



Annual report 2014–15

Victorian Department of Health and Human Services



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Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.

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ISSN 2205-5398 (print) 2205-5401 (online)

Available at www.dhhs.vic.gov.au/annualreport

Printed by Snap West Melbourne, Kensington on sustainable paper (1505017)

Accountable officer's declaration

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Minister for Ambulance Services

Hon. Martin Foley MP
Minister for Housing, Disability and Ageing
Minister for Mental Health

Hon. Jenny Mikakos MP
Minister for Families and Children
Minister for Youth Affairs

Hon. John Eren MP
Minister for Sport

Dear Ministers

In accordance with the *Financial Management Act 1994*, I am pleased to submit to you the Department of Health and Human Services annual report for the period 1 July 2014 to 30 June 2015.



Dr Pradeep Philip
Secretary
Department of Health and Human Services

Contents

Accountable officer's declaration	3
Secretary's foreword	5
Introduction	7
Year in review	9
Performance reporting	37
Additional service delivery data	58
Financial and budgetary performance	62
The Department's ministers	70
The Department's senior executives at 30 June 2015	72
People and culture	76
Disclosures	90
Environmental impacts	121
Disclosure index.....	134
Department of Health and Human Services: Financial statements for the financial year ended 30 June 2015	137
Department of Human Services: Financial statements for the six month period ended 31 December 2014	236

Secretary's foreword

The Department of Health and Human Services was established on 1 January 2015, bringing together the staff and functions of the former Department of Human Services, Department of Health, and Sport and Recreation Victoria to better align and integrate social policy and service delivery to improve the health and wellbeing of the Victorian community.

This annual report highlights the early achievements of our new Department, which is built around the mission of *improving the health and wellbeing of Victorians*. The strength of the new Department lies in its unified purpose; of addressing the needs of Victorians across the continuum of health and social care. The outstanding goodwill and leadership across the organisation has enabled us to establish our new Department while ensuring continuity of service delivery. I want to pay tribute to everyone for making this possible.

The Department delivers and manages critical services to support and care for Victorians, often at particularly challenging points in their lives. The Department is also charged with tackling some of the thorniest problems in public policy, of individual wellbeing, active living, socio-economic participation, and vulnerability. Over the coming years, we will need to continue addressing challenges related to demography, shifting burdens of disease, and rising community expectations of person-centred service delivery and improved patient experience. This will require us to innovate and embrace new technologies – including in enabling bold advances in medical and social care research.

We have supported the incoming government to implement election commitments and deliver its first Budget which, in 2015–16, will see the Department receive 32.7 per cent of all new output funding and an annual budget of \$20.05 billion, effectively representing a 6.2 per cent increase on the previous year.

Over 2014–15 we have:

- > progressed the rollout of the National Disability Insurance Scheme, through the transition of clients to new personalised support plans in the Barwon launch site

- > enhanced public health and emergency health capability to meet the need for Ebola preparedness
- > supported the Travis review of hospital bed capacity
- > commenced the statewide rollout of the Strengthening Risk Management program to keep women and children safe in response to family violence
- > worked to improve ambulance services through the Ambulance Performance and Policy Consultative Committee
- > funded 61 significant sporting events around Victoria, including the Stawell Gift and the Melbourne to Warrnambool Cycling Classic
- > supported the creation of the Ice Action Taskforce and the delivery of the Ice Action Plan, with the Department of Premier and Cabinet
- > expanded the public hospital system through progressive construction phases of the La Trobe Regional Hospital redevelopment, Bendigo Hospital, Victorian Comprehensive Cancer Centre, Monash Children's Hospital and completion of 33 new and replacement ambulance stations
- > initiated a range of reforms to improve the care and safety of children in out of home care, including a new auditing program, stronger overnight staffing and safety requirements in residential care, targeted care packages to move children from residential care into better alternative care arrangements, and a new reform effort to overall out of home care and family services through the *Roadmap to Reform* initiative.

It is critical for the Department to be transparent and open in accounting for how it fulfils its purpose and directs public funds towards improving Victorians' health and wellbeing. By providing such a comprehensive account, there is one sense in which this annual report describes everything we do. From another perspective however - one that starts with our purpose and our values - a different picture emerges of the depth and complexity of our service systems.

We care for Victorians and their families at life changing moments. We provide long term supports to address ongoing needs. We enable communities to thrive around local sports clubs and active living. Each individual encounter, each story matters as we join individuals and communities on their journeys towards living well.

Earlier this year, hundreds of staff participated in focus group discussions and online surveys as part of *Creating our Culture Together* – a collective effort to articulate how we work together. The resulting new set of organisational values based on respect, integrity, collaboration, caring for people, families and communities, accountability and innovation will inform the way that the Department works and how we engage with our partners and Victorians more broadly.

Across all portfolios, the new department is adopting a *systems perspective* across the diverse range of health and social services; and the lens through which we are observing the system is that of *person-centred care*. These two perspectives allow us to balance hitherto mutually exclusive domains of population health and personalised care. They allow us to conceive of a continuum of care that addresses citizens' needs that span the integrally connected domains of health and social care.

