>	<b>(451)</b>	<b>72</b>
<b>Net result</b>	<b>4,335</b>	<b>(16,280)</b>	<b>2,125</b>	<b>(1,291)</b>	<b>(90)</b>	<b>16,783</b>	<b>18,576</b>	<b>(903)</b>	<b>-</b>	<b>13,238</b>	<b>24,946</b>	<b>11,547</b>
<b>Other economic flows — other comprehensive income</b>												
Changes in physical asset revaluation surplus							24,409	-			24,409	
<b>Comprehensive result</b>	<b>4,335</b>	<b>(16,280)</b>	<b>2,125</b>	<b>(1,291)</b>	<b>(90)</b>	<b>16,783</b>	<b>42,985</b>	<b>(903)</b>	<b>-</b>	<b>13,238</b>	<b>49,355</b>	<b>11,547</b>
<b>Controlled assets and liabilities as at 30 June 2016</b>												
<b>Assets</b>												
Financial assets	16,288	10,975	7,011	4,485	99,682	91,862	35,023	16,970	-	930	158,004	125,222
Non-financial assets	6,173	7,447	2,385	2,370	467,660	134,089	299	228	-	311,134	476,517	455,268
<b>Total assets</b>	<b>22,461</b>	<b>18,422</b>	<b>9,396</b>	<b>6,855</b>	<b>567,342</b>	<b>225,951</b>	<b>35,322</b>	<b>17,198</b>	<b>-</b>	<b>312,064</b>	<b>634,521</b>	<b>580,490</b>
<b>Liabilities</b>												
<b>Total liabilities</b>	<b>26,484</b>	<b>21,449</b>	<b>10,909</b>	<b>7,965</b>	<b>21,053</b>	<b>22,323</b>	<b>4,350</b>	<b>3,737</b>	<b>-</b>	<b>2,207</b>	<b>62,796</b>	<b>57,681</b>
<b>Net assets</b>	<b>(4,023)</b>	<b>(3,027)</b>	<b>(1,513)</b>	<b>(1,110)</b>	<b>546,289</b>	<b>203,628</b>	<b>30,972</b>	<b>13,461</b>	<b>-</b>	<b>309,857</b>	<b>571,725</b>	<b>522,809</b>

\* In 2014-15, as a result of machinery-of-government changes effective 1 January 2015, the Arts and cultural development output group was transferred to DEDJTR.

### Note 3. Income from transactions

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Income from transactions includes:		
(a) Interest income		
Interest on deposits	-	42
<b>Total interest</b>	<b>-</b>	<b>42</b>
(b) Grants income		
Grants from other state government entities	34,609	10,661
Other grants	-	329
<b>Total grants</b>	<b>34,609</b>	<b>10,990</b>
(c) Other income		
Provision of services	262	3,696
Resources received free of charge	10	22
Other	1,918	1,249
<b>Total other income</b>	<b>2,190</b>	<b>4,967</b>

## Note 4. Summary of compliance with annual parliamentary and special appropriations

### (a) Summary of compliance with annual parliamentary appropriations

The following table discloses the details of the various parliamentary appropriations received by the department for the year.

	Appropriation Act						Financial Management Act 1994										Appropriations applied				Variance	
	Annual appropriations — as published		Net transfers to other departments — administrative restructure		Advance from Treasurer		Section 29		Section 30		Section 32		Section 35		Total Parliamentary authority							
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Controlled</b>																						
Provision of outputs	320,441	577,741	(2,549)	(124,437)	25,291	15,194	599	523	2,428	945	20,302	13,900	-	-	366,512	483,866	309,464	443,411	57,048	40,455		
Additions to net asset base	2,736	21,519	-	(15,471)	4,460	25	-	-	(2,428)	(945)	2,200	3,807	-	-	6,968	8,935	5,560	6,734	1,408	2,201		
<b>Administered</b>																						
Payments made on behalf of the state	-	3,500													-	3,500	-	1,634	-	1,866		
<b>Total</b>	<b>323,177</b>	<b>602,760</b>	<b>(2,549)</b>	<b>(139,908)</b>	<b>29,751</b>	<b>15,219</b>	<b>599</b>	<b>523</b>	<b>-</b>	<b>-</b>	<b>22,502</b>	<b>17,707</b>	<b>-</b>	<b>-</b>	<b>373,480</b>	<b>496,301</b>	<b>315,024</b>	<b>451,779</b>	<b>58,456</b>	<b>44,522</b>		

Explanation of variances between annual Parliamentary authority and appropriations applied — year ended 30 June 2016

#### (i) Provision of outputs

- \$31.3 million has been carried over to 2016-17, with respect to various projects not completed as expected in 2015-16, predominantly within the integrity bodies and multicultural affairs. The remaining variance relates to \$13.2 million of unspent Treasurer's Advance funding some of which will be applied in 2016-17, the re-phasing of \$8.0 million into future years for the Independent Broad-based Anti-corruption Commission and savings applied to the department during the year.

#### (ii) Additions to net assets base

- \$0.4 million has been carried over to 2016-17 and \$1.0 million has been re-phased into future years relating to the Public Record Office Victoria's Digital Archive and Asset Maintenance and Renewal projects.

**(b) Summary of compliance with special appropriations**

Authority	Purpose	Appropriations applied	
		2016	2015
		\$'000	\$'000
<b>Controlled</b>			
<i>Constitution Act, No. 8750 of 1975 — Executive Council</i>	Salary for Clerk of the Executive Council — running expenses	50	50
<i>Constitution Act, No. 8750 of 1975 — Governor's Salary</i>	Salary payments to the Governor of Victoria	182	431
<i>Parliamentary Salaries and Superannuation Act, No. 7723 of 1968</i>	Payment of Ministers' salaries and allowances	7,930	7,854
<i>Ombudsman Act, No. 8414 of 1973</i>	Salary and allowances payable to the Ombudsman	537	510
<i>Inquiries Act, No. 67 of 2014</i>	Expenses and financial obligations of the Royal Commission	13,645	2,696
<i>Electoral Act, No. 23 of 2002</i>	Operating costs incurred by the Victorian Electoral Commission	25,256	16,230
<i>Inquiries Act No. 67 of 2014, Section 58</i>	Hazelwood Coal Mine Fire Inquiry	3,040	-
		50,640	27,771
<i>Electoral Act, No 23 of 2002</i>	Capital costs incurred by the Victorian Electoral Commission	990	600
<b>Administered (Note 22)</b>			
<i>Electoral Act, No 23 of 2002</i>	Electoral Allowances	111	915
		51,741	29,286

**(c) Annotated receipts agreements**

Section 29 annotated receipts agreements included in the financial statements are:

User charges or sales of goods and services	599	523
	599	523

## Note 5. Expenses from transactions

	2016	2015
	\$'000	\$'000
Expenses from transactions includes:		
<b>Employee expenses</b>		
Salaries and wages	109,594	98,352
Superannuation		
– Defined contribution plans	9,916	8,643
– Defined benefits expense	566	511
Annual and long service leave expense	13,092	10,100
On-costs	7,467	6,550
<b>Total employee benefits</b>	<b>140,635</b>	<b>124,156</b>
<b>Depreciation</b>		
Buildings (including heritage buildings)	3,147	6,270
Leasehold improvements	866	796
Office and computer equipment	506	613
Motor vehicles under finance lease	904	908
Other heritage assets	1,361	1,373
Intangible assets	1,156	1,100
<b>Total depreciation</b>	<b>7,940</b>	<b>11,060</b>
<b>Grants expense</b>		
Arts grants	-	170,466
Other state government entities	101,538	61,005
Other	31,111	26,488
<b>Total grants expense</b>	<b>132,649</b>	<b>257,959</b>
<b>Supplies and services</b>		
Lease rentals and outgoings	15,398	14,408
Purchases of services	40,112	32,738
Information technology expenses	10,945	7,860
Other supplies and services	15,414	16,116
<b>Total supplies and services</b>	<b>81,869</b>	<b>71,122</b>

## Note 6. Cash and deposits

		2016	2015
	Note	\$'000	\$'000
Cash at bank and on hand		3	5
Funds held in trust	23	43,468	26,096
Short-term deposits		-	1,443
		43,471	27,544

## Note 7. Receivables

		2016	2015
		\$'000	\$'000
<b>Current:</b>			
<b>Contractual</b>			
Debtors		10,689	2,201
		10,689	2,201
<b>Statutory</b>			
Amounts owing from state government*		98,174	91,140
GST recoverable		2,539	1,579
		100,713	92,719
Total current receivables		111,402	94,920
<b>Non-current:</b>			
<b>Statutory</b>			
Amounts owing from state government*		3,131	2,758
Total non-current receivables		3,131	2,758
<b>Total receivables</b>		114,533	97,678

Note 13 discloses the maturity analysis of contractual receivables and the nature and extent of risks arising from contractual receivables.

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

## Note 8. Property, plant and equipment

	2016	2015
	\$'000	\$'000
<b>Public Administration Purpose Group</b>		
<b>Land</b>		
At valuation <sup>(i)</sup>	108,609	84,200
<b>Total land</b>	108,609	84,200
<b>Buildings (including heritage buildings)</b>		
At independent valuation <sup>(i)</sup>	101,350	101,350
At fair value	5,307	4,357
Less: accumulated depreciation	(12,214)	(9,065)
<b>Total buildings</b>	94,443	96,642
<b>Leasehold improvements</b>		
Leasehold improvements — at cost	8,851	8,769
Less: accumulated depreciation	(6,502)	(5,712)
<b>Total leasehold improvements</b>	2,349	3,057
Construction in progress — at cost	2,641	1,247
<b>Plant and equipment</b>		
Office and computer equipment — at fair value	15,762	15,576
Less: accumulated depreciation	(14,870)	(14,555)
<b>Total office and computer equipment</b>	892	1,021
Works in progress — at cost	22	2
Motor vehicles — at fair value	100	100
Less: accumulated depreciation	(100)	(100)
	-	-
Motor vehicles under finance lease at cost	3,758	3,224
Less: accumulated depreciation	(1,156)	(876)
	2,602	2,348
<b>Total plant and equipment</b>	3,516	3,371
<b>Other heritage assets</b>		
Other heritage assets <sup>(ii)</sup>	265,324	265,320
Less: accumulated depreciation	(5,447)	(4,085)
<b>Total other heritage assets</b>	259,877	261,235
<b>Total property, plant and equipment</b>	471,435	449,752

### Valuations

The basis of valuation of land, buildings and heritage assets adopted is fair value, being the depreciated current replacement cost of an asset's remaining future economic benefits.

- (i) Land, and heritage buildings at Government House were valued as at 30 June 2012 by Valuer-General Victoria and Westbay Consulting Services. Other heritage assets at Government House were valued as at 30 June 2012 by Dominion Group Vic Pty Ltd. The department's land assets were managerially revalued in accordance with *FRD 103F* as at 30 June 2016.
- (ii) The public records held by the Public Record Office Victoria (PROV) were valued as at 30 June 2012 by Dominion Group Vic Pty Ltd.



## Reconciliations of carrying amounts

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

Public Administration Purpose Group									
	Land	Buildings (including heritage buildings)	Leasehold improve- ments	Building construction in progress	Office and computer equipment	Plant and equipment works in progress	Leased motor vehicles	Other heritage assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>									
Carrying amount at start of year	84,200	96,642	3,057	1,247	1,021	2	2,348	261,235	449,752
Additions		937	338	1,367	409	20	2,022		5,093
Disposals			(7)				(864)		(871)
Transfers between classes		11		27	(38)				-
Net transfers free of charge					6			3	9
Revaluation of land	24,409								24,409
Net transfers through contributed capital			(173)						(173)
Depreciation expense (Note 5)		(3,147)	(866)		(506)		(904)	(1,361)	(6,784)
<b>Carrying amount at end of year</b>	<b>108,609</b>	<b>94,443</b>	<b>2,349</b>	<b>2,641</b>	<b>892</b>	<b>22</b>	<b>2,602</b>	<b>259,877</b>	<b>471,435</b>
<b>2015</b>									
Carrying amount at start of year	172,120	231,671	2,467	42,695	1,537	122	2,093	265,201	717,906
Additions		203		7,128	3	149	2,150		9,633
Disposals							(987)		(987)
Transfers between classes		2,037	403	(2,441)	121	(269)		27	(122)
Net transfers free of charge					22			(2)	20
Net transfers through contributed capital	(87,920)	(131,103)	983	(46,135)	(49)			(2,618)	(266,842)
Other administrative arrangements		104							104
Depreciation expense (Note 5)		(6,270)	(796)		(613)		(908)	(1,373)	(9,960)
<b>Carrying amount at end of year</b>	<b>84,200</b>	<b>96,642</b>	<b>3,057</b>	<b>1,247</b>	<b>1,021</b>	<b>2</b>	<b>2,348</b>	<b>261,235</b>	<b>449,752</b>

### Assets subject to restrictions on use

The department has in its books, property having the carrying value of \$328 million listed as heritage assets. These assets generally cannot be modified or disposed of unless Ministerial approval is obtained.

### Fair value measurement hierarchy\* at 30 June 2016

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
<b>Land at fair value</b>				
Land	108,609			108,609
Total land at fair value	108,609			108,609
<b>Buildings (including heritage buildings) at fair value</b>				
Buildings including heritage buildings	94,443			94,443
Total buildings at fair value	94,443			94,443
<b>Office and computer equipment at fair value</b>				
Office and computer equipment	892			892
Total office and computer equipment at fair value	892			892
<b>Motor vehicles owned by department at fair value</b>				
Motor vehicles	-			-
Total motor vehicles at fair value	-			-
<b>Other heritage assets at fair value</b>				
Other heritage assets	259,877			259,877
Total other heritage assets at fair value	259,877			259,877

### Fair value measurement hierarchy\* at 30 June 2015

<b>Land at fair value</b>				
Land with restricted use	84,200			84,200
Total land at fair value	84,200			84,200
<b>Buildings (including heritage buildings) at fair value</b>				
Buildings including heritage buildings	96,642			96,642
Total buildings at fair value	96,642			96,642
<b>Office and computer equipment at fair value</b>				
Office and computer equipment	1,021			1,021
Total office and computer equipment at fair value	1,021			1,021
<b>Motor vehicles owned by department at fair value</b>				
Motor vehicles	-			-
Total motor vehicles at fair value	-			-
<b>Other heritage assets at fair value</b>				
Other heritage assets	261,235			261,235
Total other heritage assets at fair value	261,235			261,235

\* See fair value hierarchy in Note 1(b).

There have been no transfers between levels during the period.

#### **Land**

The market approach is used for land, although this is adjusted for community service obligations (CSO) to reflect the specialised nature of 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 they are equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 fair value assets.

#### **Buildings (including heritage buildings)**

For the department's 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 assets.

Independent valuations of the department's specialised land and buildings were performed by the Valuer-General Victoria, Napier and Blakeley Pty Ltd, Westbay Consulting Services and Dominion Group Vic Pty Ltd, as at 30 June 2012. The valuations were performed using the market approach adjusted for CSO. In accordance with FRD 103F, a managerial revaluation of land assets was performed at 30 June 2016 using indices supplied by the Victorian Valuer-General.

#### **Motor vehicles owned by department**

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

#### **Office and computer equipment**

Office and computer equipment is held at fair value. When office and computer 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 replacement cost method.

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.

#### **Other heritage assets**

Icons and collections held by Public Record Office Victoria are valued using the depreciated replacement cost method. Remaining heritage assets are valued using a market approach.

## Reconciliation of Level 3 fair value

	Other heritage assets					
	Land	Buildings (including heritage buildings)	Motor vehicles owned by department	Office and computer equipment	Market approach	Depreciated replacement cost
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>						
Opening balance	84,200	96,642	-	1,021	6,832	254,403
Purchases (sales)		937	-	409		
Transfers between classes		11	-	(38)		
Disposals			-			
Gains or losses recognised in net result			-			
Depreciation		(3,147)	-	(506)	(70)	(1,291)
Net contributed capital			-			
Net transfers free of charge			-	6	3	
Asset revaluation increment	24,409		-			
Net transfers through contributed capital			-			
Closing balance	108,609	94,443	-	892	6,765	253,112
<b>2015</b>						
Opening balance	172,120	231,671	-	1,537	6,902	258,299
Purchases (sales)		203	-	25	(2)	
Transfers between classes		2,037	-	121		27
Gains or losses recognised in net result			-			
Depreciation		(6,270)	-	(613)	(68)	(1,305)
Net transfers through contributed capital	(87,920)	(131,103)	-	(49)	-	(2,618)
Other administrative arrangements		104	-			
Closing balance	84,200	99,642	-	1,021	6,832	254,403

## Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
<b>Land at fair value</b>		
Land	Market approach	Heritage adjustment Community Service Obligation (CSO) adjustment
<b>Buildings (including heritage buildings) at fair value</b>		
Buildings including heritage buildings	Depreciated replacement cost	Direct cost per square metre Useful life of buildings — including component
<b>Office and computer at fair value</b>		
Office and computer equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
<b>Motor vehicles owned by department at fair value</b>		
Motor vehicle	Depreciated replacement cost	Useful life of motor vehicles
<b>Other heritage assets</b>		
Other heritage assets	Market approach	Sales/auction value per item
	Depreciated replacement cost*	Average sample value per item Average number of samples viewed Direct cost per item Useful life per item

\* For some heritage and iconic assets, cost may be the reproduction cost of the asset rather than the replacement cost if their service potential could only be replaced by reproducing them with the same materials.

The significant unobservable inputs have remain unchanged from 2015.