Department-wide, we are distilling common themes and approaches focused on the importance of:

- i) prevention, both primary and secondary
- ii) economic and fiscal arguments in favour of early intervention
- iii) the need to reconceptualise social policy, and require our universal platforms (especially education and health) to do an increasing amount of the heavy lifting in addressing disadvantage
- iv) designing our systems for breadth of intake and consistency of assessment and referrals
- v) case management plans for people who enter our systems and drive effectiveness, safety and quality of outcomes.

In the coming years, a systems perspective along with a person centred approach must enliven these themes and give rise to new approaches to social policy at the macro level and new operating models at the micro level across different institutions and settings of health, community care, mental health, drugs and alcohol, prevention, out of home care, child protection, disability, and housing. It will allow for a fundamental reappraisal of how we operationalise core concepts such as a 'therapeutic model of care' and 'in the best interests of the child'.

The role of sport and recreation must become deeply ingrained in each of our service streams as a means of improving wellbeing of all in society not just as a program of grants. These themes must give rise to new models – such as accountable care models and their emphasis on multidisciplinary models of care and payment for outcomes, new programs, new markets, and new approaches to incentives including pricing as we tackle emerging challenges of family violence, the scourge of drugs and alcohol, ageing, and mental health.

The new Department of Health and Human Services has begun the journey to meet these challenges and realise our mission of *improving the wellbeing of all Victorians*.

I want to thank our Ministers, all of the nearly 13,000 departmental staff, and our community and private sector partners, for the bright start to the Department's journey. I am moved beyond words by the commitment, drive and passion of the people who work in this Department and in our sectors. As this report attests, the Department is well positioned to fulfil its purpose in improving the lives of the people we support in new, integrated and innovative ways.



Dr Pradeep Philip
Secretary
Department of Health and Human Services

Introduction

On 1 January 2015, the Victorian Government established the Department of Health and Human Services, bringing together the former Department of Health, Department of Human Services and Sport and Recreation Victoria.

Vision

To develop and deliver policies, programs and services that support and enhance the wellbeing of all Victorians.

Our values

Our values guide employee behaviour and work practices, influencing how we interact with each other, clients, colleagues, partner organisations and members of the community.

An important step in the establishment of the new Department of Health and Human Services was to establish a set of shared values.

The values of the former Department of Health, Department of Human Services and Sport and Recreation Victoria were closely aligned, enabling the new values to be built upon existing strengths.

The Department's values are:

- > We are respectful.
- > We have integrity.
- > We collaborate.
- > We care for people, families and communities.
- > We are accountable.
- > We are innovative.

Purpose and functions

The Department plays a leadership role across the Victorian health and human services system, with responsibilities for planning, policy development, funding and regulation of health and human service providers, and activities that promote and protect Victorians' health and wellbeing.

Some of these activities include housing and community services and programs; public health services; public hospitals; health; mental health and aged care services; and sport and recreation in metropolitan, rural and regional Victoria.

The Department takes a broad view of the causes of ill health, the drivers of good health, the social and economic context in which people live, and the incidence and experience of vulnerability, placing people at the heart of policy-making, service design and delivery.

Portfolio responsibilities

Health

The health system provides all Victorians with public services to address their health needs. It focuses on holistic care that addresses health conditions at the local level. The Department contributes to system leadership, policy and governance responsibility for the management of the public health system. This includes responsibility for funding, performance monitoring and accountability, strategic asset management and system planning.

Ambulance services

Victorians deserve the highest quality ambulance services and they expect timely responses to emergencies. Ambulance Services provide emergency and non-emergency ambulance services to contribute to integrated and accessible health and community services for all Victorians.

Housing

Having a safe, stable and secure home is essential for long-term health and wellbeing. A range of housing assistance is available to Victorians experiencing disadvantage, including long-term housing assistance in the form of public or community housing, private rental assistance and home ownership and renovation assistance. The Department also funds crisis and emergency accommodation for those at risk of or experiencing homelessness.

Disability

The Department works in partnership with people with a disability, their families and carers to provide support. One of the Department's key priorities is managing the implementation of the National Disability Insurance Scheme (NDIS) and its interface with the health services system, child protection and housing. The NDIS is a profound change in the disability service delivery environment and Victoria will transition to the full scheme over three financial years from 2016–17 to 2018–19.

Ageing

The Ageing portfolio addresses the increasing needs of Victoria's ageing population, with a focus on the participation of seniors, wellbeing and health promotion, and appropriate high-quality services that enable older Victorians to remain independent for as long as possible.

Mental Health

Mental Health supports Victorians experiencing or affected by mental health problems or substance misuse, as well as their families and carers. This portfolio is responsible for mental health and drugs policy, planning, strategy and programs that deliver prevention, early intervention, treatment and support.

Families and Children

To ensure the safety and wellbeing of children and young people and families, the Department funds a range of early intervention, statutory and support services. Support for vulnerable children and families is closely connected to other services to strengthen families and communities.

Youth

The Department aims to improve social and economic inclusion for young people experiencing social and economic disadvantage, and reconnect them with community, educational and employment pathways.

Sport and Recreation

Through Sport and Recreation Victoria, the Department provides strategic leadership to the Victorian sport and recreation industry. It promotes participation in sport and active recreation to improve community wellbeing.

Changes to the Department

The Department of Health and Human Services was established on 1 January 2015. In addition to bringing together the Departments of Health and Human Services, Sport and Recreation was transferred from the former Department of Transport, Planning and Local Infrastructure (excluding major sporting events), and the Office of Women's Affairs was transferred to the Department of Premier and Cabinet.

The outputs and objectives for the previous Department of Health and Department of Human Services have remained the same except for the output of Office of Women's Affairs transferred to Department of Premier and Cabinet. The Sport and Recreation output has been transferred to the Department's 'Empowering Individuals and Communities' output but is not reflected in the 2014–15 objectives for the Department. A review is underway to develop whole of department objectives for 2016–17.

Year in review

The Department develops and delivers policies, programs and services that support and enhance the wellbeing of all Victorians.

It plays a critical role in supporting the Victorian community by:

- > helping Victorians to be as healthy as they can be
- > supporting people to access opportunities that lead to positive, fulfilling lives
- > building people's capacity to participate in social, economic and community life
- > contributing to a society that is inclusive, with fair access to opportunities for all
- > supporting the most vulnerable members of society, and building resilience to overcome the challenges that communities and individuals face.

The Department's objectives and indicators align with the Victorian Government's ambition to build a strong health and human services system for all Victorians. They reflect the correlation between health, wellbeing, vulnerability and social inclusion and contribute to the Department's strategic direction over the next four years.

No single service system can improve wellbeing by itself, so the Department takes a collaborative and integrated approach to health and human services. Bringing together leadership of and responsibility for health, human services and sport and recreation creates a stronger foundation from which to achieve this goal.

This section of the report outlines the achievements for the year in relation to six objectives. Three of these relate to the former Department of Health and three to the former Department of Human Services. It also includes activities of Sport and Recreation, which transferred to the Department in January 2015.

New Department, new opportunities

In the second quarter of 2014–15, the new Victorian Government was elected. This heralded a range of changes for the Department, working in partnership with the sector. The new direction, highlighted in the Governor's speech to Parliament in December 2014, included a focus on health and wellbeing; a safe and just society; sustainable and liveable communities; and reforming the Parliament and the public sector.

The Department of Health and Human Services was established on 1 January 2015, presenting new opportunities to enhance the wellbeing of Victorians, by bringing together the formerly separate health, human services and sport and recreation functions. A holistic approach to these services supports more effective service design and resource allocation.

The new Department also provides administrative efficiencies to enable more of the available resources to be directed towards service delivery and innovation.

Being efficient is important, but the new Department provides an opportunity to do more than that: we can help Victorians who need it most to be as engaged and active in their community as they can be. We can help inform Victorians and empower them to make positive decisions about their life.

Objectives

Reduce preventable disease and protect the community from public health hazards

Victoria's public health system is underpinned by world-class prevention and protection activities.

To reduce the burden of preventable disease, the Victorian Government puts people and their families and carers at the centre of care and provides them with the information and support they need to stay healthy.

The Department works towards this objective by looking after our ageing population, supporting frontline services for the community, delivering preventive healthcare and early intervention in our regions, protecting Victorians from public health risks, and helping people recover from issues with alcohol and other drugs.

This objective covers the outputs of:

- > Acute Health Services
- > Ambulance Services
- > Mental Health
- > Ageing, Aged and Home Care
- > Primary, Community and Dental Health
- > Small Rural Services
- > Public Health
- > Drugs Services.

Ice action plan

The Department supported the Department of Premier and Cabinet to fulfil the government's commitment to create an Ice Action Taskforce including representatives from government, Victoria Police, health services, mental health services, drug and alcohol support services, education experts and the courts, to deliver a Victorian Ice Action Plan within the first 100 days of government.

The drug prevention and treatment expertise of the Department enabled the Ice Action Taskforce to deliver the Ice Action Plan on 5 March 2015, building on the strengths of the existing system and galvanising communities for action. A copy of the plan can be downloaded at ice.vic.gov.au.

The \$45.5 million Ice Action Plan funds initiatives across multiple departments. This includes a \$24.6 million package to expand treatment services, support families and strengthen communities, with a particular focus on regional and rural Victoria.

Ice pilot for Aboriginal people

A pilot program for Aboriginal people in the North and West Metropolitan Health Regions has reduced wait lists for ice detox services to less than two weeks.

The Aboriginal Metropolitan Ice Partnership Pilot Steering Committee guides the implementation and monitoring of the pilot. The committee comprises senior representatives from each service provider and regional representatives of the Department of Health and Human Services.

Healthy swimming initiative

The 2013 statewide cryptosporidium outbreak showed that Victoria needed to better educate aquatic facility patrons and staff on ways to keep pools clean.

The Department developed an education campaign to raise awareness of how to avoid pool contamination and the spread of illness.

We are partnering with industry, aquatic facilities and other government agencies to trial a healthy swimming campaign at selected pools. The campaign encourages behaviour change and a collaborative approach.

Whooping cough vaccination

The Department is delivering on the Victorian Government's election commitment to re-introduce the free whooping cough vaccine.

The program commenced on 1 June 2015. It provides free vaccine to all pregnant women and expectant parents from 28 weeks gestation, and all parents of newborn babies under six months and who are born on or after the 1 June 2015 start date.

The scientific evidence around pertussis vaccination supports the efficacy and safety of vaccinating women in the third trimester of every pregnancy.

After this, the focus for vaccinations will be on women immediately after they have given birth, and finally to all other parents.