## Note 9. Intangible assets

	2016	2015
	\$'000	\$'000
Capitalised software development	17,864	17,531
Less: accumulated depreciation	(14,287)	(13,131)
	3,577	4,400
Intangible assets under development	274	667
	3,851	5,067
<b>Carrying value at start of year</b>	<b>5,067</b>	<b>5,358</b>
Additions	416	1,239
Derecognition	(476)	-
Transfers in/(out) through administrative restructure	-	(552)
Transfers from plant and equipment	-	122
Depreciation expense	(1,156)	(1,100)
<b>Carrying value at end of year</b>	<b>3,851</b>	<b>5,067</b>

## Note 10. Payables

	2016	2015
	\$'000	\$'000
<b>Current:</b>		
<b>Contractual</b>		
Creditors and accruals	18,508	15,739
<b>Statutory</b>		
Amounts payable to other government agencies	14,337	16,956
<b>Total payables</b>	<b>32,845</b>	<b>32,695</b>

Note 13 discloses the maturity analysis of contractual payables and the nature and extent of risks arising from contractual payables.

## Note 11. Provisions

	2016	2015
	\$'000	\$'000
<b>Current:</b>		
Employee benefits		
– Annual leave		
– Unconditional and expected to settle within 12 months	8,171	6,351
– Unconditional and expected to settle after 12 months	1,862	1,559
– Long service leave		
– Unconditional and expected to settle within 12 months	2,313	1,987
– Unconditional and expected to settle after 12 months	11,098	9,353
– Performance bonus	694	523
	24,138	19,773
<b>Non-current:</b>		
Employee benefits		
– Long service leave	3,131	2,758
	3,131	2,758
<b>Total provisions</b>	<b>27,269</b>	<b>22,531</b>

## Note 12. Borrowings

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Secured</b>		
<b>Current:</b>		
Lease liabilities (Note 14)	1,600	1,291
<b>Non-current:</b>		
Lease liabilities (Note 14)	1,082	1,164
<b>Total borrowings</b>	<b>2,682</b>	<b>2,455</b>
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.		
<b>Assets pledged as security</b>		
The carrying amounts of non-current assets pledged as security are:		
Motor vehicles under finance lease	2,602	2,348

Note 13 discloses the maturity analysis of borrowings and the nature and extent of risks arising from borrowings.

## Note 13. Financial instruments

### (a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

### (b) Categorisation of financial instruments

#### Carrying amount of financial instruments by category

			2016	2015
	Note	Category	\$'000	\$'000
<b>Financial assets</b>				
Cash and deposits	6	Cash	43,471	27,544
Receivables*	7	Loans and receivables	10,689	2,201
			54,160	29,745
<b>Financial liabilities</b>				
Payables*	10	Financial liabilities at amortised cost	18,508	15,739
Borrowings	12	Financial liabilities at amortised cost	2,682	2,455
			21,190	18,194

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

			2016	2015
		Category	\$'000	\$'000
<b>Financial assets</b>				
Cash and deposits		Cash	-	42
Receivables*		Loans and receivables	-	-
			-	42
<b>Financial liabilities</b>				
Payables*		Financial liabilities at amortised cost	-	-
Borrowings		Financial liabilities at amortised cost	(66)	(62)
			(66)	(62)

\* Receivables and payables disclosed here exclude statutory receivables (i.e. amounts receivable from government departments and GST recoverable) and statutory payables (i.e. amounts payable to other government agencies).



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

- for cash and deposits, and receivables, the net gain or loss is calculated by taking the interest revenue minus any impairment recognised in the net result
- for financial liabilities measured at amortised cost, the net gain or loss is the related interest expense.

### **(c) Credit risk**

Credit risk arises from the financial assets of the department, which comprise cash and deposits and other receivables. The department's exposure to credit risk arises from the potential default of counterparties 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 financial assets is minimal because the main debtors are other Victorian Government departments. For debtors other than government, it is the department's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or

credit enhancements where appropriate. Credit risk in relation to receivables is also monitored by management by reviewing the ageing of receivables on a monthly basis. The department does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. In addition, the department does not engage in hedging for its financial assets and mainly obtains financial assets that are on fixed interest.

Provision for impairment of financial assets is calculated based on past experience. The carrying amount of 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.

### **Financial assets that are either past due or impaired**

As at the reporting date, there was no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

### Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions	Government agencies	Other	Total
	(AAA credit rating)	(AAA credit rating)	(min BBB credit rating)	
	\$'000	\$'000	\$'000	
<b>2016</b>				
Cash and deposits	43,471			43,471
Receivables		10,578	111	10,689
<b>Total contractual financial assets</b>	<b>43,471</b>	<b>10,578</b>	<b>111</b>	<b>54,160</b>
<b>2015</b>				
Cash and deposits	27,544			27,544
Receivables	1,366	129	706	2,201
<b>Total contractual financial assets</b>	<b>28,910</b>	<b>129</b>	<b>706</b>	<b>29,745</b>

### Ageing analysis of contractual financial assets

	Carrying amount	Neither past due nor impaired	Past due but not impaired				Greater than 5 years
			Less than 1 month	1–3 months	3 months –1 year	1–5 years	
			\$'000	\$'000	\$'000	\$'000	
<b>2016</b>							
Receivables	10,689	3,743	5,148	1,095	703		
	10,689	3,743	5,148	1,095	703		
<b>2015</b>							
Receivables	2,201	1,866	317	12	6		
	2,201	1,866	317	12	6		

#### (d) Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as they fall due. The department operates under the Victorian 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 exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities. The department manages its liquidity risk by maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations.

The following table discloses the contractual maturity analysis for the department's financial liabilities:

	Maturity dates*						
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Greater than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>							
Payables	18,508	18,508	18,508				
Borrowings	2,682	2,786	380	211	1,080	1,115	
	21,190	21,294	18,888	211	1,080	1,115	
<b>2015</b>							
Payables	15,739	15,739	15,739				
Borrowings	2,455	2,577	349	248	1,564	416	
	18,194	18,316	16,088	248	1,564	416	

\* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

### (e) Market risk

The department's exposure to market risk is primarily through interest rate risk. The department has no exposure to foreign currency and other price risks.

#### Interest rate risk

Exposure to interest rate risk is insignificant and may arise primarily through the department's cash deposits and borrowings.

The department manages this risk by mainly undertaking fixed rate or non-interest bearing instruments with only minimal amounts at floating rate. The only interest-bearing liabilities are the motor vehicle lease liabilities, with respect to which the interest rate is fixed for the term of the lease. The department's exposure to interest rate risk is set out below:

#### Interest rate exposure of financial instruments

	Weighted average effective interest rate	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
	%	\$'000	\$'000	\$'000	\$'000
<b>2016</b>					
<b>Financial assets</b>					
Cash	-	43,471	-	-	43,471
Receivables		10,689			10,689
		54,160	-	-	54,160
<b>Financial liabilities</b>					
Payables		18,508			18,508
Finance lease liabilities	4.0	2,682	2,682		
		21,190	2,682	-	18,508
<b>2015</b>					
<b>Financial assets</b>					
Cash	2.4	27,544	1,000	443	26,101
Receivables		2,201	-	-	2,201
		29,745	1,000	443	28,302
<b>Financial liabilities</b>					
Payables		15,739	-	-	15,739
Finance lease liabilities	4.7	2,455	2,455	-	-
		18,194	2,455	-	15,739

### Sensitivity disclosure analysis

The department's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The department's fund managers cannot be expected to predict movements in market

rates and prices. Sensitivity analyses shown are for illustrative purposes only.

The following movements in market interest rates are 'reasonably possible' over the next 12 months — a movement of 100 basis points up and down (2015: 100 basis points up and down).

### Interest rate risk sensitivity

	Carrying amount	Interest rate	
		-100 basis points	+100 basis points
		Net result	Net result
<b>2016</b>			
Contractual financial assets			
Cash and deposits	43,471	-	-
<b>Total impact</b>		-	-
<b>2015</b>			
Contractual financial assets			
Cash and deposits	27,544	(14)	14
<b>Total impact</b>		(14)	14

### (f) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair values of financial assets and financial liabilities are determined as follows:

- Level 1 — the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- Level 2 — the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly
- Level 3 — the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash-flow analysis using unobservable market inputs.

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

The department currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2015–16 reporting period.

## Note 14. Commitments for expenditure

	2016	2015
	\$'000	\$'000
<b>Capital commitments</b>		
Commitments for the development of buildings contracted for at the reporting date but not recognised as liabilities, which are payable:		
Within one year	426	1,705
	426	1,705
<b>Outsourcing commitments</b>		
Commitments under outsourcing contracts for human resources services, payable:		
Within one year	1,192	1,187
Later than one year but not later than five years	47	1,238
	1,239	2,425
In addition, the outsourcing of information technology services is subject to an open-ended memorandum of understanding with an annual cost to the department of \$4,689,000.		
<b>Operating lease commitments</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
Within one year	3,846	2,592
Later than one year but not later than five years	9,173	5,052
Greater than five years	-	359
	13,019	8,003
<b>Finance lease liabilities</b>		
Commitments in relation to finance leases are payable as follows:		
Within one year	1,670	1,369
Later than one year but not later than five years	1,114	1,208
Minimum lease payments	2,784	2,577
Less: future finance charges	(102)	(122)
Present value of minimum lease payments	2,682	2,455
Shown in the financial statements as:		
Current (Note 12)	1,600	1,291
Non-current (Note 12)	1,082	1,164
	2,682	2,455

## Note 15. Contingent liabilities and contingent assets

### Quantifiable contingent liabilities

The following table summarises quantifiable contingent liabilities relating to the department.

	2016	2015
	\$'000	\$'000
Legal proceedings and disputes	452	-
Total	452	-

## Note 16. Responsible persons

The persons who held the positions of Minister and Accountable Officer in the department (from 1 July 2015 to 30 June 2016 unless otherwise stated) were:

The Hon Daniel Andrews MP	Premier
The Hon James Merlino MP	Deputy Premier
The Hon John Eren MP	Minister for Veterans
The Hon Natalie Hutchins MP	Minister for Aboriginal Affairs
The Hon Robin Scott MP	Minister for Multicultural Affairs
The Hon Fiona Richardson MP	Minister for Women and Minister for the Prevention of Family Violence
The Hon Gavin Jennings MLC	Special Minister of State
The Hon Martin Foley MP	Minister for Equality
Chris Eccles	Secretary

The Hon James Merlino MP and the Hon Jacinta Allan MP acted in the office of the Premier in the absence of the Hon Daniel Andrews MP.

The Hon Steve Herbert MP acted in the office of the Deputy Premier in the absence of the Hon James Merlino MP.

The Hon Jenny Mikakos MLC, the Hon Lily D'Ambrosio MP and the Hon Philip Dalidakis MLC acted in the office of the Minister for Veterans in the absence of the Hon John Eren MP.

The Hon Richard Wynne MP, the Hon Luke Donnellan MP and the Hon Fiona Richardson MP acted in the office of the Minister for Aboriginal Affairs in the absence of the Hon Natalie Hutchins MP.

The Hon Daniel Andrews MP, the Hon Tim Pallas MP and the Hon Gavin Jennings MLC acted in the office of the Minister for Multicultural Affairs in the absence of the Hon Robin Scott MP.

The Hon Wade Noonan MP, the Hon Natalie Hutchins MP and the Hon Steve Herbert MP acted in the office of the Minister for the Prevention of Family Violence in the absence of the Hon Fiona Richardson MP.

The Hon Natalie Hutchins MP and the Hon Lisa Neville MP acted in the office of the Minister for Women in the absence of the Hon Fiona Richardson MP.

The Hon Daniel Andrews MP acted in the office of the Special Minister of State in the absence of the Hon Gavin Jennings MLC.

The Hon Jenny Mikakos MLC, the Hon Lily D'Ambrosio MP, the Hon Gavin Jennings MLC and the Hon Jill Hennessy MP acted in the office of the Minister for Equality in the absence of the Hon Martin Foley MP.

Rebecca Falkingham acted in the office of the Secretary during the absence of Chris Eccles.

### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the department during the reporting period was in the income bands in the table below.

Remuneration range	2016	2015
	No.	No.
\$570,000–\$579,999	1	-
\$550,000–\$559,999	-	1
\$310,000–\$319,999	-	1

The total remuneration shown in the table above comprises base remuneration and accrued entitlements. Total remuneration paid in the reporting period was \$572,000 (2015 — \$875,000). Amounts relating to the acting Accountable Officers are reported in 'Remuneration of executives' (Note 17).

The remuneration for the Ministers of the department are reported in the following 'Remuneration of Ministers' table.

### Other transactions

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).



### Remuneration of Ministers

Remuneration in the form of salaries and allowances received or receivable under the *Parliamentary Salaries and Superannuation Act 1968* by all Ministers during the year, and paid by the department, is as follows:

Office held	Remuneration range	2016	2015
		No.	No.
Premier	\$380,000–\$389,999	1	-
	\$220,000–\$229,999	-	1
	\$190,000–\$199,999	-	1
Deputy Premier	\$330,000–\$339,999	1	-
	\$190,000–\$199,999	-	1
	\$160,000–\$169,999	-	1
Ministers of the Crown	\$380,000–\$389,999	2	-
	\$370,000–\$379,999	1	-
	\$350,000–\$359,999	1	-
	\$330,000–\$339,999	2	-
	\$320,000–\$329,999	2	-
	\$310,000–\$319,999	10	-
	\$300,000–\$309,999	1	-
	\$290,000–\$299,999	1	-
	\$240,000–\$249,999	1	-
	\$210,000–\$219,999	-	3
	\$200,000–\$209,999	-	1
	\$190,000–\$199,999	-	2
	\$180,000–\$189,999	-	14
	\$170,000–\$179,999	-	1
	\$150,000–\$159,999	-	6
	\$130,000–\$139,999	-	13
	\$10,000–\$19,999	1	-

Total remuneration paid in the reporting period was \$7,581,000 compared with \$7,385,000 in 2014–15.

## Note 17. Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, whose total remuneration exceeded \$100,000 during the reporting period and in 2014–15, are shown in the first two columns of the table below in their relevant income bands. The base remuneration of these executive officers in their relevant income bands is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Income band	Total remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$410,000–\$419,999	1	-		
\$400,000–\$409,999			1	-
\$370,000–\$379,999	1	-		
\$360,000–\$369,999	1	1		
\$350,000–\$359,999	1	2	1	-
\$340,000–\$349,999	-	1	2	1
\$330,000–\$339,999			-	2
\$290,000–\$299,999	2	-		
\$280,000–\$289,999			1	-
\$270,000–\$279,999	2	-	2	-
\$260,000–\$269,999	3	2		
\$250,000–\$259,999	1	-	4	1
\$240,000–\$249,999	2	-	1	1
\$230,000–\$239,999	3	1	1	-
\$220,000–\$229,999	4	8	3	3
\$210,000–\$219,999	2	-	4	5
\$200,000–\$209,999	10	4	3	3
\$190,000–\$199,999	1	2	5	4
\$180,000–\$189,999	6	7	3	3
\$170,000–\$179,999	1	7	3	7
\$160,000–\$169,999	2	3	4	5
\$150,000–\$159,999	1	-	5	2
\$140,000–\$149,999	3	3	2	3
\$130,000–\$139,999	2	3	2	2
\$120,000–\$129,999	1	-	2	1
\$110,000–\$119,999	1	1	-	1
\$100,000–\$109,999			1	1
\$90,000–\$99,999			1	-
Total numbers	51	45	51	45
Total amount (\$'000)	11,168	9,202	10,449	8,643
Total annualised employee equivalents	46.4	39.8	46.4	39.8

The above table should be read in conjunction with the reconciliation of executive numbers included in the annual report. Executive officer contracts provide for an annual bonus payment and these are included where applicable in the various total remuneration bands.

## Note 18. Remuneration of auditors

	2016	2015
	\$'000	\$'000
<b>Audit fees paid or payable to the Victorian Auditor-General's Office</b>		
Audit of the annual financial statements	127	124

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

## Note 19. Superannuation

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 plans provide benefits based on years of service and final average salary.

The department does not recognise any defined benefit liability in respect of the plans 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 recognises and discloses the state's defined benefit liabilities as an administered item in its financial statements.

However, superannuation contributions for the period are included as part of employee expenses in the comprehensive operating statement of the department.

The department made contributions to the following major superannuation funds during the year:

<b>Defined benefit funds</b>	Emergency Services and State Super – Revised Scheme – New Scheme – Transport Scheme
<b>Accumulation funds</b>	VicSuper ESSSuper

The department does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

## Note 20. Reconciliation of net result to net cash flows from operating activities

	2016	2015
	\$'000	\$'000
Net result	24,946	11,547
<b>Non-cash movements</b>		
Depreciation	7,940	11,060
(Profit)/loss on disposal of non-financial assets	(177)	(170)
Net transfers free of charge	(9)	(20)
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(16,855)	(32,699)
(Increase)/decrease in other operating assets	(810)	251
Increase/(decrease) in payables	710	19,259
Increase/(decrease) in provisions	4,975	343
Net cash flows from operating activities	20,720	9,571

## Note 21. Non-cash financing and investing activities

During the reporting period, motor vehicles with a fair value of \$2,022,000 (2015 — \$2,150,000) were acquired by means of finance leases.

During the reporting period, assets amounting to \$1,000 (2015 — \$2,000) were recognised in the comprehensive operating statement as resources transferred free of charge from the department to other entities. Asset transfers amounting to \$9,000 (2015 — \$22,000) recognised in the comprehensive operating statement as resources received free of charge from other entities.

## Note 22. Administered items

### Activities administered by the department

In addition to the specific departmental operations which are included in the balance sheet, comprehensive operating statement and cash flow statement, the department administers or manages activities on behalf of the state. The transactions relating to these state activities are reported as administered in this note. These activities include the recording of minor revenue from royalties, rental and sundry sales. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis.

	2016	2015
	\$'000	\$'000
<b>Administered income from transactions</b>		
Appropriations	-	1,634
Special appropriations	111	915
Sale of goods and services	53	42
Royalties revenue	-	31
Other income	5,626	3,345
<b>Total administered income from transactions</b>	<b>5,790</b>	<b>5,967</b>
<b>Administered expenses from transactions</b>		
Employee expenses	-	308
Supplies and services	8	1,446
Payments into the Consolidated Fund	5,524	3,431
Grants expense	111	915
Depreciation	-	1
Assets provided free of charge	-	22
<b>Total administered expenses from transactions</b>	<b>5,643</b>	<b>6,123</b>
<b>Administered net result and comprehensive result</b>	<b>147</b>	<b>(156)</b>
<b>Administered assets</b>		
<b>Financial assets</b>		
Cash <sup>(i)</sup>	11,629	11,192
Other receivables	416	247
<b>Total administered assets</b>	<b>12,045</b>	<b>11,439</b>
<b>Administered liabilities</b>		
Amounts owing to other government agencies <sup>(i)</sup>	11,982	11,517
Payables	-	4
Provisions	-	2
<b>Total administered liabilities</b>	<b>11,982</b>	<b>11,523</b>
<b>Administered net assets</b>	<b>63</b>	<b>(84)</b>

(i) Funds held in trust within the Public Account for Portfolio Agencies.

## Note 23. Trust account balances

Cash and cash equivalents of trust accounts included in the financial statements are:

	2016					2015				
	Opening balance	Machinery-of-government changes	Inflows	Outflows	Closing balance	Opening balance	Machinery-of-government changes	Inflows	Outflows	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Controlled trusts</b>										
Arts Fund	-	-	-	-	-	4,242	(3,832)	391	(801)	-
Australia Day Committee Victoria Trust	311	-	1,144	(1,345)	110	110	-	1,221	(1,020)	311
Departmental Suspense Account	18,508	-	3,142	(5,037)	16,613	4,470	16,814	5,030	(7,806)	18,508
Master Agencies Media Services Trust	975	(975)	-	-	-	1,900	-	3,817	(4,742)	975
Treasury Trust	6,719	-	25,507	(6,787)	25,439	(694)	157	10,916	(3,660)	6,719
Vehicle Lease Trust	8	-	203	(3)	208	7	-	159	(158)	8
Information Victoria Working Account	1,018	-	168	(88)	1,098	-	944	74	-	1,018
<b>Total controlled trusts</b>	<b>27,539</b>	<b>(975)</b>	<b>30,164</b>	<b>(13,260)</b>	<b>43,468</b>	<b>10,035</b>	<b>14,083</b>	<b>21,608</b>	<b>(18,187)</b>	<b>27,539</b>
<b>Administered trusts</b>										
Public Service Commuter Club	(325)	-	384	(412)	(353)	(186)	-	43	(182)	(325)
Victorian Veterans Fund	967	-	267	(939)	295	974	-	255	(262)	967
Anzac Day Proceeds Trust	142	-	288	(413)	17	28	-	501	(387)	142
Treasury Trust	7,364	-	60	(55)	7,369	-	8,363	-	(999)	(7,364)
Departmental Suspense Account	2,719	-	3,995	(2,766)	3,948	2,311	-	4,471	(4,063)	(2,719)
<b>Total administered trusts</b>	<b>10,867</b>	<b>-</b>	<b>4,994</b>	<b>(4,585)</b>	<b>11,276</b>	<b>3,127</b>	<b>8,363</b>	<b>5,270</b>	<b>(5,893)</b>	<b>10,867</b>

There were no trust accounts opened or closed during the reporting period. The MAMS Trust account was transferred to DTF effective 1 July 2015 following the approval of the Special Minister of State.

## Note 24. Machinery-of-government changes

Effective 22 September 2015, the Governor in Council issued an order No. S 275 abolishing the Victorian Competition and Efficiency Commission (VCEC). Further, pursuant to a declaration under section 30 of the *Public Administration Act 2004* the secretariat supporting the VCEC was transferred to DTF to support the new Commissioner for Better Regulation.

The net assets transferred as a result of the administrative restructure were recognised at the carrying amount of those assets and liabilities in the transferor's balance sheet immediately before the transfer. Where applicable, the net asset transfers were treated as contributions of capital by the Crown. No income or expense has been recognised by the department in respect of the net assets transferred. The department relinquished the following assets and liabilities at the date of transfer:

	\$'000
<b>Victorian Competition and Efficiency Commission</b>	
<b>Output group — Project Prioritisation and Investment</b>	
<b>Assets</b>	
Receivables	587
Property, plant and equipment	173
<b>Liabilities</b>	
Payables	(36)
Provisions	(551)
<b>Net assets relinquished by the department</b>	<b>173</b>

Effective 14 December 2015, the government issued an order under 28 (1) of the *Public Administration Act 2004* transferring the Office of Aboriginal Victoria from DEDJTR to DPC.

The net assets transferred as a result of the administrative restructure were recognised at the carrying amount of those assets and liabilities in the transferor's balance sheet immediately before the transfer. Where applicable, the net asset transfers were treated as contributions of capital by the Crown. No income or expense has been recognised by the department in respect of the net assets transferred. The department recognised the following assets and liabilities at the date of transfer:

	\$'000
<b>Office of Aboriginal Victoria</b>	
<b>Output group — Strengthening Communities</b>	
<b>Assets</b>	
Receivables	403
Property, plant and equipment	240
<b>Liabilities</b>	
Provisions	(403)
Borrowings	(240)
<b>Net assets recognised by the department</b>	<b>-</b>

Effective 1 July 2015, the Special Minister of State approved the transfer of the MAMS Trust from DPC to DTF.

The net assets transferred as a result of the administrative restructure were recognised at the carrying amount of those assets and liabilities in the transferor's balance sheet immediately before the transfer. Where applicable, the net asset transfers were treated as contributions of capital by the Crown. No income or expense has been recognised by the department in respect of the net assets transferred. The department relinquished the following assets and liabilities at the date of transfer:

	\$'000
<b>Master Agency Media Services Trust</b>	
<b>Output group — Policy advice and support to Government and Cabinet</b>	
<b>Assets</b>	
Cash	975
Receivables	53
<b>Liabilities</b>	
Payables	(649)
Provisions	(13)
<b>Net assets relinquished by the department</b>	<b>366</b>

Machinery-of-government changes which occurred in the prior year have had significant impact on the activities for the department.

On 4 December 2014, the Government announced a restructure of its activities and on 24 December 2014 issued Administrative Order No. 219 under the *Administrative Arrangements Act 1983* making these changes effective from 1 January 2015. The restructure resulted in the department assuming responsibility for (i) Office for Women from the Department of Health and Human Services, (ii) Freedom of Information Commission and Office of Public Interest Monitor from the Department of Justice and Regulation, (iii) VCEC from DTF, (iv) Digital Government, and Local Government Investigations and Compliance Inspectorate from, and relinquishing responsibility for Creative Victoria (formerly Arts Victoria) to, DEDJTR.

Effective 15 May 2015, the government issued an Order No. S 110 transferring the Office of the Victorian Government Architect from the Department of Environment, Land, Water and Planning to DPC.



## Note 25. 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 department's objectives and to deny or regulate the access of others to that benefit.

### Annualised employee equivalent

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

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

### Controlled item

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

### 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 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.

### Commitments

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

### 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.

### Employee benefits expenses

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

### Ex gratia expenses

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 right:
  - to receive cash or another financial asset from another entity or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity or
- d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instrument 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:
  - to deliver cash or another financial asset to another entity or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity or
- b) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### Financial statements

A complete set of financial statements comprises:

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

items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

### Grants expense

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. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

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

### Grants for on-passing

All grants paid to one institutional sector (e.g. a state general government) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

### Intangible assets

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

### Interest expense

Costs incurred in connection with the borrowing of funds. Interest expense includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance lease

repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

### **Interest income**

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

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

### **Non-financial assets**

Non-financial assets are all assets that are not 'financial 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. They include gains and losses from disposal, revaluation and impairment of non-financial physical and intangible assets, actuarial gains and losses arising from defined benefit superannuation plans and fair value changes of financial instruments. In simple terms, they are changes arising from market re-measurements.

### **Other economic flows — other comprehensive income**

Other economic flows — other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result. The components of other economic flows — other comprehensive income include changes in the physical asset revaluation surplus.

### **Payables**

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

### **Receivables**

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

### **Sales of goods and services**

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods, fees from regulatory services and work done as an agent for private enterprises.

### **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.

### **Transactions**

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

## Accountable Officer's and Chief Financial Officer's declaration

The attached financial statements for the Department of Premier and Cabinet have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the department as 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 8 September 2016.



Ingrid Klein  
Chief Financial Officer  
Department of Premier and Cabinet  
Melbourne  
8 September 2016



Chris Eccles  
Secretary  
Department of Premier and Cabinet  
Melbourne  
8 September 2016

# Independent audit report for the year ended 30 June 2016

**VAGO**

Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

### To the Secretary, Department of Premier & Cabinet

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Department of Premier & Cabinet 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 financial officer's declaration.

#### *The Secretary's Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial report.

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

*Auditing in the Public Interest*

## **Independent Auditor's Report (continued)**

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, my staff and I have complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department of Premier & Cabinet as at 30 June 2016 and its financial performance and 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  
12 September 2016



Dr Peter Frost  
*Acting Auditor-General*

# SECTION FOUR

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## Appendix 1 — Budget portfolio outcomes

The budget portfolio outcomes statements provide a comparison between the actual financial information of all general government entities within the portfolio and the forecasted financial information published in the budget papers.

The budget portfolio outcomes comprise the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity and administered items statement.

The budget portfolio outcomes have been prepared on a consolidated basis and include all general government entities within the portfolio.

Consistent with the budget papers, financial transactions and balances are classified into either controlled or administered.

The budget portfolio outcomes statements that follow are not subject to audit by the Victorian Auditor-General's Office.

They are not prepared on the same basis as the department's financial statements because they include the consolidated financial information of the following entities in addition to that of the core department:

- Commissioner for Privacy and Data Protection
- Independent Broad-based Anti-corruption Commission
- Infrastructure Victoria
- Office of the Ombudsman
- Victorian Electoral Commission
- Victorian Inspectorate
- Victorian Public Sector Commission.

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

CONTROLLED	2015–16	2015–16	
	Actual	Budget	Variation
	\$m	\$m	%
<b>Income from transactions</b>			
Output appropriations <sup>(1)</sup>	309.5	339.0	(8.7)
Special appropriations <sup>(2)</sup>	50.6	57.1	(11.4)
Interest	-	0.1	(100.0)
Sale of goods and services	1.6	1.6	-
Grants <sup>(3)</sup>	36.3	27.7	31.0
Other income	2.1	4.7	(55.3)
<b>Total income from transactions</b>	<b>400.1</b>	<b>430.2</b>	<b>(7.0)</b>
<b>Expenses from transactions</b>			
Employee benefits <sup>(1)</sup>	194.6	214.8	(9.4)
Depreciation	12.6	14.5	(13.1)
Interest expense	0.1	-	na
Grants expense <sup>(1)</sup>	40.0	53.3	(25.0)
Capital asset charge	8.7	8.7	-
Other expenses <sup>(1)</sup>	118.3	141.0	(16.1)
<b>Total expenses from transactions</b>	<b>374.3</b>	<b>432.3</b>	<b>(13.4)</b>
<b>Net result from transactions</b>	<b>25.8</b>	<b>(2.1)</b>	<b>(1,328.6)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	0.2	-	na
Other gains/(losses) from other economic flows	(0.8)	-	na
<b>Total other economic flows included in net result</b>	<b>(0.6)</b>	<b>-</b>	<b>na</b>
<b>Net result</b>	<b>25.2</b>	<b>(2.1)</b>	<b>(1,300.0)</b>
<b>Other economic flows — other comprehensive income</b>			
Changes in physical asset revaluation reserve <sup>(4)</sup>	24.4	-	na
Other	(0.5)	-	na
<b>Total other economic flows — other comprehensive income</b>	<b>23.9</b>	<b>-</b>	<b>na</b>
<b>Comprehensive result</b>	<b>49.1</b>	<b>(2.1)</b>	<b>(2,438.1)</b>

(1) The variance mainly relates to various projects not completed as expected in 2015–16 for which funding will be available in 2016–17.

(2) The variance mainly relates to lower-than-budgeted expenses within the Victorian Electoral Commission (VEC) and the Royal Commission into Family Violence.

(3) The variance includes grant revenue from the Department of Health and Human Services (DHHS) to be used on the National Disability Insurance Scheme (NDIS).

(4) The variance is due to the managerial valuation of land assets during the year in accordance with FRD 103F.

## Balance sheet as at 30 June 2016

	2016	2015	
CONTROLLED	Actual	Budget	Variation
	\$m	\$m	%
<b>Financial assets</b>			
Cash and deposits <sup>(1)</sup>	53.4	33.0	61.8
Receivables	116.2	106.8	8.8
Other financial assets	0.8	1.8	(55.6)
<b>Total financial assets</b>	<b>170.4</b>	<b>141.6</b>	<b>20.3</b>
<b>Non-financial assets</b>			
Inventories	2.8	1.7	64.7
Property, plant and equipment	489.9	468.2	4.6
Intangible assets	8.5	10.2	(16.7)
Other non-financial assets	7.5	2.5	200.0
<b>Total non-financial assets</b>	<b>508.4</b>	<b>482.6</b>	<b>5.3</b>
<b>Total assets</b>	<b>678.8</b>	<b>624.2</b>	<b>8.7</b>
<b>Liabilities</b>			
Payables	25.3	25.3	-
Borrowings	4.0	3.5	14.3
Provisions <sup>(2)</sup>	41.0	33.4	22.8
<b>Total liabilities</b>	<b>70.3</b>	<b>62.2</b>	<b>13.0</b>
<b>Net assets</b>	<b>608.5</b>	<b>562.0</b>	<b>8.3</b>
<b>Equity</b>			
Contributed capital	290.3	285.7	1.6
Reserves <sup>(3)</sup>	221.6	197.2	12.4
Accumulated surplus	96.7	79.1	22.6
<b>Total equity</b>	<b>608.5</b>	<b>562.0</b>	<b>8.3</b>

(1) The variance mainly relates to the receipt of a grant from DEDJTR to be used for ICT initiatives.

(2) The variance is due to the department reassessing its provision for long service leave liabilities by realigning the methodology and assumptions used in discounting of future payments of leave liabilities to its present value, an increase in staff numbers and the impact of wage rises.

(3) The variance is due to the managerial evaluation of land assets during the year, in accordance with FRD 103F.

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

CONTROLLED	2015–16	2015–16	
	Actual	Budget	Variation
	\$m	\$m	%
<b>Cash flows from operating activities</b>			
Receipts from government <sup>(1)</sup>	351.8	388.6	(9.5)
Receipts from other entities	28.1	27.7	1.4
Interest received	-	0.1	(100.0)
Other receipts	4.2	6.4	(34.4)
	384.1	422.7	(9.1)
Payments of grants <sup>(1)</sup>	(40.0)	(53.3)	(25.0)
Payments to suppliers and employees <sup>(1)</sup>	(314.4)	(356.2)	(11.7)
Goods and services tax paid to the ATO	(1.2)	-	na
Capital asset charge	(8.7)	(8.7)	-
Interest and other finance costs	(0.1)	-	na
	(364.4)	(418.2)	(12.9)
<b>Net cash flows from operating activities</b>	19.7	4.5	337.8
<b>Cash flows from investing activities</b>			
Net investment	1.0	-	na
Payments for non-financial assets	(9.2)	(15.5)	(40.6)
Proceeds from sale of non-financial assets	1.4	-	na
<b>Net cash flows used in investing activities</b>	(6.8)	(15.5)	(56.1)
<b>Cash flows from financing activities</b>			
Owner contributions by the state government	4.8	9.8	(51.0)
Net borrowings	1.2	(0.3)	(500.0)
<b>Net cash flows from financing activities</b>	6.0	9.5	(36.8)
<b>Net increase/(decrease) in cash held <sup>(2)</sup></b>	18.9	(1.5)	(1,360.0)
Cash at the beginning of the financial year	34.5	34.5	-
<b>Cash at the end of the financial year</b>	53.4	33.0	61.8

(1) The variances mainly relate to various projects not completed as expected in 2015–16 for which funding will be available in 2016–17.

(2) The variance mainly reflects the receipt of a grant from DEDJTR to be used for ICT initiatives.

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

	2015–16	2015–16	
CONTROLLED	Actual	Budget	Variation
	\$m	\$m	%
<b>Contributed capital</b>			
<b>Opening balance</b>	275.9	275.9	-
Reclassification <sup>(1)</sup>	9.4	-	na
Contribution from owners	5.5	-	na
Administrative restructure	(0.5)	9.8	(105.1)
<b>Closing balance</b>	290.3	285.7	1.6
<b>Reserves</b>			
<b>Opening balance</b>	197.2	197.2	-
Administrative restructure	-	-	na
Comprehensive result <sup>(2)</sup>	24.4	-	na
<b>Closing balance</b>	221.6	197.2	12.4
<b>Accumulated surplus</b>			
<b>Opening balance</b>	81.2	81.2	-
Adjustment to opening balance	(0.3)		
Reclassification <sup>(1)</sup>	(9.4)	-	na
Comprehensive result	25.2	(2.2)	(1,245.5)
<b>Closing balance</b>	96.7	79.0	22.8
<b>Total equity</b>	608.9	561.9	(92.0)

(1) Accumulated surplus reclassified to contributed capital as a result of 2014–15 machinery-of-government changes.

(2) The variance is due to the managerial valuation of land assets during the year in accordance with FRD 103F.