The 2015–16 State Budget committed \$8.4 million to reinstate this important program and ensure its continuation.

A healthy start to school

The Department worked with the Department of Education and Training to produce a booklet called *A healthy start to school*.

The booklet provides helpful information and advice to assist parents and their children who are beginning primary school.

This booklet was included in a library bag given to every child starting Prep at a government school in Victoria in 2015.

Expansion of 'no jab, no play' commitment

Planning is underway to expand and strengthen the 'no jab, no play' commitment to ensure more children are protected from serious and potentially life-threatening illnesses. Legislation is to be introduced to change regulations around immunisations. It will require children to be fully vaccinated in order to attend childcare and kindergarten.

Food safety animation

The Department developed an animation called 'Shop, store, cook and eat safe' to illustrate the importance of food safety in the home.

The animation features four bacteria called Brian, Bobby, Billy and Bernie, who remind us of the importance of shopping, storing, cooking and eating safely.

This resource was developed for culturally and linguistically diverse communities and is available in Arabic, Vietnamese and simplified Chinese.

The animation can be viewed on the Department's website, www.health.vic.gov.au/foodsafety.

Product recall of frozen berries

The Department managed the detective work that led to the product recall of imported frozen mixed berries that could have been contaminated with hepatitis A.

The Department investigates cases reported by doctors to determine whether there are any causes such as potentially contaminated food.

The issue generated a lot of queries and concerns across Victoria and nationally. The Department led the response, with some staff working from the State Emergency Management Centre.

The team acted swiftly with extensive media coverage over the weekend, and worked with the Department of Education and Training to get the message out to schools.

The team also developed comprehensive information for the public and health professionals on the following Monday.

Pandemic plan

In November 2014, the Department released the updated *Victorian health management plan for pandemic influenza*.

Victoria was the first state to release a revised plan following the Commonwealth Government's *Australian health management plan for pandemic influenza* (2014).

The plan provides a framework for Victorian agencies and organisations to minimise the impact of an influenza pandemic on the health sector and community.

Ebola preparedness

During 2014–15, the Department of Health and Human Services ensured Victoria was prepared for the possibility of an Ebola case being detected.

Departmental officers also supported the work of the Commonwealth's Department of Agriculture, which screened ports of entry for people returning from Ebola-affected countries.

The Department supported Victorian health services by developing and providing:

- > the *Victorian Ebola virus disease plan* for Victorian health services
- > information on personal protective equipment for healthcare workers
- > information and posters for health services
- > information for the Victorian community and travellers.

Financial support provided to Victorian hospitals ensured that facilities and equipment were able to provide healthcare for anyone who may contract the disease. Although there were no cases detected in Victoria or Australia, a number of people of interest were identified and successfully managed.

Increasing the focus on healthcare worker influenza immunisation

In 2014–15, the rate of healthcare worker influenza immunisation was included as part of the basis for assessing the performance of Victorian public hospitals.

The Department's increased emphasis reflects the widespread benefits of influenza immunisation for healthcare workers. Immunisation reduces staff absenteeism and operating costs and, most importantly, saves lives.

Influenza immunisation is now included in the measurement of Victorian public hospital performance. Hospitals have pursued a range of strategies to improve immunisation rates, including: increasing availability, increasing education, creating specific incentives, feedback to staff and mandating vaccinations (with documented grounds for refusal).

As a result, there has been significant growth in the percentage of health care workers immunised against influenza from 2013–14 to 2014–15.

New outdoor smoking bans

On 13 April 2015, new outdoor smoking bans commenced across Victoria.

Under the *Tobacco Act 1987*, smoking is now banned:

- > within the grounds, and within four metres of the entrance, of all Victorian childcare centres, kindergartens (or preschools) and primary and secondary schools
- > within four metres of an entrance to children's indoor play centres, and all public hospitals and registered community health centres and certain Victorian Government buildings.

These bans protect the public from second-hand smoke, and aim to foster a non-smoking culture in the community.

20th International AIDS Conference (AIDS 2014)

The International AIDS Conference is the largest health and development conference in the world, and is the premier gathering for people working in the HIV response.

AIDS 2014 was held in Melbourne between 20–25 July and attracted over 14,000 participants from nearly 200 countries, including a large number of international and national journalists.

The Department convened and coordinated the Melbourne Planning Group, which led the Victorian Government's role as host of the conference.

AIDS 2014 Legacy Statement

The *AIDS 2014 Legacy Statement* is a powerful policy document that seeks to galvanise the national community to achieve and progress the treatment and prevention targets in the 2011 United Nations Political Declaration on HIV/AIDS.

The Department took the lead in developing the Statement, which committed all Australian Health Ministers, through the Council of Australian Governments Health Council, to work towards the virtual elimination of new HIV infections (transmissions) by 2020.

This goal was subsequently adopted as the overarching goal for the *Seventh national HIV strategy 2014–17*.

Water fluoridation in Maryborough and Kilmore

Water fluoridation has commenced in the communities of Maryborough and Kilmore.

This project continues the Victorian Government's commitment to improving oral health of Victorians.

Collaborative cancer care

The Department continued to strengthen the collaborative statewide system of cancer care through the Integrated Cancer Services, Comprehensive Cancer Centres and regional cancer centres.

Key project work focused on improving the efficiency of chemotherapy day units to reduce patient waiting times, addressing cancer-related malnutrition, and investigating referral pathways for radiotherapy.