## Administered items statement for the year ended 30 June 2016

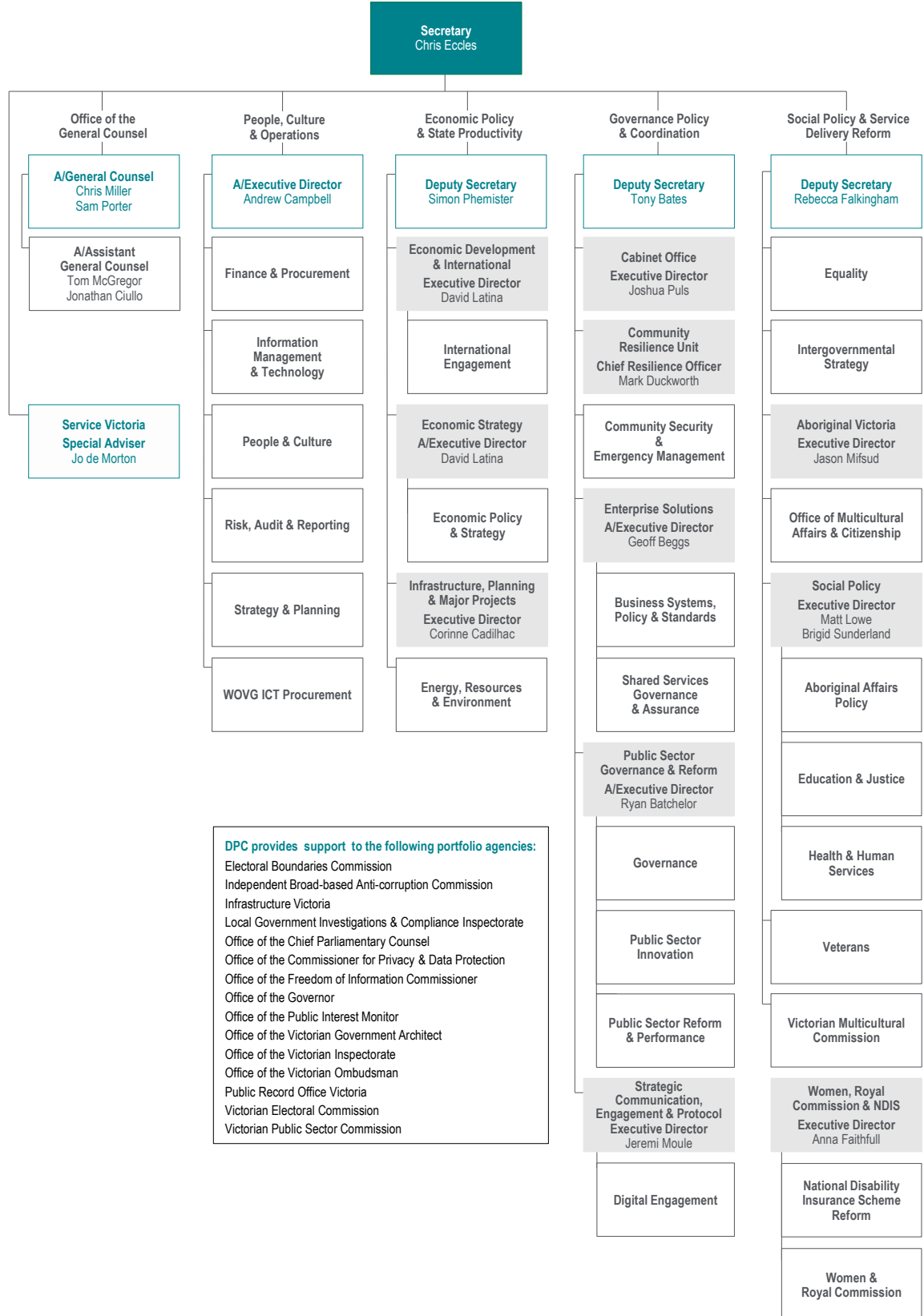
	2015–16		2015–16
	Actual	Budget	Variation
	\$m	\$m	%
<b>Administered income</b>			
Appropriations — payments on behalf of the State	-	1.0	(100.0)
Special appropriations	0.1	-	na
Sales of goods and services	1.9	0.5	280.0
Grants <sup>(1)</sup>	4.8	-	na
Other income	2.8	0.3	833.3
<b>Total administered income</b>	<b>9.6</b>	<b>1.8</b>	<b>433.3</b>
<b>Administered expenses</b>			
Expenses on behalf of the State	0.1	1.0	(90.0)
Payments into Consolidated Fund	9.4	0.8	1,075.0
<b>Total administered expenses</b>	<b>9.5</b>	<b>1.8</b>	<b>427.8</b>
<b>Income less expenses</b>	<b>0.1</b>	<b>-</b>	<b>na</b>
<b>Administered assets</b>			
Cash and deposits	-	0.1	(100.0)
Receivables	0.3	0.7	(57.1)
<b>Total administered assets</b>	<b>0.3</b>	<b>0.8</b>	<b>(62.5)</b>
<b>Administered liabilities</b>			
Payables	-	0.6	(100.0)
Provisions	-	0.1	(100.0)
<b>Total administered liabilities</b>	<b>-</b>	<b>0.7</b>	<b>(100.0)</b>
<b>Net assets</b>	<b>0.3</b>	<b>0.1</b>	<b>200.0</b>

(1) The variance is due to a contribution from the Commonwealth towards new education and exhibition facilities at the Shrine of Remembrance.



# Appendix 2 — Functions and services

Organisation chart as at 20 June 2016



## Economic Policy and State Productivity

The Economic Policy and State Productivity group is responsible for advising the Premier and the Cabinet on financial management, economic development, regional and local government outcomes, international engagement, infrastructure, planning, major transactions, energy, resources, water and land policy. The group:

- offers policy leadership
- contributes to the development and delivery of key policies and projects from a whole-of-government perspective
- provides high-quality, strategic advice to the Premier and Cabinet.

Branches within this group are as follows.

### Economic Development and Economic Strategy

The Economic Development and Economic Strategy branches:

- provide advice to the Premier and the Cabinet on financial, economic, industry and regional development issues
- support the delivery of responsible financial management, enhanced productivity and the competitiveness of the Victorian economy
- provide secretariat support to the Premier's Jobs and Investment Panel and its work program.

The Economic Development branch supports the Premier's leadership of the government's engagement with important overseas markets by:

- providing the Premier and the Cabinet with advice and analysis on international trends
- delivering the Premier's program during trade missions
- managing Victoria's diplomatic, consular and sister-state relationships
- delivering the business leveraging program associated with Victoria's calendar of major events.

The Economic Strategy branch leads economic reform projects designed to:

- unlock growth
- stimulate job creation
- grow prosperity for all Victorians.

### Energy, Resources and Environment

The Energy, Resources and Environment branch is responsible for providing strategic policy advice to the Premier and the Cabinet on a range of issues, including:

- environment and climate change
- energy generation, energy efficiency and earth resources
- water
- agriculture and forestry
- metropolitan and regional cities
- government land management.

### Infrastructure, Planning and Major Projects

The Infrastructure, Planning and Major Projects branch provides coordinated policy advice on key public transport, roads, ports, urban and regional planning, heritage, sport and recreation and major project issues. The branch works closely with the Department of Treasury and Finance (DTF) on strategies for funding and delivery of infrastructure and with the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the Department of Environment, Land, Water and Planning on policy and project development.

### Office of the General Counsel

The Office of the General Counsel (OGC) provides legal and policy advice to the Premier, the Special Minister of State, other ministers supported by DPC, the DPC Secretary, the department and its portfolio agencies.

OGC provides policy advice to the Premier and the Special Minister of State on civil and criminal law, equal opportunity and human

rights issues, as well as on the Victorian integrity, accountability, transparency and Executive Government inquiries systems. On behalf of the Premier and the Special Minister of State, OGC develops and manages complex policy and legislative proposals.

In addition to providing in-house legal support for the department's internal operations, OGC's legal advice covers the full spectrum of legal issues, including public, administrative and international law issues, commercial transactions, litigation and Executive Government inquiries.

## **Governance Policy and Coordination**

The Governance Policy and Coordination group is responsible for public sector governance, performance and reform, Cabinet management, community security, emergency management, enterprise solutions and information technology, community resilience, intergovernmental relations and communication and protocol.

The group:

- unites the strategic whole-of-government leadership and coordination functions that are unique to a First Minister's department
- fosters a reform culture
- maximises the strategic impact of government by leading and promoting excellence in public administration and practice.

The Governance Policy and Coordination group also has primary responsibility for supporting the Special Minister of State.

The group consists of the following branches:

### **Cabinet Office**

The Cabinet Office provides specialist advice and support to facilitate informed executive government decision making, including the exercise of parliamentary responsibilities, the operation of Executive Council and

compliance with Cabinet processes and protocols. The Cabinet Office is also responsible for coordination of the Premier's correspondence ensuring the security and preservation of Cabinet records.

### **Community Resilience Unit**

The Community Resilience Unit coordinates a whole-of-government and whole-of-community approach to strengthening social cohesion and community resilience and to preventing violent extremism in Victoria.

The unit supports the work of the Social Cohesion and Community Resilience Ministerial Taskforce chaired by the Deputy Premier. Initiatives are evidence-informed and co-created with communities, especially young people, academia and government. The unit also supports the Research Institute on Social Cohesion, a community advisory group, and a whole-of-government reference group.

### **Community Security and Emergency Management**

The Community Security and Emergency Management branch provides high-level advice on a range of strategic security and emergency management policy issues and projects. The branch works with agencies in Victoria and in other jurisdictions in the development of whole-of-government solutions to build resilience and improve emergency management.

The branch also maintains the Victorian Government's State Crisis Centre to assist ministers and senior officials when managing extreme emergencies.

### **Enterprise Solutions**

Enterprise Solutions develops and delivers strategy for information management and technology across government. It is responsible for the Information Technology Strategy, Victorian Government, 2016 to 2020.

The branch produces frameworks and policy for whole-of-government information management and technology, facilitates standardisation for government corporate systems, reports on the status of government ICT projects, manages cyber-security alerts and strategy, operates ICT governance training, and chairs the cross-government CIO Leadership Group for Victoria.

It pursues opportunities for government shared services and identifies future opportunities in these areas and reports on significant ICT, strategies, investments and shared services.

Further information is available at [www.enterprisesolutions.vic.gov.au](http://www.enterprisesolutions.vic.gov.au).

### **Governance**

Governance branch provides specialist advice and support to the Premier, the Special Minister of State and the DPC Secretary about the operations and conventions of the Victorian Government. This includes providing advice on the structure and administration of departments and public entities, the government's relationship with Parliament and the Crown within the Westminster system, and the operation and effectiveness of Victoria's public sector workforce.

The branch works to enable good government and executive decision making and ensure that the government is well placed to respond to upcoming challenges, pressures and opportunities in the best interest of all Victorians.

### **Public Sector Innovation**

The Public Sector Innovation branch is responsible for enabling and accelerating innovation across the Victorian public sector, as part of the Special Minister of State's accountability for public sector reform. The branch builds public sector innovation capability through initiatives such as the Behavioural Insights Unit and uses the Public Sector Innovation Fund to support projects

across government that test new approaches to delivering better outcomes for Victorians.

### **Public Sector Reform and Performance**

The Public Sector Reform and Performance branch is focused on driving reform of the public sector to deliver exceptional outcomes for Victorians.

The branch is responsible for: developing strategic directions for public sector reform and undertaking reform projects, including budget and financial management reform; rolling out an approach to working to outcomes; delivering whole-of-government information sharing and data reforms; and overseeing the performance of the public sector in delivering government's objectives.

### **Strategic Communication, Engagement and Protocol**

Strategic Communication, Engagement and Protocol branch provides services to DPC, ministers and statutory agencies. Key responsibilities include strategic communication planning, delivery of events of state significance, including the year-round Australia Day program, advice regarding matters of protocol, oversight of Victorian government advertising expenditure, internal and corporate communication and internal and whole-of-government digital engagement and innovation.

### **Social Policy and Service Delivery Reform**

The Social Policy and Service Delivery Reform group works to help the government achieve its strategic objectives related to Aboriginal affairs, multicultural affairs, veterans, women, equality, education, justice, NDIS reform, health and human services as well as to pursue service delivery excellence and reform.

Branches within this group are as follows:

### **Aboriginal Affairs Policy**

The Aboriginal Affairs Policy branch is responsible for:

- leading Victorian Government policy on Aboriginal affairs, including self-determination and treaty, Aboriginal economic development, and social policy
- supporting the Premier and Minister for Aboriginal Affairs to ensure a coordinated and focused approach to Aboriginal affairs across government. This includes the delivery of key stakeholder engagement forums such as the Premier's gatherings and Aboriginal affairs ministerial forums
- driving the delivery of priorities in the Victorian Aboriginal Affairs Framework 2013–2018, in addition to Council of Australian Governments (COAG) priorities, to improve outcomes for Aboriginal people.

### **Aboriginal Victoria**

Aboriginal Victoria works in partnership with the Aboriginal community, across government and with the private and community sectors to:

- protect and manage Aboriginal cultural heritage
- support community strengthening and engagement
- support the Aboriginal community's treaty and self-determination aspirations.

### **Education and Justice**

The Education and Justice branch provides strategic policy advice to support the Premier and the Cabinet on education and justice issues, including early childhood development, school education, training, emergency services, police and corrections.

The branch works with the Department of Education and Training, the Department of Justice and Regulation, other DPC branches and across the VPS to support the development and delivery of key policies and

projects from a whole-of-government perspective.

### **Equality**

The Equality team's key objective is to foster and promote lesbian, gay, bisexual, transgender, intersex (LGBTI) and gender-diverse equality in the Victorian community.

The team provides advice and support to the Minister for Equality and the Premier to drive whole-of-government LGBTI policy, and works with other Victorian Government departments, LGBTI communities and other partners to improve the lives of LGBTI Victorians. The team also provides support to the Victorian Commissioner for Gender and Sexuality and the Victorian LGBTI Taskforce.

### **Health and Human Services**

The Health and Human Services branch provides strategic policy advice to support the Premier and Cabinet on issues relating to the health and human services portfolios, including health, hospital and ambulance services, housing, ageing, mental health, families and children, and youth justice. The branch works with the Department of Health and Human Services (DHHS), other DPC branches and across the VPS to support the development and delivery of key policies and projects from a whole-of-government perspective.

### **Intergovernmental Strategy**

The Intergovernmental Strategy branch leads and coordinates policy advice on the Victorian Government's engagement with the Commonwealth Government, and governments in other states and territories. The branch works to maximise the benefits of our federal system and to pursue positive outcomes in intergovernmental reform for Victorians. The branch's work includes supporting the Premier to participate in COAG and the Council for the Australian Federation.

### **National Disability Insurance Scheme Reform**

The National Disability Insurance Scheme (NDIS) Reform branch supports the government's agenda to improve the lives of people with a disability.

The branch works with other government departments to develop disability policy and shape the design and implementation of the NDIS. It provides leadership on NDIS intergovernmental relations, coordinates whole-of-government inclusion initiatives, and promotes linkages between the NDIS and mainstream, universal services. The branch supports the government's NDIS Cabinet Taskforce, NDIS Implementation Taskforce and associated working groups.

### **Office of Multicultural Affairs and Citizenship**

The Office of Multicultural Affairs and Citizenship (OMAC) provides advice and support to the Minister for Multicultural Affairs and the Premier. OMAC is responsible for promoting, coordinating and supporting a whole-of-government approach to multicultural affairs and social cohesion to foster a fair, inclusive, engaged and harmonious multicultural community.

OMAC works to:

- lead and influence local, state and national policy in multicultural affairs, including in the areas of settlement and access to services for culturally and linguistically diverse (CALD) communities
- promote and harness cultural, linguistic and religious diversity as an advantage for all Victorians
- enhance social cohesion and harmony by building understanding and respect for diversity and difference
- strengthen the capacity of all CALD communities, both long-established and newly arrived, to fully participate in Victorian society.

### **Office of the Victorian Multicultural Commission**

The Office of the Victorian Multicultural Commission (OVMC) supports the Chair and Commissioners of the Victorian Multicultural Commission in their role as an independent statutory authority that advises government on multicultural affairs and citizenship in Victoria. The OVMC informs the government on the development of policy, legislation and service delivery by:

- running statewide consultations, and developing and maintaining harmonious community relations, to determine the needs of Victoria's diverse communities through community engagement
- ensuring a more culturally specific approach in informing policy and service delivery through the development of submissions
- developing and maintaining partnerships between community organisations that provide settlement support for diverse communities and support the resettlement process with a holistic and long-term service delivery framework that includes strategies to ensure social cohesion within the community
- showcasing and celebrating the state's diversity through media and public events, such as Cultural Diversity Week
- researching, advising and reporting to the Premier and Minister for Multicultural Affairs on any matter relating to the Commission's objectives.

### **Veterans**

The Veterans branch provides advice and support to the Minister for Veterans and the Premier. The branch provides coordinated whole-of-government support for:

- the commemoration of veterans' service
- responding to the needs of the Victorian veteran community
- ensuring the legacy of veterans' service is understood and remembered.

The branch provides support for the Victorian Veterans Council, the Victorian Anzac Centenary Committee and the Shrine of Remembrance and delivers a range of welfare, commemorative and educational initiatives, including the Restoring Community War Memorials Grants Program and the Premier's Spirit of Anzac Prize Competition.

### **Women and Royal Commission into Family Violence**

The Women and Royal Commission branch provides advice and support to the Minister for Women and Minister for the Prevention of Family Violence and the Premier. The branch coordinates the Victorian Government's engagement with and responses to the Royal Commission into Family Violence. The branch is also responsible for increasing women's equality and the prevention of family violence agenda through the delivery of policies and programs.

### **People, Culture and Operations**

The People, Culture and Operations group (PC&O) provides corporate services to DPC, including human resources, finance and budget, information communication and technology, corporate strategy, risk management and assurance services. By drawing on the expertise and resources across all of these disciplines, PC&O provides integrated, contemporary and innovative programs, services and resources to DPC to enable the department to deliver on its objectives.

### **Service Victoria**

The 2015–16 Budget included \$15 million for the development of Service Victoria: a whole-of-government service to enhance the delivery of government transactions and enable the delivery of a more effective customer experience. Service Victoria undertook planning, conducted customer

research and gathered insights from leading service organisations. This planning informs Service Victoria's work during 2016–17 to implement distribution channels for government's simple, high-volume transactions and solve roadblocks to fully online services.

### **DPC portfolio agencies**

The department supports the following portfolio agencies:

- Commissioner for Privacy and Data Protection
- Freedom of Information Commissioner
- Independent Broad-based Anti-corruption Commission
- Infrastructure Victoria
- Local Government Investigations and Compliance Inspectorate
- Office of the Chief Parliamentary Counsel
- Office of the Governor
- Office of the Victorian Government Architect
- Office of the Victorian Ombudsman
- Public Interest Monitor
- Public Record Office Victoria
- Victorian Electoral Commission
- Victorian Inspectorate
- Victorian Public Sector Commission.

### **Commissioner for Privacy and Data Protection**

The Commissioner for Privacy and Data Protection (CPDP) oversees and promotes the information privacy regime in Victoria, including the application of its new flexibility mechanisms. The Commissioner is also tasked to develop the Victorian protective data security framework for monitoring and assuring the security of public sector data. CPDP functions as both an integrity agency and a public sector regulator.

Further information: [www.cpdp.vic.gov.au](http://www.cpdp.vic.gov.au)

## Freedom of Information Commissioner

The role of the Freedom of Information (FOI) Commissioner was established to enhance the openness and transparency of government in Victoria. The Commissioner promotes the operation of the *Freedom of Information Act 1982* (FOI Act) by conducting reviews and investigating complaints, monitoring compliance with the FOI Act and providing advice, education and guidance to the public and agencies about the FOI Act and the Commissioner's functions.

Further information:

[www.foicommissioner.vic.gov.au](http://www.foicommissioner.vic.gov.au)

## Independent Broad-based Anti-corruption Commission (IBAC)

IBAC is Victoria's independent anti-corruption commission, responsible for preventing and exposing public sector corruption and misconduct. Working towards the vision of a corruption-resistant public sector, IBAC:

- receives and assesses complaints and notifications of public sector corruption and misconduct, and investigates serious and systemic matters
- informs the public sector, police and the community about the risks and impacts of corruption and misconduct, and ways in which it can be prevented.

IBAC's jurisdiction includes Victoria Police, state government bodies, municipal councils, the judiciary and parliament.

IBAC reports directly to the Victorian Parliament and operates under oversight by both state and commonwealth authorities, including the IBAC Committee and the Victorian Inspectorate.

Further information: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

## Infrastructure Victoria

Infrastructure Victoria was established as an independent statutory authority to provide expert advice and guide decision-making on

Victoria's infrastructure needs and priorities. Infrastructure Victoria has three key roles:

- prepare a 30-year infrastructure strategy for Victoria
- provide advice to the Victorian Government on infrastructure matters
- publish research on infrastructure matters.

In considering infrastructure needs, Infrastructure Victoria will take a whole-of-Victoria approach which will include central and metropolitan Melbourne, interface councils, regional cities and rural and regional Victoria.

Further information:

[www.infrastructurevictoria.vic.gov.au](http://www.infrastructurevictoria.vic.gov.au)

## Local Government Investigations and Compliance Inspectorate

The Local Government Investigations and Compliance Inspectorate (the Inspectorate) is an administrative office established to assess compliance with the *Local Government Act 1989*, (the Act), the guiding legislation for Victoria's councils.

Staffed by Inspectors of Municipal Administration, the Inspectorate investigates alleged breaches of the Act with a specific focus on offences under the Act.

Additionally, the Inspectorate conducts compliance audits of councils and promotes the highest levels of transparency, good governance and best practice across the local government sector.

## Office of the Chief Parliamentary Counsel

The Office of the Chief Parliamentary Counsel (OCPC) transforms policy into legislation and advises the Victorian Government on its legislative program. The office is responsible for ensuring up-to-date, public access to authoritative Victorian legislation. The Chief Parliamentary Counsel is also the Government Printer for Victoria, responsible for the printing of Victorian legislation.

Further information: [www.ocpc.vic.gov.au](http://www.ocpc.vic.gov.au)



### **Office of the Governor**

The Office of the Governor provides support to the Governor of Victoria and her spouse in carrying out all aspects of their official duties for the benefit of the Victorian community. The Governor's role includes constitutional and ceremonial duties, community engagement and official municipal, regional and overseas visits; the latter promoting international engagement at the highest level.

Further information: [www.governor.vic.gov.au](http://www.governor.vic.gov.au) and Twitter: [@Governor\\_Vic](https://twitter.com/Governor_Vic)

### **Office of the Victorian Government Architect**

The Office of the Victorian Government Architect (OVGA) is an administrative office established under s. 11 of the *Public Administration Act 2004*. OVGA provides leadership and independent advice to government about architecture and urban design and promotes awareness about how good design can make great places for people. The office encourages the creation of high-quality buildings and engaging public spaces that promote confidence and wellbeing in the community.

Further information: [www.ovga.vic.gov.au](http://www.ovga.vic.gov.au)

### **Office of the Victorian Ombudsman**

The Ombudsman is a constitutionally independent officer of the Victorian Parliament. The Ombudsman's principal function is to enquire into or investigate administrative actions taken in any government department, authority, local council or public statutory body to which the *Ombudsman Act 1973* applies.

The Ombudsman may conduct an inquiry or investigation as a consequence of a complaint, on her own motion or on referral from the Parliament. The Ombudsman can also investigate a matter that involves corrupt

conduct if a complaint or matter is referred to the Ombudsman by IBAC, including protected disclosures. The Ombudsman also has the power to enquire into or investigate whether an administrative action is compatible with Victoria's *Charter of Human Rights and Responsibilities Act 2006* (the Charter).

Further information:

[www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au)

### **Public Interest Monitor**

The *Public Interest Monitor Act 2011* (PIM Act) created the offices of the Principal Public Interest Monitor and Deputy Public Interest Monitors. The PIM Act and the *Public Interest Monitor Regulations 2013* commenced operation on 10 February 2013.

The Public Interest Monitor (PIM) represents the public interest and provides greater accountability in the collection of evidence from warrants and orders that intrude on the privacy and civil liberties of Victorian citizens.

The PIM appears at the hearing of each application for a telecommunications interception warrant, a surveillance device warrant, a covert search warrant, a preventative detention order and various other warrants and coercive orders, to test the content and sufficiency of the information relied on and the circumstances of the application.

### **Public Record Office Victoria**

The Public Record Office Victoria (PROV) maintains the archives of the State Government of Victoria, holding 100 kilometres of records dating from the mid-1830s to today. PROV manages these for use by the government and people of Victoria. PROV's collection contains records of decisions, events, people and places that have shaped the history of Victoria.

Further information: [www.prov.vic.gov.au](http://www.prov.vic.gov.au)

### **Victorian Electoral Commission**

The Victorian Electoral Commission (VEC) maintains the electoral enrolment register, conducts state and local government elections, statutory elections, commercial and community elections and representation and electoral boundary reviews. The VEC also undertakes electoral research and informs and engages Victorians to participate in the democratic process.

Further information: [www.vec.vic.gov.au](http://www.vec.vic.gov.au)

### **Victorian Inspectorate**

The Victorian Inspectorate is the key oversight body in Victoria's integrity system. With a broad oversight function in relation to IBAC, the Inspectorate is also responsible for overseeing matters of procedural fairness involving the Victorian Ombudsman. In addition, the Inspectorate reviews and assesses the use of coercive powers by and receives complaints made against the following bodies:

- IBAC and IBAC officers
- the Victorian Ombudsman and Ombudsman officers
- the Chief Examiner and Examiners
- the Auditor-General and Auditor-General officers.

It is also the role of the Inspectorate to monitor the compliance by these and other bodies, with statutory record keeping and other obligations occasioned by the use of covert powers (for example, telephone interceptions, surveillance devices and controlled operations).

Further information:

[www.vicinspectorate.vic.gov.au](http://www.vicinspectorate.vic.gov.au)

### **Victorian Public Sector Commission**

The Victorian Public Sector Commission (VPSC) provides advice and support on issues relevant to public administration, governance, service delivery and workforce matters. The VPSC's objectives are to:

- strengthen the efficiency, effectiveness and capability of the public sector to meet existing and emerging needs and deliver high-quality services
- maintain, and advocate for public sector professionalism and integrity.

Further information: [www.vpsc.vic.gov.au](http://www.vpsc.vic.gov.au)

## Appendix 3 — Governance

### Board of Management

#### Secretary

**Chris Eccles** was appointed Secretary of DPC in December 2014. As Secretary, Chris leads the department and the Victorian Public Service in advising the Premier and the Government of Victoria.

From 2011 until 2014, Chris was the Director-General of the New South Wales DPC, and from 2009 to 2011, the Chief Executive of the South Australian DPC. From 2007 to 2009, Chris held the positions of Deputy Secretary, Sector Improvement Group and Deputy Secretary, National Reform and Climate Change Group with the Victorian DPC.

Prior to joining DPC in 2007, Chris worked in a variety of government and private sector senior management positions. He has held leadership roles with the ACT Chief Minister's Department and with the Australian National Training Authority. As an Associate Director with KPMG, Chris headed the national education consulting practice. He subsequently became a foundation Director of Phillips KPA, which provides consultancy services to the education and training industry and associated sectors.

Chris is proud to be a Male Champion of Change, an initiative dedicated to ensuring greater female representation at senior management levels.

Chris holds a Bachelor of Arts and a Bachelor of Laws from the Australian National University.

#### Deputy Secretary, Governance Policy and Coordination

**Tony Bates** was appointed Deputy Secretary, Governance Policy and Coordination in March 2016.

Tony has a breadth of experience in both central and line agencies, most recently at DTF and Victoria Police. As Special Adviser Policy and Reform in DTF, he was responsible for driving a number of specific policy and reform priorities and enhancing external stakeholder relationships.

Prior to this, Tony led significant strategic reforms to business, human resource and financial services at Victoria Police and worked in DTF in a range of roles covering fiscal strategy, portfolio analysis and natural disaster recovery arrangements.

Tony holds Bachelor of Science (Honours) and Master of Science degrees from the University of Melbourne, is a Member of the Australian Institute of Company Directors and an alumnus of the Australia and New Zealand School of Government (ANZSOG) Executive Fellows program.

#### Deputy Secretary, Economic Policy and State Productivity

**Simon Phemister** was appointed Deputy Secretary, Economic Policy and State Productivity in February 2015.

Before returning to DPC, Simon was the Deputy Secretary, Policy and Strategy in the former Victorian Department of Human Services. Simon has extensive experience in the public sector and has held various senior roles across the state and Commonwealth governments, including the former Victorian Department of Education and the Department of Prime Minister and Cabinet.

Simon has an Executive Master of Public Administration from ANZSOG, a Bachelor of Business (Asia–Pacific Studies) from La Trobe University and Honours in International Studies and Mandarin Chinese from Yunnan University, China.

### **Deputy Secretary, Social Policy and Service Delivery Reform**

**Rebecca Falkingham** was appointed Deputy Secretary, Social Policy and Service Delivery Reform in February 2015.

Prior to this, Rebecca was Deputy Secretary, Communities and Social Investment Group with the New South Wales DPC.

Rebecca has held a variety of senior leadership public service roles in Victoria and New South Wales.

### **A/Executive Director, People, Culture and Operations**

Since December 2015, **Andrew Campbell** has acted as Executive Director, People, Culture and Operations, leading and supporting key reforms to foster a diverse and resilient organisation.

He was previously Director, Community Security and Emergency Management, with responsibility for whole-of-government crisis and emergency management. Andrew has worked in a number of roles across the department in areas including strategy and innovation and community engagement.

Andrew has a Master of International Business from the University of Melbourne and is a graduate of the ANZSOG Executive Fellows programs.

### **A/General Counsel**

**Sam Porter** acted as General Counsel from September to December 2015 and May to June 2016. Sam joined DPC in 2014, and has held a range of leadership roles in DPC's Office of the General Counsel. Before joining DPC, he worked as a senior lawyer in leading Asian and English law firms.

### **A/General Counsel**

**Chris Miller** acted as General Counsel from December 2015 to April 2016. Chris joined DPC in 2015, and has held a range of leadership roles in DPC's Office of the General Counsel.

Before joining DPC, Chris was a senior in-house counsel at a major Australian energy company. Prior to that role, he worked as a lawyer in a major Australian law firm, focusing mainly on the infrastructure, utilities and energy sectors. Chris holds degrees in law and engineering.

Other Board of Management members during this period were:

#### **Kym Peake**

Deputy Secretary, Governance Policy and Coordination

#### **Ryan Phillips**

A/Deputy Secretary, Governance Policy and Coordination

#### **Matt Vincent**

Executive Director, People Culture and Operations

## Audit and Risk Management Committee

The Audit and Risk Management Committee provides independent assurance, oversight and review of financial reporting, risk management and internal control and compliance. The committee reports to the DPC Secretary and is established in accordance with the direction of the Minister for Finance. As at 30 June 2016, the committee comprised the following members:

- Sam Andersen — independent chair
- Geoff Harry — independent member
- Elizabeth Parkin — independent member.

The other committee member during the reporting period was Karen Corry (independent member).

## Internal audit

In the 2015–16 financial year, Ernst & Young provided DPC’s internal audit services. The department’s internal audit program includes compliance and performance reviews, with results and follow-up actions reported to DPC’s Audit and Risk Management Committee.

## Risk management

### Accountable Officer’s Attestation compliance with Ministerial Standing Direction 4.5.5

I, Chris Eccles, certify that the Department of Premier and Cabinet has complied with the Ministerial Standing Direction 4.5.5 — Risk Management Framework and Processes.

The Department of Premier and Cabinet Audit and Risk Management Committee has verified this.



**Chris Eccles**

Secretary

Department of Premier and Cabinet  
Melbourne

8 September 2016

## Procurement Governance Committee

The Procurement Governance Committee (PGC) provides strategic oversight to procurement activities within the department. This may include, but is not limited to, ensuring the application of appropriate policies, systems and processes to deliver procurement outcomes on behalf of the department.

The DPC members of the PGC as at 30 June 2016 were as follows:

<b>MEMBER</b>	<b>PGC ROLE</b>
Andrew Campbell, A/ Executive Director, People Culture and Operations	Chair
Ingrid Klein, Chief Procurement Officer	Deputy Chair
Justine Heazlewood, Keeper of Public Records, Public Record Office Victoria	Member
Jeremi Moule, Executive Director, Strategic Communication, Engagement and Protocol	Member
Jag Rewal, Director, Whole of Victorian Government ICT Procurement	Member
Jane Sweeney, Director, Aboriginal Victoria	Member
Fontessa Brusse, Manager, Contracts and Procurement	Secretariat

## Appendix 4 — Our people

The 2015–16 financial year has been an exciting year for our people with many opportunities to participate in challenging and varied reform projects.

### Family violence

One of the key projects for DPC during the 2015–16 financial year was to support the Victorian Government’s commitment to implement the recommendations of the Royal Commission into Family Violence. An aspect to this was the recruitment of talented people to the Family Violence and Service Delivery Reform (FVSDR) group. This recruitment process was initiated through an advertisement seeking expressions of interest from people interested in working on this reform project. The recruitment exercise was extremely popular and attracted highly talented people from diverse backgrounds.

This intensive recruitment program was carried out over a short period of time drawing upon the skills and knowledge of many different people who helped in the administration of the process and the selection of people for the FVSDR team.

### Victorian Public Service Enterprise Agreement 2016

Another significant project that took place in the 2015–16 financial year was the negotiation and implementation of the Victorian Public Service Enterprise Agreement 2016 (the Agreement).

All non-executive DPC staff and most non-executive staff in DPC’s agencies are

covered by this Agreement. A number of appendices to the Agreement were negotiated by DPC and its agencies. Implementation of this Agreement has involved changes to payroll processes and human resources policies and practices.

### Promoting a culture of diversity and inclusion

Following the DPC cultural transformation program for the 2014–15 financial year, DPC has implemented a number of initiatives to promote diversity, inclusion and increased flexibility for staff.

The DPC Diversity and Inclusion Strategy aims to embrace our differing backgrounds, skills and experiences to help achieve our goals. The strategy contains the following three priorities to guide DPC’s diversity and inclusion activities:

- promote diversity and inclusion as a source of strength to drive innovation and achievement
- partner with our people to make diversity a part of everyday business
- engage and develop our people to support a diverse workforce.

The strategy draws upon the goals in the existing suite of DPC diversity plans to provide a cohesive organisational framework for promoting diversity and inclusion across all of DPC’s business activities. DPC’s suite of diversity plans include:

- Lesbian, Gay, Bisexual, Trans and Gender Diverse and Intersex Inclusion Plan
- Aboriginal Inclusion Action Plan

- Cultural Diversity Inclusion Strategy
- Disability Action Plan
- Gender Equity Action Plan.

Another key initiative that DPC undertook in the 2015–16 financial year was the distribution to all staff of ultra-mobile devices. These devices support flexible work arrangements and help nurture an agile and innovative work environment.

### **Aboriginal Inclusion Action Plan**

DPC continued to promote Aboriginal inclusion with some key initiatives during the 2015–16 financial year, including:

- support for the Victorian Government's Treaty Agenda through hosting community forums
- embedding the Aboriginal Staff Network across DPC with Aboriginal staff actively participating in the network
- DPC executive officers facilitating conversations at the two day Aboriginal Community Forum on Treaty
- implementation of a specific Aboriginal Employee Assistance Program
- exceeding the Aboriginal Employment target set out in the DPC Aboriginal Inclusion Action Plan 2014
- the delivery of a new three-year cultural awareness training contract
- the introduction of a tailored Employee Assistance Program for Aboriginal staff members
- use of Aboriginal language to name significant meeting rooms.

### **Lesbian, Gay, Bisexual, Trans, Gender Diverse and Intersex Inclusion Plan 2015–16 (LGBTI) and the Cultural and Linguistically Diverse Strategy (CALD)**

During the 2015–16 financial year DPC finalised the Lesbian, Gay, Bisexual, Trans, Gender Diverse and Intersex Inclusion Plan 2015–16 and continued to implement the Cultural Diversity Inclusion Strategy (2015–18).