The second Victorian Integrated Cancer Services Conference showcased achievements of the Victorian Cancer Clinical Network, and was well attended by national and international visitors.

New cancer research workforce fellowships and scholarships were awarded by the Victorian Cancer Agency.

Through a comprehensive national consultation strategy with health professionals and people affected by cancer, the Department is also developing new optimal care pathways for different tumour streams.

Cancer screening and prevention

The Department undertook vital cancer prevention and screening activities to improve cancer outcomes.

BreastScreen Victoria screened the highest ever number of Victorian women via the BreastScreen Australia Program.

The Department also assisted in the repeal of the *Cancer Act 1958* and the introduction of the *Improving Cancer Outcomes Act 2014*.

The new Act establishes a modern, principles-based legislative framework that provides for the collection, use and disclosure of cancer screening information.

SunSmart has been funded in 2015 to further skin cancer prevention programs, in particular, improving shading in public areas.

Loddon Mallee bowel cancer prevention pilot

The Department's Loddon Mallee Health region implemented two bowel cancer screening and prevention pilots in the City of Bendigo and Shire of Loddon.

A review of the pilots showed a considerable increase in the number of people completing screening tests compared with the previous 12 months.

A community engagement and health education approach targeted under-screened population groups such as men and people living in rural areas. A local social marketing campaign also delivered key messages for bowel cancer awareness and screening.

Planning is now underway for a phase two project that will further integrate bowel cancer screening and early detection approaches across the health and community sector.

Improving care in residential aged care facilities

The Victorian Public Sector Aged Care Quality Indicator program produces quarterly data for residential aged care facilities so they can monitor and improve care.

The indicators cover falls, fractures, pressure injuries, unplanned weight loss, use of restraint, and nine or more medicines.

During 2014–15, the Department introduced new systems to automate and generate service-level reports for boards, clinicians and consumers.

The new reporting system significantly improved timeliness, and interpretation and analysis of the data. It also reduced the work required by health services that participate in the program.

The program is recognised nationally, with Victoria granting a licence to pilot the indicators for roll out to all residential aged care services in Australia.

Diversity planning and practice in Home and Community Care

Diversity planning and practice helps people with complex needs to access Home and Community Care services. It also supports services to improve responses for this client group.

In 2014–15, the Department reviewed the implementation of diversity planning and practice. The review was based on sector consultations, client service usage data and content analysis of Home and Community Care agencies' diversity plans.

The sector widely embraced diversity planning and practice, with 87 per cent of Home and Community Care funded agencies submitting a diversity plan in 2014.

Active service model: three-year review

The Home and Community Care Active Service Model helps people who use Home and Community Care services to live in the community as independently and autonomously as possible.

The Active Service Model supports people to stay involved in everyday activities to maintain or rebuild their confidence and stay active and healthy. This aligns with the Department's broader early intervention and prevention approach to services for older people.

In 2014, the Department reviewed the first three years of Active Service Model implementation.

The review found that Active Service Model practice was most advanced in assessment and initial needs identification, and least advanced in service closure and transitioning people to other services.

One of the most important findings of the review was the high level of commitment to the Active Service Model approach reported by Home and Community Care agencies.

Healthy Families Healthy Smiles

Healthy Families Healthy Smiles aims to reduce the oral health risk behaviours of young children by using non-dental professionals to interact with children and families.

The health and childcare workers include midwives, maternal and child health nurses, Aboriginal health workers, physicians, dieticians, pharmacists and staff of early childhood centres.

In 2014–15, over 790 professionals received specific training in oral health promotion.

Victorian Child Oral Health Survey

The Victorian Child Oral Health Survey conducted in 2014 is the first population-wide survey of children ever undertaken in Victoria. It examined 4,447 four to 14-year-old children across 150 schools.

The Department is collating and analysing the survey findings, which will support oral health promotion and service planning.

Koolin Balit Early Years Priority program

Koolin Balit Early Years Priority program is achieving remarkable outcomes for vulnerable Aboriginal babies and families across the Loddon Mallee Health region.

The program is pioneered in Mildura by the Mallee District Aboriginal Services (MDAS) in partnership with the Queen Elizabeth Centre.

The early years model provides intensive case management from conception through to school entry for Aboriginal parents and carers, with a focus on mothers and their babies.

The roll out of this model to other Aboriginal Community Controlled organisations in Loddon Mallee was launched with an Early Years Conference in Bendigo in August 2014, and there are currently 52 families enrolled across the region.

It is the highest priority action in the region's Koolin Balit plan.

Emergency relief and recovery support

The Department supported households and individuals to meet their immediate needs through 320 personal hardship emergency relief payments, and providing assistance with finding temporary accommodation.

In addition, recovery activities have continued from previous years, particularly in relation to communities affected by fires in early 2014 and the Hazelwood Mine fire. Support included:

- > community development officers employed to link individuals to support services
- > consultant psychologists delivering community information and professional development sessions to help individuals and health workers understand the personal recovery experience
- > three community arts officers engaged to work on creative recovery programs in impacted communities
- > grants to stimulate economic activity, conduct buy-local and tourism campaigns, and small infrastructure projects
- > scholarships awarded to six young people and ten adults to participate in a leadership development programs
- > establishment of the Public Lung Function Clinic at Latrobe Regional Hospital to provide improved access to bulk-billed lung function tests in the Latrobe Valley
- > establishment of the nurse-led Mine Fire Health Clinic which provides a health assessment service for any resident who has an ongoing concern about the effects of the mine fire on their health.