Initiatives to implement these plans during the financial year included:

- introduction of an LGBTI awareness training program
- introduction of a tailored Employee Assistance Program for LGBTI staff members
- membership with Pride in Diversity, a not-for-profit LGBTI employer support program
- staff speaker events with Transgender Victoria
- development of an LGBTI Staff Network within DPC
- employment opportunities for young people from CALD backgrounds.

### ***Disability Discrimination Act 2006 and Carers Recognition Act 2012***

Through the proactive implementation of the DPC Disability Action Plan 2014, the department has increased its employment of people with a disability through formal employment programs and existing employment opportunities.

DPC continues to recognise the contribution made to society by carers and promotes recognition of those with caring responsibilities under the *Carers Recognition Act 2012*. DPC continued to effectively promote the Act in 2015–16 by:

- promoting flexible work arrangements through initiatives such as the roll out of ultra-mobile devices
- maintaining a dedicated intranet page to the *Carers Recognition Act 2012*
- including information on the Act in a staff online training module relating to flexible work arrangements
- promoting awareness of the Act through the DPC Corporate Induction program.



## Learning and development

DPC continued to promote the development of its leaders by introducing a new Management Development Series which focused on growing awareness of key leadership and management behaviours and practice.

Developing the capability of our people was further supported through the availability of a range of external leadership programs offered by ANZSOG, Cranlana and Leadership Victoria, as well as a range of internal core learning and development opportunities to support general skills development.

To complement the suite of program offerings, DPC also continued to offer coaching to managers, as well as a mentoring program available to all employees, to foster personal and professional growth through the sharing of skills, attitudes and experiences.

## Occupational health and safety

DPC is committed to providing a safe and healthy workplace for all employees with a focus on fostering a positive workplace culture.

This was demonstrated through a range of initiatives carried out across DPC including but not limited to the:

- provision of influenza vaccinations
- expansion of the OHS committee
- breastfeeding re-accreditation to support DPC's working mothers
- maintenance of a healthy work environment through the DPC workspace, facilities and amenities audit involving all staff
- introduction of an activity-based work accommodation environment
- development of the DPC Diversity and Inclusion Strategy that will play a critical role in promoting psychological wellbeing through strong leadership of the goals and principles outlined in the Strategy
- implementation of a Flexible Work Arrangements policy.

## The department's performance against OHS management measures

DPC's performance in Occupational Health and Safety is measured against key performance indicators set out in the table below. There has been an increase in the number of WorkCover claims from the previous financial year however the average cost per claim has reduced and nearly half has been resolved.

MEASURE	KPI	2015–16	2014–15
<b>Incidents</b>	Number of incidents	14	11
	Rate per 100 FTE	2.13	2.20
<b>Claims</b>	Number of standard claims <sup>(1)</sup>	9*	2
	Rate per 100 FTE	1.4	0.4
	Number of lost-time claims <sup>(1)</sup>	9*	1
	Rate per 100 FTE	1.4	0.2
	Number of claims exceeding 13 weeks <sup>(1)</sup>	2*	1
	Rate per 100 FTE	0.3	0.2
<b>Fatalities</b>	Fatality claims	0	0
<b>Claim costs</b>	Average cost per standard claim	\$21,723	\$31,750
<b>Return to work</b>	Percentage of claims with return to work plan <30 days	100%	100%
<b>Management commitment</b>	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans	Completed	Completed
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services and personnel)	Completed	Completed
<b>Consultation and participation</b>	Compliance with agreed structure on designated work groups, health and safety representatives (HSRs) and industrial recruitment partners (IRPs)	Completed	Completed
<b>Risk management</b>	Percentage of internal audits and inspections conducted as planned	50%	74%
	Percentage of issues identified actioned arising from:		
	– internal audits	100%	100%
	– HSR provisional improvement notices (PINs)	Nil	Nil
– WorkSafe notices	Nil	Nil	
<b>Training</b>	Percentage of managers and staff that have received OHS training:		
	– number of online training activities completed	162 (25%) <sup>^</sup>	118 (23%) <sup>^</sup>
	– induction and management training (DPC employees)	152 (23%) <sup>^</sup>	103 (20%) <sup>^</sup>
	– contractors, temps and visitors <sup>(2)</sup>	10 (2%) <sup>^</sup>	15 (3%) <sup>^</sup>
	Percentage of HSRs trained:		
	– within first six months after acceptance of role	100%	100%
	– re-training (refresher)	100%	100%
	– reporting of incidents and injuries	100%	100%

This information only incorporates the core groups of DPC.

Notes:

- The number of lost-time claims exceeding 13 weeks include reported standard claims.
  - \* These claim figures include one ongoing claim from the previous financial year.
- Marsh, (DPC's OHS service provider), does not perform on-site induction for contractors, temp workers or visitors. DTZ, DPC's property building manager, performs all contractor inductions.
  - <sup>^</sup> These percentage figures are calculated as a percentage of total FTE. However, 'contractors, temps and visitors' are not employees of DPC and are excluded from this calculation.

## Workforce indicators and data

Table 1: Profile of the Department of Premier and Cabinet workforce as at June 2016

	ONGOING EMPLOYMENT				FIXED-TERM AND CASUAL
	Headcount (total)	Full-time (headcount)	Part-time (headcount)	Total ongoing FTE	Total FTE
June 2016	539	443	96	508.77	146.90
June 2015	447	371	76	421.61	81.98

	June 2016			June 2015		
	ONGOING		FIXED-TERM AND CASUAL	ONGOING		FIXED-TERM AND CASUAL
	Headcount	FTE	FTE	Headcount	FTE	FTE
<b>Gender</b>						
Female	324	295.47	99.61	261	236.71	57.22
Male	215	213.30	47.30	186	184.90	24.76
<b>Age</b>						
Under 25	14	13.00	12.42	10	9.60	5.72
25–34	172	166.00	73.14	139	133.90	43.06
35–44	169	152.67	42.40	143	128.50	21.40
45–54	102	97.70	13.12	91	88.00	5.83
55–64	70	67.60	5.46	55	53.21	5.13
Over 65	12	11.80	0.36	9	8.40	0.84
<b>Classification</b>						
Secretary	1	1.00	0.00	1	1.00	0.00
Executive	43	42.00	0.00	40	39.60	0.00
STS	20	19.70	5.00	10	9.40	2.90
Grade 6	106	99.92	23.70	98	92.70	14.10
Grade 5	145	134.36	52.30	110	101.34	27.70
Grade 4	108	103.93	42.10	84	79.10	19.00
Grade 3	55	52.75	14.16	55	51.86	6.00
Grade 2	23	18.11	2.00	10	9.00	2.00
Grade 1	0	0.00	0.00	0	0.00	0.00
Legal Officer	2	1.00	0.00	3	1.61	0.00
Casual	0	0.00	7.65	0	0.00	9.28
Other	36	36.00	0.00	36	36.00	1.00

**Table 2: Profile of the Office of the Governor of Victoria workforce as at June 2016**

	ONGOING EMPLOYMENT				FIXED-TERM AND CASUAL
	Headcount (total)	Total FTE	Part-time (headcount)	Total ongoing FTE	Total FTE
June 2016	16	13.00	3	14.17	12.54
June 2015	18	14.00	4	15.87	9.00

	June 2016			June 2015		
	ONGOING	FIXED-TERM AND CASUAL		ONGOING	FIXED-TERM AND CASUAL	
	Headcount	FTE	FTE	Headcount	FTE	FTE
<b>Gender</b>						
Female	9	7.17	6.41	10	7.87	6.00
Male	7	7.00	6.13	8	8.00	3.00
<b>Age</b>						
Under 25	0	0.00	0.00	0	0.00	0.00
25–34	4	4.00	6.13	2	2.00	4.00
35–44	1	1.00	1.00	4	3.71	1.00
45–54	7	6.00	3.00	8	6.99	3.00
55–64	3	3.00	2.41	3	3.00	1.00
Over 65	1	0.17	0.00	1	0.17	0.00
<b>Classification</b>						
Executive	1	1.00	0.00	1	1.00	0.00
STS	0	0.00	0.00	0	0.00	0.00
Grade 6	0	0.00	0.00	0	0.00	2.00
Grade 5	3	3.00	2.00	1	1.00	1.00
Grade 4	3	2.00	4.00	5	3.99	3.00
Grade 3	4	4.00	1.00	5	5.00	1.00
Grade 2	5	4.17	5.00	5	4.71	2.00
Grade 1	0	0.00	0.00	1	0.17	0.00
Legal Officer	0	0.00	0.00	0	0.00	0.00
Casual	0	0.00	0.54	0	0.00	0.00
Other	0	0.00	0.00	0	0.00	0.00

**Table 3: Profile of the Office of the Chief Parliamentary Counsel workforce as at June 2016**

	ONGOING EMPLOYMENT				FIXED-TERM AND CASUAL
	Headcount (total)	Full-time (headcount)	Part-time (headcount)	Total ongoing FTE	Total FTE
<b>June 2016</b>	42	31	11	38.04	2.10
<b>June 2015</b>	38	30	8	34.81	1.65

	June 2016			June 2015		
	ONGOING		FIXED-TERM AND CASUAL	ONGOING		FIXED-TERM AND CASUAL
	Headcount	FTE	FTE	Headcount	FTE	FTE
<b>Gender</b>						
Female	26	22.44	1.10	22	19.01	0.50
Male	16	15.60	1.00	16	15.80	1.15
<b>Age</b>						
Under 25	0	0.00	0.00	0	0.00	0.00
25–34	8	8.00	1.00	6	6.00	1.00
35–44	14	11.52	0.00	14	11.88	0.00
45–54	10	8.93	1.10	9	8.13	0.50
55–64	10	9.60	0.00	9	8.80	0.15
Over 65	0	0.00	0.00	0	0.00	0.00
<b>Classification</b>						
Executive	4	4.00	0.00	4	4.00	0.00
STS	1	1.00	0.00	2	2.00	0.00
Grade 6	5	4.60	0.00	5	4.80	0.00
Grade 5	5	4.53	0.00	4	3.53	0.00
Grade 4	4	3.60	0.80	4	3.50	0.50
Grade 3	5	3.52	1.00	5	3.58	1.00
Grade 2	1	1.00	0.00	1	1.00	0.00
Grade 1	0	0.00	0.00	0	0.00	0.00
Legal Officer	17	15.80	0.00	13	12.40	0.00
Casual	0	0.00	0.30	0	0.00	0.15
Other	0	0.00	0.00	0	0.00	0.00

**Table 4: Profile of the Local Government Investigations and Compliance Inspectorate workforce as at June 2016**

	ONGOING EMPLOYMENT				FIXED-TERM AND CASUAL
	Headcount (total)	Full-time (headcount)	Part-time (headcount)	Total ongoing FTE	Total FTE
June 2016	10	9	1	9.80	1.00
June 2015	9	9	0	9.00	0.00

	June 2016			June 2015		
	ONGOING	FIXED-TERM AND CASUAL		ONGOING	FIXED-TERM AND CASUAL	
	Headcount	FTE	FTE	Headcount	FTE	FTE
<b>Gender</b>						
Female	5	4.80	1.00	5	5.00	0.00
Male	5	5.00	0.00	4	4.00	0.00
<b>Age</b>						
Under 25	0	0.00	0.00	0	0.00	0.00
25–34	1	1.00	0.00	1	1.00	0.00
35–44	5	4.80	0.00	5	5.00	0.00
45–54	3	3.00	1.00	2	2.00	0.00
55–64	1	1.00	0.00	1	1.00	0.00
Over 65	0	0.00	0.00	0	0.00	0.00
<b>Classification</b>						
Executive	1	1.00	0.00	0	0.00	0.00
STS	0	0.00	0.00	0	0.00	0.00
Grade 6	2	2.00	0.00	2	2.00	0.00
Grade 5	6	5.80	1.00	5	5.00	0.00
Grade 4	1	1.00	0.00	1	1.00	0.00
Grade 3	0	0.00	0.00	1	1.00	0.00
Grade 2	0	0.00	0.00	0	0.00	0.00
Grade 1	0	0.00	0.00	0	0.00	0.00
Legal Officer	0	0.00	0.00	0	0.00	0.00
Casual	0	0.00	0.00	0	0.00	0.00
Other	0	0.00	0.00	0	0.00	0.00

**Table 5: Profile of the Office of the Victorian Government Architect workforce as at June 2016**

	ONGOING EMPLOYMENT				FIXED-TERM AND CASUAL
	Headcount (total)	Full-time (headcount)	Part-time (headcount)	Total ongoing FTE	Total FTE
<b>June 2016</b>	7	6	1	6.80	1.00
<b>June 2015</b>	5	4	1	4.80	2.80

	June 2016			June 2015		
	Headcount	FTE	FIXED-TERM AND CASUAL FTE	Headcount	FTE	FIXED-TERM AND CASUAL FTE
<b>Gender</b>						
Female	5	4.80	1.00	3	2.80	2.80
Male	2	2.00	0.00	2	2.00	0.00
<b>Age</b>						
Under 25	0	0.00	0.00	0	0.00	0.00
25–34	0	0.00	1.00	0	0.00	1.00
35–44	3	3.00	0.00	4	3.80	1.00
45–54	3	3.00	0.00	1	1.00	0.00
55–64	1	0.80	0.00	0	0.00	0.80
Over 65	0	0.00	0.00	0	0.00	0.00
<b>Classification</b>						
Executive	1	0.80	0.00	0	0.00	0.00
STS	0	0.00	0.00	0	0.00	0.80
Grade 6	2	2.00	0.00	3	2.80	0.00
Grade 5	2	2.00	0.00	1	1.00	1.00
Grade 4	2	2.00	1.00	1	1.00	1.00
Grade 3	0	0.00	0.00	0	0.00	0.00
Grade 2	0	0.00	0.00	0	0.00	0.00
Grade 1	0	0.00	0.00	0	0.00	0.00
Legal Officer	0	0.00	0.00	0	0.00	0.00
Casual	0	0.00	0.00	0	0.00	0.00
Other	0	0.00	0.00	0	0.00	0.00

**Table 6: Profile of DPC Executive Officers as at June 2016**

Class	Ongoing						Special Project						Total		
	Male			Female			Male			Female			2016	2015	Var
	2016	2015	Var	2016	2015	Var	2016	2015	Var	2016	2015	Var			
Secretary	1	1	0	0	0	0	0	0	0	0	0	0	1	1	0
EO1	2	1	1	1	2	-1	0	2	-2	1	1	0	4	6	-2
EO2	15	8	7	9	6	3	3	4	-1	0	0	0	27	18	9
EO3	6	11	-5	6	5	1	0	0	0	0	0	0	12	16	-4
Total	24	21	3	16	13	3	3	6	-3	1	1	0	44	41	3

**Table 7: Profile of DPC Portfolio Executives as at June 2016**

	Ongoing						Special Project						Total		
	Male			Female			Male			Female			2016	2015	Var
	2016	2015	Var	2016	2015	Var	2016	2015	Var	2016	2015	Var			
Office of the Governor	0	1	-1	1	0	1	0	0	0	0	0	0	1	1	0
Office of the Chief Parliamentary Counsel	2	2	0	2	2	0	0	0	0	0	0	0	4	4	0
Local Government Investigations and Compliance Inspectorate	1	0	1	0	0	0	0	0	0	0	0	0	1	0	1
Office of the Victorian Government Architect	0	0	0	1	0	1	0	0	0	0	0	0	1	0	1
Public Record Office Victoria	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0
Royal Commission into Family Violence*	0	0	0	0	0	0	0	0	0	0	1	-1	0	1	-1
Total	3	3	0	5	3	2	0	0	0	0	1	-1	8	7	1

\* Closed in April 2016.



**Table 8: Reconciliation of DPC Executive Officer Numbers with Executive Officers' Remuneration Note 17 for the reporting period July 2015 to June 2016**

	2016	2015
Executives whose total remuneration exceeded \$100,000 during the reporting period	51	45
Vacancies	11	9
Executives whose total remuneration was below \$100,000 during the reporting period	17	15
Accountable officer	1	1
Separations	17	13
<b>Total executive number</b>	<b>63</b>	<b>57</b>

The vacancies listed above exclude new structural arrangements in DPC, approved in June 2016. These will take effect in 2016–17.

## Appendix 5 — Environmental performance

### Environmental reporting

#### Office-based environmental impacts

DPC monitored the environmental impacts of its operations during 2015–16. This was undertaken via DPC's office-based Environmental Management System (EMS), which is based on international standard AS/NZS ISO 14001, EMS requirements.

DPC's EMS aims to minimise in the course of its operations:

- greenhouse emissions
- the generation of waste
- the use of energy, water, paper, travel and the vehicle fleet.

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

### Energy

DPC's energy consumption covers tenancies at 1 Macarthur Street, 1 Treasury Place, 3 Treasury Place, 1 Spring Street and 121 Exhibition Street.

Electricity		
Indicator	2015–16	2014–15
Total energy usage segmented by primary source (MJ)	2,949,182	2,408,658
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO <sub>2</sub> e)	1,032	910
Units of energy used per FTE (MJ/FTE)	4,498	5,713
Units of energy used per unit of office area (MJ/m <sup>2</sup> )	313	256

#### Actions undertaken:

DPC participated in the 2016 Earth Hour event

Note: Where billing is unavailable, consumption was estimated using average consumption from previous period.

### Result

- Energy consumption increased by 23 per cent.

### Explanatory notes

- Electricity consumption was sourced from billing data for 2015–16.
- This measure has increased due to growth in the department arising from machinery-of-government changes and increased portfolio responsibilities.

## Paper

DPC's paper consumption covers tenancies at 1 Macarthur Street, 1 Treasury Place, 3 Treasury Place, 1 Spring Street and 121 Exhibition Street.

Indicator	2015–16	2014–15
Total units of copy paper used (reams)	7,109	5,618
Units of copy paper used per FTE (reams/FTE)	11	13
Percentage of 75–100% recycled content copy paper purchased (%)	56%	45%
Percentage of 0–50% recycled content copy paper purchased (%)	44%	55%
Greenhouse gas emissions related to paper use (t CO <sub>2</sub> e)	30	21

### Result

- Total units of copy paper used (reams) increased by 27 per cent.
- Total units of copy paper used (reams) per FTE decreased by 15 per cent.

### Explanatory notes

- Data was calculated using purchasing information provided under the whole-of-government office stationery contract.
- This measure has increased due to growth in the department arising from machinery-of-government changes and increased portfolio responsibilities.

## Water

DPC's water consumption covers tenancies at 1 Macarthur Street, 1 Treasury Place, 3 Treasury Place, 1 Spring Street and 121 Exhibition Street.

Indicator	2015–16	2014–15
Total units of metered water consumed by usage types (kilolitres)	8,835	7,057
Units of metered water consumed in offices per FTE (litres/FTE)	13,472	16,739
Units of metered water consumed in offices per unit of office area (litres/m <sup>2</sup> )	888	710

Note: Where billing data is unavailable, consumption was estimated using average consumption from previous period.

### Result

- Total water consumed across the department increased by 25 per cent.
- Total water consumed per FTE decreased by 20 per cent.

### Explanatory notes

- The increase in units of measured water consumed in offices per FTE and units of office area was due to improved reporting.
- This measure has increased due to growth in the department arising from machinery-of-government changes and increased portfolio responsibilities.

## Transport

DPC uses vehicles from the Shared Service Provider vehicle pool for its operational car travel.

Operational vehicles	2015–16				2014–15			
	ULP	LPG	DSL	Total	ULP	LPG	DSL	Total
Total energy consumption by vehicles (MJ)	309,886	16,113	7,759	333,758	274,538	81	45,672	320,291
Total vehicle travel associated with entity operations (km)	120,717	2,908	5,949	129,574	111,049	25	13,785	124,859
Total greenhouse gas emissions from vehicle fleet (t CO <sub>2</sub> e)	20.95	0.50	0.55	22.00	18.37	0	3.20	21.58
Greenhouse gas emissions from vehicle fleet per 1,000km travelled (t CO <sub>2</sub> e)	1.12	0.06	0.03	1.21	0.18	0.21	0.25	0.64

### Actions undertaken:

DPC participated in the 2016 Ride to Work event

	2015–16	2014–15
Total distance travelled by aeroplane (km)	902,463	824,922
Total greenhouse gas emissions from air travel (t CO <sub>2</sub> e)	226	206
	<b>CBD</b>	<b>CBD</b>
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	90%	89%

## Result

- Total vehicle travel increased by four per cent and air travel increased by nine per cent.

## Explanatory notes

- The vehicle travel data includes DPC hire car usage from the Shared Service Provider vehicle pool.
- Air travel data was provided by the state government booking agency.
- An internal survey was conducted to ascertain the percentage of employees regularly using public transport.
- One hundred per cent of staff at 1 Treasury Place, 1 Macarthur Street, 3 Treasury Place, 1 Spring Street and 121 Exhibition Street were included in the above indicators.
- This measure has increased due to growth in the department arising from machinery-of-government changes and increased portfolio responsibilities.

## Waste

DPC's waste reporting covers tenancies at 1 Macarthur Street and 1 Treasury Place.

Waste generation	2015–16				2014–15			
	Landfill	Co-mingled recycling	Compost	Total	Landfill	Co-mingled recycling	Compost	Total
Total units of waste by destination (kg/year)	16,500	24,258	8,793	49,546	11,711	46,972	6,963	65,646
Units of waste per FTE by destination (kg/year)	25.15	36.98	13.40	75.53	36.23	145.31	21.54	203.08
Greenhouse gas emissions from waste to landfill (t CO <sub>2</sub> e)	9.30	0	9.46	18.76	7.58	0	6.47	14.05
Recycling rate (% of total waste)				71%				82%

### Actions undertaken:

A Green Collect service was used during 2015–16. Green Collect picks up a wide range of items from offices and diverts them from landfill to be reused, remade or recycled.

### Explanatory notes

- Waste audit data should be viewed as a guide only due to the modest data collection capabilities.
- Waste data was collected from quarterly audits at 1 Treasury Place and 1 Macarthur Street, which cover 75 per cent of staff.
- Waste indicators cover paper, cardboard and the three kitchen waste streams: landfill, recycling and compost.

## Greenhouse gas emissions

The emissions disclosed in the table below are taken from the previous sections to show the department's greenhouse footprint.

Indicator	2015–16	2014–15
Total greenhouse gas emissions associated with energy use (t CO <sub>2</sub> e)	1,032	910
Total greenhouse gas emissions associated with vehicle fleet (t CO <sub>2</sub> e)	22	22
Total greenhouse gas emissions associated with air travel (t CO <sub>2</sub> e)	226	206
Total greenhouse gas emissions associated with waste production (t CO <sub>2</sub> e)	19	14
Total greenhouse gas emissions associated with paper use (t CO <sub>2</sub> e)	30	21
Total greenhouse gas emissions (t CO <sub>2</sub> e)	1,329	1,173

### Result

- The increase in total greenhouse gas emissions is attributable to an overall increase in energy, waste, paper and air travel.
- This measure has increased due to growth in the department arising from machinery-of-government changes and increased portfolio responsibilities.

### Green procurement

- Environmental considerations are included in tender specifications for all tender documents.
- DPC complied with Green Purchasing Guidelines where applicable.

## Glossary

**FTE:** full-time equivalent employee

**kg:** kilograms

**kL:** kilolitres

**km:** kilometres

**L:** litres

**LPG:** liquefied petroleum gas

**m<sup>2</sup>:** square metres

**MJ:** megajoules

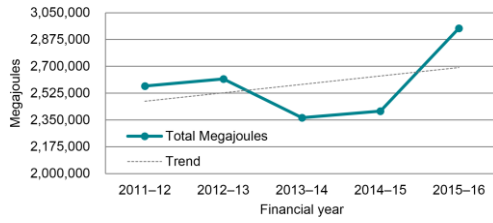
**Ream:** 500 sheets of A4 paper

**t CO<sub>2</sub> e:** tonnes of CO<sub>2</sub> equivalent

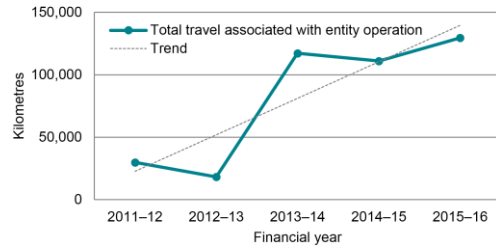
**ULP:** unleaded petrol

## Trend charts

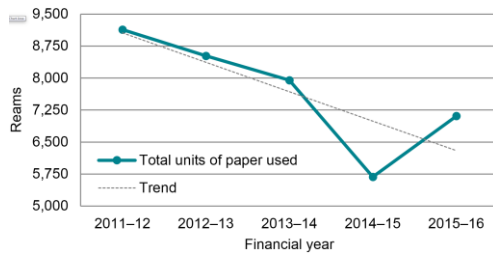
### DPC annual energy consumption



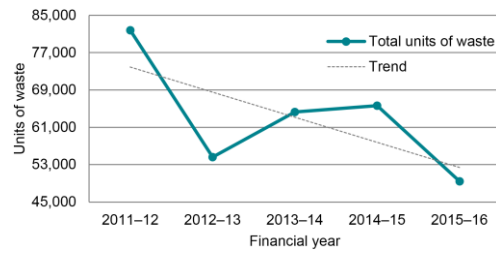
### DPC annual car travel



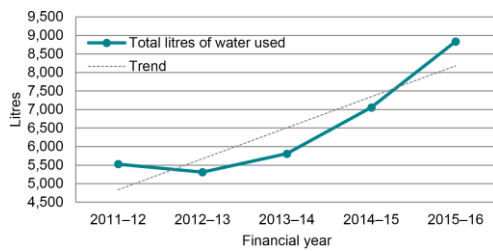
### DPC annual paper use



### DPC annual waste generation



### DPC annual water use



## Appendix 6 — Statutory compliance and other information

### Acts of Parliament

#### Acts of Parliament administered by the Premier

- *Administrative Arrangements Act 1983*
- *Australia Acts (Request) Act 1985*
- *Commonwealth Arrangements Act 1958*
- *Constitution Act 1975*, except: s. 72, which is administered by the Special Minister of State; Part III, which is administered by the Attorney-General; s. 88, insofar as it relates to the appointment of Crown Counsel and Crown Counsel (Advisings), which is administered by the Attorney-General; s. 88, insofar as it relates to the appointment of the Commissioner for Better Regulation and the Red Tape Commissioner, is administered by the Treasurer; and s. 88 insofar as it relates to the appointment of the Victorian Skills Commissioner, is administered by the Minister for Training and Skills
- *Constitution (Appointments) Act 2009*
- *Crown Land (Reserves) Act 1978* insofar as it relates to the following land: Crown allotments 2219, 2220, 2221 and 2222 as shown on OP122930 and Crown allotments 2026, 2031, 2162 and 2223 as shown on OP122933, County of Bourke, Parish of Melbourne South, City of South Melbourne. The Act is otherwise administered by the Minister for Energy, Environment and Climate Change, the Finance, the Minister for Health, the Minister for Ports, the Minister for Corrections and the Minister for Sport
- *Electoral Act 2002*, Division 1 of Part 5 and Part 9A. The Act is otherwise

administered by the Attorney-General and the Special Minister of State

- *Essential Services Act 1958*
- *Inquiries Act 2014*
- *Melbourne Cricket Ground Act 2009*, which is jointly and severally administered with the Minister for Tourism and Major Events
- *Melbourne and Olympic Parks Act 1985*, which is jointly and severally administered with the Minister for Tourism and Major Events, except ss. 24–28, which are administered by the Minister for Energy, Environment and Climate Change
- *Ombudsman Act 1973*, ss. 3–6. The Act is otherwise administered by the Special Minister of State
- *Parliamentary Administration Act 2005*, except Part 2 and ss 14–17, which are administered by the Special Minister of State, and Part 5, which is jointly and severally administered with the Special Minister of State
- *Parliamentary Committees Act 2003*
- *Project Development and Construction Management Act 1994*, except: s.11 insofar as it relates to a project nominated under s. 6 for which the Secretary referred to in Part 5A is the facilitating agency, insofar as it relates to those matters, is administered jointly and severally with the Minister for Major Projects; Part 4, which is administered by the Minister for Finance; Part 5A, which is administered by the Minister for Major Projects, except to the extent that it relates to the exercise of powers and functions under Part 9A of the *Planning and Environment Act 1987*, insofar as it relates to those powers and



functions, is administered by the Minister for Planning; s. 46 and Part 7, which is administered by the Minister for Planning; and Parts 8, 9 and 10, which are administered by the Minister for Major Projects

- *Public Administration Act 2004*, except Part 1, Part 2, Part 6 and Part 8, which are jointly and severally administered with the Special Minister of State; and Part 3A, Division 1, 2 and 5 of Part 4 and Part 5, which are administered by the Special Minister of State
- *Public Records Act 1973*, insofar as the Act relates to public records in the possession of, transferred from, or to be transferred from the Cabinet Secretariat. The Act is otherwise administered by the Special Minister of State
- *Public Safety Preservation Act 1958*
- *Public Sector (Union Fees) Act 1992*
- *Senate Elections Act 1958*
- *Statute Law Revision Act 2015*
- *Subordinate Legislation Act 1994*, ss. 5A, 9 and 12G. The Act is otherwise administered by the Special Minister of State
- *Succession to the Crown (Request) Act 2013*
- *Superannuation (Public Sector) Act 1992*
- *Vital State Industries (Works and Services) Act 1992*
- *Vital State Projects Act 1976*, except ss. 5–16, which are administered by the Attorney-General
- *Wrongs (Public Contracts) Act 1981*

#### **Acts of Parliament administered by the Minister for Aboriginal Affairs**

- *Aboriginal Heritage Act 2006*
- *Aboriginal Lands Act 1970*
- *Aboriginal Lands Act 1991*, which is jointly and severally administered with the Minister for Energy, Environment and Climate Change

#### **Acts of Parliament administered by the Minister for Equality**

- *Relationships Act 2008*, which is jointly and severally administered with the Attorney-General

#### **Acts of Parliament administered by the Minister for Multicultural Affairs**

- *Multicultural Victoria Act 2011*
- *Racial and Religious Tolerance Act 2001*
- *State Owned Enterprises Act 1992*, Division 2 of Part 2, and Part 3, insofar as they relate to the Victorian Interpreting and Translating Service. The Act is otherwise administered by the Minister for Energy, Environment and Climate Change, the Minister for Finance and the Treasurer

#### **Acts of Parliament administered by the Minister for the Prevention of Family Violence**

- *Family Violence Protection Act 2008*, which is jointly and severally administered with the Attorney-General

#### **Acts of Parliament administered by the Special Minister of State**

- *Audit Act 1994*, except ss. 8–10, 16A, 16B, 16D, 16E and 16G, which are administered by the Minister for Finance and ss. 13, 16C and 21, which are jointly and severally administered with the Minister for Finance
- *Constitution Act 1975*, s. 72. The Act is otherwise administered by the Attorney-General, the Minister for Training and Skills, the Treasurer and the Premier
- *Electoral Act 2002*, except Division 1 of Part 5 and Part 9A, which are administered by the Premier and Part 8, which is administered by the Attorney-General
- *Electoral Boundaries Commission Act 1982*
- *Freedom of Information Act 1982*
- *Independent Broad-based Anti-corruption Commission Act 2011*

- *Infrastructure Victoria Act 2015*
- *Local Government Act 1989*, ss. 223A, 223B and 223C and s. 243 insofar as it relates to the inspectors of municipal administration. The Act is otherwise administered by the Attorney-General, the Minister for Local Government and the Minister for Roads and Road Safety
- *Members of Parliament (Register of Interests) Act 1978*
- *Ombudsman Act 1973*, except ss. 3–6 which are administered by the Premier
- *Parliamentary Administration Act 2005*, Part 2 and ss. 14–17 and Part 5, (Part 5 is jointly and severally administered with the Premier). The Act is otherwise administered by the Premier
- *Parliamentary Precincts Act 2001*
- *Parliamentary Salaries and Superannuation Act 1968*, except Part 3, which is administered by the Minister for Finance
- *Privacy and Data Protection Act 2014*
- *Protected Disclosure Act 2012*
- *Public Administration Act 2004*, Part 3A, Division 1, 2 and 5 of Part 4 and Part 5 and Parts 1, 2, 6 and 8, (Parts 1, 2, 6 and 8 are jointly and severally administered with the Premier). The Act is otherwise administered by the Premier
- *Public Interest Monitor Act 2011*
- *Public Records Act 1973*, except insofar as the Act relates to public records in the possession of, transferred from, or to be transferred from, Cabinet Office. Insofar as the Act relates to those matters, the Act is administered by the Premier
- *Subordinate Legislation Act 1994*, except ss. 5A, 9 and 12G, which are administered by the Premier
- *Victorian Inspectorate Act 2011*

#### **Acts of Parliament administered by the Minister for Veterans**

- *ANZAC Day Act 1958*, ss.3 and 4A. The Act is otherwise administered by the Minister for Small Business, Innovation

and Trade and the Minister for Tourism and Major Events

- *Returned Servicemen's Badges Act 1956*
- *Shrine of Remembrance Act 1978*
- *Veterans Act 2005*, except Part 4, which is administered by the Minister for Consumer Affairs, Gaming and Liquor Regulation

#### **Acts of Parliament administered by the Minister for Women**

- *Abortion Law Reform Act 2008*, which is jointly and severally administered with the Minister for Health
- *Queen Victoria Women's Centre Act 1994*
- *Young Women's Christian Association of Australia Incorporation Act 1962*

### **Aboriginal Heritage Act 2006**

#### **Compliance with the Aboriginal Heritage Act 2006**

Under s.192 of the *Aboriginal Heritage Act 2006* (the Act), the Secretary must report on the operation of the Act including:

- the exercise and performance by Inspectors of their powers, functions and duties under the Act
- any complaints received in relation to Inspectors
- actions taken to address those complaints.

The Act establishes the role of inspectors and makes provision for the appointment of inspectors. The key functions to be carried out by an inspector include:

- monitoring compliance with the Act
- investigating suspected offences against the Act
- directing the conduct of a cultural heritage audit to assess the impact of an activity on Aboriginal cultural heritage

- issuing and delivering stop orders without formal approval if there are reasonable grounds for believing that Aboriginal cultural heritage is under threat from an activity.

training and have received ongoing training in relation to the operation of the Act.

In 2015–16 inspectors exercised their powers, functions and duties as set out below:

There are eight inspectors authorised under the Act. All are government employees who have successfully completed inspector

SECTION	FUNCTION/POWER	EXERCISED
83	Cultural heritage audit must be conducted under the direction of an inspector	One cultural heritage audit was conducted
84	Give a written report of the findings of a cultural heritage audit to the Minister	One written report was provided to the Minister
159(a)	Monitoring compliance with the Act	13 onsite meetings or inspections were carried out to monitor compliance
159(b)	Investigation of suspected offences against the Act	13 investigations were carried out or are ongoing
159(c)	Directing the conduct of cultural heritage audits	One cultural heritage audit was ordered
159(d)	Issuing and delivering stop orders	Four stop orders were issued or delivered
159(e)	Reporting to the Secretary	No reports were required
165	Present identification card for inspection	Identification cards were presented for inspection on eight occasions
166	Power to enter land or premises with the consent of the occupier	No general powers to enter land or premises were used
167	Obtaining consent to enter land or premises	Land or premises were entered two times with the consent of the occupier
168	Power to enter land or premises open to the public	Land or premises open to the public were entered four times
169	Power to enter land or premises for a cultural heritage audit	Land was entered for the purposes of a cultural heritage audit on one occasion
170	Power to search upon entry	Search powers on entering land were exercised on one occasion
171	Seizure powers on entry without search warrant	Seizure powers were not required
172	Seizure power without consent	Seizure powers were not required
173	Search warrants	Two search warrants were obtained
176	Receipts for seized things	No receipts were issued
177	Security of seized things	No seized things were required to be secured
178(4)	Return of seized objects	No seized things were required to be returned
180	Require the giving of name and address	One person was required to give their name and address
181	Require the giving of assistance and information	No persons were required to provide assistance or information
182	Taking affidavits	One affidavit was taken
184	Report to be given about entry	One report was required

Full details of all powers and functions exercised by inspectors in previous years can be requested via email from the Director, Heritage Services, Aboriginal Victoria: [aboriginal.heritage@dpc.vic.gov.au](mailto:aboriginal.heritage@dpc.vic.gov.au).