Objective indicator result

	2013	2014	2015
Prevalence of select chronic disease risk factors is reduced			
Percentage of Victorian persons aged 18 plus who are current smokers	15.6%	14.5%	Not available
<i>Source: Victorian Health Population Survey</i>			
Differences in health and social outcomes for disadvantaged groups are reduced			
Percentage of Victorian persons with low income (< \$20,000) who have assessed their health status as 'fair' or 'poor'	28.6%	Not available	Not available
<i>Source: Victorian Health Population Survey</i>	Total population 15.5%		
Immunisation rates for vaccine-preventable illness improve or compare favourably to other jurisdictions			
Percentage of Victorian children aged 60–63 months who are fully vaccinated		90.07%	92.64%
<i>Source: Australian Childhood Immunisation Register (ACIR)</i>		National 88.02%	National 91.86%
Victorian influenza coverage at 65 plus years of age		75%	80%
<i>Source: Victorian Budget Paper 3, Chapter 2</i>			

Improve the quality, effectiveness and efficiency of healthcare services for Victorians

A high-quality, effective and efficient health system depends on having hospitals with the capacity to meet demand, as well as a highly skilled workforce with a commitment to quality, innovation and continuous improvement.

The Department delivers this through its capital programs and workforce models that put workers with the right skills where they are most needed.

Strong legislation and governance arrangements also underpin this objective to ensure the health system keeps pace with the needs of a growing and changing state.

This objective covers the outputs of:

- > Acute Health Services
- > Ambulance Services
- > Mental Health
- > Ageing, Aged and Home Care
- > Primary, Community and Dental Health
- > Small Rural Services
- > Public Health
- > Drugs Services.

Increase in hospital bed capacity

The Travis Review, commissioned to undertake an independent statewide review of bed capacity in Victorian public hospitals, undertook the most comprehensive survey of public health services ever in Victoria, with the findings and recommendations released in an interim report on 1 April 2015.

The review found there were 13,981 total points of care (inpatient facilities such as beds and other facilities used to accommodate inpatients), of which 12,545 were generally available for use. It also found that Victoria's health services provide home-based care to patients who would otherwise occupy 900 beds.

The government has accepted all 15 of the interim report's recommendations, and allocated \$200 million (over four years) for the Beds Rescue Fund as recommended by the Travis Review, and an additional \$60 million in 2015–16 to address elective surgery lists.

The Department will also develop a 20-year strategic statewide service and infrastructure plan.

Box Hill Hospital redevelopment

Completion of the \$447.5 million redevelopment of Box Hill Hospital has delivered an outstanding contemporary healthcare facility that will continue to provide best-practice care for patients and their families living in Melbourne's east well into the future.

Using a 'managing contractor' method of project delivery – a partnership of the public and private sector – enabled the Department to take full value from competitive market conditions, and deliver substantially more scope than anticipated within the approved budget.

The new 10-storey clinical services block has added more than 160 beds to Victoria's public hospital system. It is both technologically advanced and environmentally sustainable.

The project included refurbishment of the existing acute hospital buildings and a new retail precinct.

At full capacity, Box Hill Hospital will have a total of 621 beds (including mental health and subacute beds), dedicated facilities for women and children, expanded services for cardiology, cancer and renal patients, as well as an additional 200 car parking spaces for the public.

Working with paramedics to improve ambulance services

The Ambulance Performance and Policy Consultative Committee brings together the Department, paramedics, Ambulance Victoria, the union and other stakeholders to improve the service performance and culture of Ambulance Victoria.

The committee released its interim report in March 2015, which outlines the key challenges and opportunities to improve the delivery of ambulance services to the community.

These include:

- > better integration of ambulance services with the broader health system
- > better support for paramedics
- > change to Ambulance Victoria's culture to better reflect community expectations
- > improve ambulance call taking and dispatch.

Paramedics and the community provided feedback on the proposed reform directions.

This feedback is informing the committee's final recommendations, which will be made available before the end of 2015.

In the meantime, the Department has commenced work to improve support services available to paramedics, including additional Peer Support Coordinators, funded in the recent 2015–16 State Budget.

Improvements in the delivery of ambulance services

To meet increasing demand for ambulance services, to address the timely transfer of ambulance patients at emergency departments and to support the cost of providing emergency air ambulance services, the 2015–16 State Budget has committed \$58 million in additional funding over four years. The Ambulance Performance and Policy Consultative Committee is also working with paramedics on recommendations to improve ambulance response times, reduce ramping and better manage paramedic workload and fatigue.

New focus on hospital performance

High-performing health services, the 2014–15 update of the Victorian health service performance monitoring framework, set new directions in the way hospitals are held accountable for their performance. In particular, the new framework included an increased emphasis on patient experience, outcomes of care and the culture of safety within hospitals. Hospitals were made more accountable for the safety and quality of their care, alongside an ongoing focus on financial sustainability and on access and timeliness of care.