## Building Act 1993

### Compliance with the Building Act 1993

DPC complied with obligations under the *Building Act 1993*, the *Building Regulations 2006* and associated statutory requirements and amendments. An occupancy permit or certificate of final inspection endorsed by a Registered Building Surveyor is obtained for all upgrades to existing facilities requiring a permit. Design consultants and building contractors engaged are registered practitioners, and registrations are maintained during the course of the work.

DPC is responsible for the management of the Victorian Archives Centre and for Government House and its outbuildings. There are a number of mechanisms for inspection, reporting and carrying out of maintenance works at these two sites, including:

- regular property inspections conducted by staff, tenants and external contractors
- independent, formal condition audits undertaken every five years
- site risk surveys undertaken at least biennially by the Victorian Managed Insurance Authority (VMIA)
- on-site facilities managers who respond to and prioritise identified issues and manage breakdown, preventative and cyclical maintenance contracts.

#### MAJOR WORKS PROJECTS (GREATER THAN \$50,000)

99 Shiel St, North Melbourne	Upgrades to plant and equipment that maintain environmental controls
Government House Drive, Melbourne	Replacement and refurbishment of roof

## Capital projects / asset investment

During 2015–16 the department did not have any capital projects that met the disclosure threshold of \$10 million or greater.

## Consultancies and major contracts

### Details of consultancies

In 2015–16, there were 48 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 \$5.4 million (excluding GST). Details of individual consultancies: [www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

In 2015–16, there were four consultancies engaged during the year where the total fees payable to the individual consultancies were less than \$10,000. The total expenditure incurred during 2015–16 in relation to these consultancies was \$17,200 (excluding GST).

### Disclosure of major contracts

The department has disclosed all contracts entered into during 2015–16 of which the value is greater than \$10 million. This is in accordance with the requirements of government policy and accompanying guidelines.

Details of disclosed contracts: [www.contracts.vic.gov.au](http://www.contracts.vic.gov.au)

## Charter of Human Rights and Responsibilities Act 2006

DPC is committed to ensuring that the *Charter of Human Rights and Responsibilities Act 2006* (the Charter), is applied in its day-to-day operations and decisions as well as in the support it provides to its ministers and portfolio agencies. The portfolios supported by DPC bring a wide range of Charter considerations to DPC's work.

DPC and its agencies promote human rights through the coordination and promotion of various public programs and events as well as in services provided to the community.

Examples of the activities undertaken during 2015–16 are detailed on the following pages:

### **Inclusion of people with a disability**

The NDIS branch is developing a framework that identifies a set of intended outcomes that seek to maximise reform opportunities to improve services for people with a disability. This includes a set of principles to guide work that:

- promotes the economic and social inclusion of people with a disability
- ensures that people with a disability receive high-quality and safe services, can exercise individual choice and control, and, are supported by a service system that provides a robust and meaningful set of safeguards and protections.

This work demonstrates a commitment to the rights in the Charter, including the right to recognition and equality before the law in Section 8 of the Charter.

### **Non-gendered Pronouns**

A gender-diverse correspondent wrote to the Premier about the difficulty they face gaining broader acceptance for the use of non-gendered pronouns, an issue of great concern to people who identify as neither male nor female.

People with non-binary genders often prefer non-binary pronouns such as 'they'. Some people with non-binary genders prefer to be described as 'zie'. Zie (pronounced zee) is an English pronoun used instead of 'she' or 'he' by some people who do not identify as women or men. Some people with non-binary genders prefer to use 'she' and 'he' interchangeably to signal that they do not fit as either women or men. Other people prefer to be described using only their first name.

Deliberate and continued misgendering, including using 'she/he' or 'it' to describe a transgender person, not only reflects a lack of acceptance but perpetuates ignorance and confusion. Furthermore, word choices can often reflect unconscious assumptions around gender roles. Transgender and gender-diverse people face discrimination every day in their schools, employment or

in accessing healthcare, and many feel socially isolated and often face rejection from family or peers.

The Equality branch informed the gender-diverse correspondent that the Victorian Government is currently making the Safe Schools Coalition program available to all Victorian government schools, which will include education about trans and gender-diverse issues such as pronouns. The correspondent was also informed about the appointment of the Victorian Gender and Sexuality Commissioner and her role in advocating for issues such as this on behalf of trans and gender-diverse Victorians.

## **DataVic Access Policy**

### **Compliance with DataVic Access Policy**

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this annual report will be available at [www.data.vic.gov.au](http://www.data.vic.gov.au)

## **Freedom of Information Act 1982**

The *Freedom of Information Act 1982* (Vic) gives members of the public a right to access documents held by Victorian Government agencies, including DPC.

For the 12 months ended 30 June 2016, the Freedom of Information Unit received 127 requests for DPC documents, 46 for the Office of the Premier, two for the Office of the Special Minister of State, three for the Office of the Minister for Women and the Minister for the Prevention of Family Violence and one for the Office of the Minister for Multicultural Affairs.

Eight matters went to the FOI Commissioner for review and 10 complaints were made to the FOI Commissioner, including one complaint concerning a request relating to the Office of the Premier.

Three matters were appealed to the Victorian Civil and Administrative Tribunal.

### **Making a request**

Requests for access to documents should be made in writing to the FOI Officer. The requirements of a request are set out in section 17 of the Act. In summary, a request should:

- be in writing
- identify as clearly as possible the documents requested
- be accompanied by the appropriate application fee (which may be waived if it would cause financial hardship to the applicant).

Requests for documents in the possession of the department should be addressed to:

Freedom of Information Officer  
Department of Premier and Cabinet  
GPO Box 4912  
Melbourne Victoria 3001

Requests can also be lodged via [www.foi.vic.gov.au](http://www.foi.vic.gov.au). Access charges may apply once documents have been processed and an access decision has been made. Charges may be applied, for example, for costs associated with photocopying, search and retrieval of documents. Further FOI information can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au)

### **Government advertising expenditure**

The department did not undertake any advertising in 2015–16 with media expenditure more than \$100,000.

### **Grants payments**

Details of DPC grants payments in 2015–16 can be viewed at [www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

### **Implementation of the Victorian Industry Participation Policy**

The Victorian Industry Participation Policy (VIPP) is implemented by Victorian Government agencies to provide greater opportunities for local companies to be involved in government procurement and major projects which encourages local industry participation and industry development.

The VIPP is a key evaluation criterion in tender selection at the shortlist stage for all state government purchasing contracts and industry grants worth \$3 million or greater in metropolitan Melbourne and \$1 million or greater in regional Victoria.

VIPP plans must address the following:

- local content which includes all products and services provided from Australian and New Zealand companies
- the number of new jobs created and existing jobs retained
- the introduction of new technology, opportunities for skills transfer and training for employees
- the number of new apprentices/trainees engaged and existing apprentices/trainees retained.

VIPP plans are certified by Industry Capability Network (ICN) Victoria. For these plans, ICN Victoria provides the agencies with an evaluation of each shortlisted bidder's VIPP plan, which is considered during the tender evaluation process.

During 2015–16, the department did not enter into any new arrangements for which a VIPP plan applied.

## Information and Communication Technology (ICT) expenditure

For the 2015–16 reporting period, the department had a total ICT expenditure of \$17,810,327 with details shown below.

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital Expenditure)		
\$8,966,324	\$8,844,003	\$7,282,054	\$1,561,949

### National Competition Policy

Under the National Competition Policy (NCP), the guiding 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.

DPC continues to comply with the requirements of the NCP.

### Privacy

#### ***Compliance with the Privacy and Data Protection Act 2014 and Health Records Act 2001***

DPC is committed to maintaining the privacy of personal and health information. The department's information and health records privacy policies are available from:

The Privacy Officer  
 Department of Premier and Cabinet  
 1 Treasury Place  
 Melbourne Victoria 3002  
 Telephone: 9651 6906

The Victorian public sector's privacy obligations are governed by the *Privacy and Data Protection Act 2014* (PDP Act), which sets out 10 Information Privacy Principles (IPPs), with which Victorian Government agencies must comply.

The *Health Records Act 2001* (HR Act) regulates the collection, use, handling and disposal of health information by Victorian public and private sector organisations. Like the PDP Act, the HR Act does this by setting out 11 health privacy principles (HPPs) with which health service providers and other organisations that hold health information must comply.

The IPPs and HPPs aim to balance the public interest in the free flow of information with the public interest in protecting the privacy of an individual's personal and health information.

In 2015–16, no matters regarding DPC's compliance with the IPPs were referred to the Privacy and Data Protection Commissioner, and no matters regarding its compliance with HPPs were referred to the Health Services Commissioner.

### ***Protected Disclosure Act 2012***

#### ***Compliance with the Protected Disclosure Act 2012***

*The Protected Disclosure Act 2012* encourages and assists people to disclose improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated.

DPC is committed to the Act's objectives. In particular, the department does not tolerate improper conduct by its employees or reprisals against those who make disclosures about such conduct.

### Reporting procedures

DPC has established procedures for dealing with protected disclosures, as required under Part 9 of the Act. These procedures, available at [www.dpc.vic.gov.au](http://www.dpc.vic.gov.au), set out:

- how protected disclosures can be made in accordance with the Act
- the steps that occur after a protected disclosure is made, including reporting the disclosure to IBAC under s 21(2) of the Act
- the protections against reprisals that a person making a protected disclosure will receive.

Disclosures of improper conduct or detrimental action by the department or any of its employees and/or officers may be made to any of the following department personnel:

- a Protected Disclosure Officer of the department
- a manager or supervisor of a person from the department who chooses to make a disclosure
- a manager or supervisor of a person from the department about whom a disclosure has been made.

Alternatively, disclosures of improper conduct or detrimental action by the department or any of its employees and/or officers may be made directly to IBAC:

Level 1, North Tower  
 459 Collins Street  
 Melbourne Victoria 3000  
 Telephone: 1300 735 135  
 Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

#### Disclosures under the *Protected Disclosure Act 2012*

	2015–16 number	2014–15 number
The number of disclosures made by an individual to the department and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	0	0



## Other information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details of 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*.

These items include:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant DPC officers
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- c) details of publications produced by DPC about itself and how these can be obtained
- d) details of changes in prices, fees, charges, rates and levies charged by DPC
- e) details of any major external reviews carried out on DPC
- f) details of major research and development activities undertaken by DPC
- 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 DPC to develop community awareness of DPC and its services
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees
- j) a general statement on industrial relations within DPC and details of time lost through industrial accidents and disputes
- k) a list of major committees sponsored by DPC, the purposes of each committee and the extent to which the purposes have been achieved
- l) details of all consultancies and contractors, including:
  - consultants/contractors engaged
  - services provided
  - expenditure committed to for each engagement.

This information is available on request from:

Executive Director  
People, Culture and Operations  
Department of Premier and Cabinet  
1 Treasury Place  
Melbourne Victoria 3002  
Email: [dp&c@dpc.vic.gov.au](mailto:dp&c@dpc.vic.gov.au)

## Contacts

as at 30 June 2016

### Department of Premier and Cabinet

Secretary

Chris Eccles

1 Treasury Place

Melbourne 3002

(DX 210753)

(GPO Box 4912)

Melbourne Victoria 3001

Telephone: 9651 5111

Email: [dp&c@dpc.vic.gov.au](mailto:dp&c@dpc.vic.gov.au)

[www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

### Aboriginal Victoria

Executive Director

Jason Mifsud

1 Spring Street

(GPO Box 2392)

Melbourne 3001

Telephone: 9208 3290

[www.aboriginalaffairs.vic.gov.au](http://www.aboriginalaffairs.vic.gov.au)

### Office of Multicultural Affairs and Citizenship

Director

Hakan Akyol

3 Treasury Place

Melbourne 3001

Telephone: 9651 0650

[www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

### Veterans

Director

Angela Bourke

1 Treasury Place

Melbourne 3002

Telephone: 9651 5535

[www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

### Women, Royal Commission and NDIS

Executive Director

Anna Faithfull

1 Treasury Place

Melbourne 3001

Telephone: 9651 5222

[www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

### Equality

Director

Maria Katsonis

1 Treasury Place

Melbourne 3002

Telephone: 9651 2183

[www.dpc.vic.gov.au](http://www.dpc.vic.gov.au)

### Portfolio agencies

#### Commissioner for Privacy and Data Protection

David Watts

Office of the Commissioner for

Privacy and Data Protection

Postal Address: PO Box 2401

Melbourne 3001

Telephone: 1300 666 444

[www.cpdp.vic.gov.au](http://www.cpdp.vic.gov.au)

#### Freedom of Information Commissioner

A/FOI Commissioner

Michael Ison

PO Box 24274

Melbourne 3001

Telephone: 1300 842 364

[www.foicommisioner.vic.gov.au](http://www.foicommisioner.vic.gov.au)

#### Independent Broad-based Anti-corruption Commission

Commissioner

Level 1 North, 459 Collins Street

Melbourne 3000

Telephone: 1300 735 135

[www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

#### Infrastructure Victoria

Chief Executive Officer

Michael Masson

121 Exhibition Street

Melbourne 3004

Telephone: 9651 9199

[www.infrastructurevictoria.com.au](http://www.infrastructurevictoria.com.au)

#### Local Government Investigations and Compliance Inspectorate

A/Chief Municipal Inspector

Ross Millard

Level 27, 1 Spring Street

Melbourne 3001

Telephone: 9665 9555

**Office of the Chief Parliamentary Counsel**

Chief Parliamentary Counsel  
Gemma Varley  
Level 2, 1 Macarthur Street  
Melbourne 3002  
Telephone: 9651 2109  
[www.legislation.vic.gov.au](http://www.legislation.vic.gov.au)

**Office of the Governor**

A/Official Secretary  
Brooke Mitchell  
Government House  
Government House Drive  
Melbourne 3004  
Telephone: 9655 4272  
[www.governor.vic.gov.au](http://www.governor.vic.gov.au)

**Office of the Victorian  
Government Architect**

Victorian Government Architect  
Jill Garner  
Level 2, 20 Spring Street  
Melbourne 3000  
Telephone: 9651 6583  
[www.ovga.vic.gov.au](http://www.ovga.vic.gov.au)

**Public Interest Monitor**

Principal Public Interest Monitor  
Brendan Murphy QC  
PO Box 296  
Collins Street West  
Melbourne 8007  
Telephone: 9032 0666

**Public Record Office Victoria**

Director and Keeper of Public Records  
Justine Heazlewood  
Telephone: 9348 5602  
Victorian Archives Centre  
99 Shiel Street  
North Melbourne 3051  
(PO Box 2100, North Melbourne 3051)  
Telephone: 9348 5600  
[www.prov.vic.gov.au](http://www.prov.vic.gov.au)

**Victorian Electoral Commission**

Electoral Commissioner  
Warwick Gately AM  
Level 11, 530 Collins Street  
Melbourne 3000  
Telephone: 8620 1100  
[www.vec.vic.gov.au](http://www.vec.vic.gov.au)

**Victorian Inspectorate**

Inspector  
Robin Brett QC  
PO Box 617  
Collins Street West  
Melbourne 8007  
Telephone: 8614 3225  
[info@vicinspectorate.vic.gov.au](mailto:info@vicinspectorate.vic.gov.au)  
[www.vicinspectorate.vic.gov.au](http://www.vicinspectorate.vic.gov.au)

**Victorian Ombudsman**

Office of the Victorian Ombudsman  
Ombudsman  
Deborah Glass  
Level 2, 570 Bourke Street  
Melbourne 3000  
Telephone: 9613 6222  
[www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au)

**Victorian Public Sector Commission**

Commissioner  
Belinda Clark QSO  
3 Treasury Place  
East Melbourne 3002  
Telephone: 9651 0821  
[www.vpsc.vic.gov.au](http://www.vpsc.vic.gov.au)

**DEPARTMENT OF PREMIER AND CABINET  
ANNUAL REPORT 2015–16**

**Publishing and further information**

DPC's 2015–16 Annual Report and accompanying financial statements present a summary of the department's performance over the 2015–16 financial year.

The report covers core DPC, including the Office of the Governor, OCPC, OVGA and LGICI.

Further information about portfolio agencies can be obtained from their individual 2015–16 annual reports.

**Content coordination**

People, Culture and Operations, DPC

**Editorial services**

Strategic Communication, Engagement and Protocol, DPC

**Internal pages**

Aria Design

**Cover pages**

Cover artwork designed by Claire Ho

Image courtesy of the Victorian Parliament

**Print production**

Printed by Impact Digital

**Accessibility**

If you would like to receive this publication in an accessible format, please contact the department on 9651 5111 or email [dp&c@dpc.vic.gov.au](mailto:dp&c@dpc.vic.gov.au).

This document can be found in Word and PDF formats at [www.dpc.vic.gov.au](http://www.dpc.vic.gov.au).

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ISSN 1833–0878

Authorised by the Victorian Government  
1 Treasury Place, Melbourne, 3002

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