The way in which hospital performance is assessed will continue to develop in line with the strategic directions set out in *High-performing health services*, and the Department will work closely with public hospitals to achieve continuous improvement in the safety, quality, experience and outcomes of hospital care.

Improving hand hygiene in public hospitals

In response to the recommendations of the Expert Panel on Hand Hygiene convened in 2013, and to assist health services to meet the new Victorian hand hygiene target of 80 per cent compliance, the Department engaged a project team at Hand Hygiene Australia to undertake the Hand Hygiene Audit and Toolkit project, which commenced in 2014–15.

As at 30 June 2015, six audits have been undertaken and 98 toolkits have been distributed across Victoria. Every health service in Victoria will receive at least one toolkit.

Overall, hand hygiene compliance in Victorian public hospitals has increased significantly since the commencement of the National Hand Hygiene Initiative. In 2014, the compliance rate was well above the national benchmark of 70 per cent and increased from 79.9 per cent to 82.1 per cent.

Rural training and retention

The Rural Community Intern Training Program gives medical graduates the chance to do postgraduate training in alternative settings. The program aims to build a rural medical workforce.

The model is based in small rural and sub-regional hospitals with core and non-core rotations into larger regional hospitals, general practices and community settings.

The program has expanded from the Murray to Mountains (M2M) program in Hume, and is now hosted in all five rural regions, with four to five interns in most regions.

Graduate training programs

In 2014–15, the Department supported more than 760 medical graduates to start internships, together with over 1,550 funded nursing graduate positions, and 446 allied health early graduate positions and internships in radiography, nuclear medicine, radiation therapy, biomedical science, pharmacy and medical laboratory science.

In 2014–15, 17 Aboriginal cadets and nine Aboriginal Graduates participated in the Aboriginal Nursing, Midwifery and Allied Health Cadetship Program.

CarePoint trial

CarePoint is a jointly funded project between the Department and Medibank to trial a two-year integrated care program for 2,200 insured and uninsured Victorians with chronic and complex conditions and a history of multiple hospitalisations.

The trial is led by general practitioners, and delivers services within the existing care delivery system, focusing on patient activation, coordination around client needs and care delivery in the lowest cost setting as close as possible to the client's home.

It aims to test the proposition that coordinating care for this particular patient group can significantly reduce their rate of hospitalisation, improve patient outcomes and improve both patient and provider experience.

Bayside Clarinda Clayton Integrated Health placed-based initiative

The Department of Health and Human Services in Clarinda and Clayton South has partnered with the City of Kingston, Bayside Medicare Local, New Hope Foundation, local schools and the Southern Melbourne Primary Care Partnership to engage people in social connection projects.

The initiative aims to respond to burgeoning chronic disease, youth disengagement and disconnections between early years services.

So far the project has concentrated on health literacy capacity building in the area and identifying social champions to lead the variety of locally identified projects.

WorkHealth Improvement Network

The WorkHealth Improvement Network is a collaboration between WorkSafe and the Department.

The network supports 15 public health services to undertake activities as part of a breakthrough collaborative designed to improve public hospital employees' health and safety, focusing on mental wellbeing, safety culture and musculoskeletal injury prevention.

Improving community mental health facilities

Funding of \$3 million resulted in 22 approved grants to 11 health services for a range of capital improvements to existing Mental Health Community Support Service sector providers.

This improves existing Mental Health Community Support Service facilities to meet contemporary standards for physical amenity, space and safety for patients and staff, in services that are located in the community they serve.

An additional \$1 million will provide fit outs at Victoria Legal Aid's mental health advocacy service offices, and safety enhancements at residential Mental Health Community Support Services and clinical mental health community unit services.

Building gender-sensitive environments

The safety of women in mental healthcare is an ongoing concern for consumers, carers, families, communities, health services and government.

The Victoria Government is providing more than \$1.2 million for capital works to improve the safety of women in mental health inpatient facilities.

The funding supports capital modifications that result in high-quality gender-sensitive amenities, and improved safety and privacy for women.

The program includes facilities that provide adult, adolescent and aged acute, secure extended care and specialist inpatient mental health services.

Increased capacity to treat and support people with a mental illness

All mental health catchments across the state now have much-needed capacity to respond to people who need intensive support to live in the community.

An extra \$117.8 million over four years has been allocated in the 2015–16 State Budget to better manage the critical demand pressures and gaps in the mental health system. This includes \$88.2 million to provide 80 adults and up to 500 older people with the intensive, specialist support they need.

The 80 new complex care packages will be funded to support people who are experiencing a severe mental illness and other complex needs associated with alcohol and drug misuse, a forensic history, homelessness, co-existing intellectual disability and acquired brain injury.

Mental Health Act 2014 – the first 12 months

The *Mental Health Act 2014* commenced on 1 July 2014.

The Act has a strong focus on human rights and supported decision making.

It introduces three mechanisms to assist compulsory patients to make or participate in decisions about their treatment, care and recovery:

- > advance statements to communicate treatment preferences
- > a nominated person to support the patient to participate in decision making
- > a second psychiatric opinion to promote self-determination by enabling people to better understand their illness and make or participate in decisions about their treatment.

A new independent mental health advocacy service will help people subject to the Act to make or participate in decisions about their assessment, treatment and recovery and to understand and exercise their rights.

An independent and accessible Mental Health Complaints Commissioner deals with complaints about Victorian public mental health services to increase oversight and safeguards.

A new Mental Health Tribunal protects the rights and dignity of people with mental illness. The tribunal's main function is to determine whether the criteria for compulsory mental health treatment apply to a person.

The Department is working closely with key stakeholders to monitor and support implementation of the new operating arrangements, making any necessary enhancements to ensure it is easier for people with a mental illness, their families or carers to navigate the Mental Health Community Support Services system.

Improving access and service responses for LGBTI people

The Department funded two projects to improve service access and service responses to lesbian, gay, bisexual, transgender and intersex (LGBTI) people.

Val's Café, part of the Australian Research Centre in Sex, Health and Society at La Trobe University, developed two resources:

- > *Creating LGBTI inclusive Home and Community Care services: the HACCC pack (2014)*
- > *Aged Care Assessment Services LGBTI inclusive guide sheets (2015).*

The Department also funded La Trobe University to develop and deliver a train-the-trainer module for Aged Care Assessment Services.

A review of Home and Community Care diversity planning found that 33 per cent of the diversity plans include LGBTI training for staff as a diversity plan strategy.

Objective indicator results

	2013	2014	2015
Health service performance outcomes meet or exceed agreed performance benchmarks			
Victorian elective surgery waiting list <i>Source: Elective Surgery Information System, Department of Health and Human Services (*preliminary result)</i>	49,262	38,078	40,986*
Victorian Ambulance patient transfers within 40 minutes. <i>Source: Ambulance Victoria Data Set (*preliminary result)</i>	77%	84%	87.8%*
Rate of community follow-up within first seven days of a psychiatric admission <i>Source: Mental Health Performance Indicators, Department of Health and Human Services.</i> <i>Note: Data for this indicator was previously sourced from National Health Agreement Performance Information 2012–13. The source has been changed for consistency with similar items reported elsewhere in the annual report.</i>	Not available	Not available	85%
More people are treated within out-of-hospital care settings			
Number of separations where at least part of the treatment is in the patient's home <i>Source: Victorian Admitted Episode Dataset, Department of Health and Human Services</i>	31,115	30,985	Not available
Fewer people are dying prematurely			
Victorian age standardised mortality rates of potentially avoidable deaths under 75 years <i>Source: Steering Committee for the Review of Government Service Provision 2014, National Agreement Performance Information 2013–14: National Healthcare Agreement, Productivity Commission, Canberra</i>	Not available	Not available	Not available
	Result in 2012 was 93.5 per 100,000 population		
Patient/consumer experience demonstrates improvement in service-level engagement			
Overall care index of patients' hospital experience. <i>Source: Victorian Patient Satisfaction Monitor year 12 Annual Report.</i> <i>Note: This collection has been replaced with the Victorian Healthcare Experience Survey. Data for 2014–15 from this survey is likely to be available later in 2015 but will not be comparable with the Victorian Patient Satisfaction Monitor data.</i>	79.7	Not available	Not available

Increase the financial sustainability and productivity of the health system

Increasing the sustainability and productivity of Victoria's health system is vital to ensure that all Victorians have the best possible care, now and in the future.

This means ensuring that funding models continue to evolve to ensure equity, effectiveness and efficiency in public health services.

In addition, the Department's capital programs provide vital infrastructure so that the state's hospitals and health services meet demand and enhance productivity.

This objective covers the outputs of:

- > Acute Health Services
- > Ambulance Services
- > Mental Health
- > Ageing, Aged and Home Care
- > Primary, Community and Dental Health
- > Small Rural Services
- > Public Health
- > Drugs Services.

Pricing and funding for public health services

The Department released the *Pricing and funding framework: the Victorian approach to pricing and funding for public health services in June 2015*.

The framework provides greater transparency around funding policy directions. It is built on the objectives of equity, effectiveness and efficiency.

The framework lays the foundations for ongoing improvement and refinements to ensure the Victorian public health system's funding and pricing remains fit for purpose.

Its longer-term agenda is to provide early signals to public health services. This enables them to partner with the Department to develop solutions to challenges, and to prepare their systems for new funding and pricing approaches.

The framework will be revised and published annually.

Capital and infrastructure program for hospital and health services

The Department is delivering a substantial capital program to redevelop and build new hospital and health facilities across metropolitan, regional and rural Victoria.

Funded hospital redevelopment and equipment

The 2015–16 State Budget allocated \$561.3 million investment in new and upgraded hospital buildings and equipment. This includes \$200 million for a new Western Women's and Children's Hospital, \$106.3 million for a major expansion of Casey Hospital, \$85 million to redevelop and expand Werribee Mercy Hospital, and \$15 million in initial funding to progress planning and early works for a new Victorian Heart Hospital at Monash University.

Thirteen new projects were established in 2014–15 with an investment of \$223 million.

These initiatives include \$73.0 million for the Latrobe Regional Hospital redevelopment and \$28.1 million for Barwon Health North, as well as \$60.0 million for engineering infrastructure and medical equipment replacement.

Ongoing major capital projects include the Bendigo Hospital, where the fit-out of the hospital has commenced.

The Victorian Comprehensive Cancer Centre (VCCC) continues to develop rapidly, with a double-storey bridge across Grattan Street in Parkville raised in December 2014.

The bridge allows easy access for staff and visitors to both the Victorian Comprehensive Cancer Centre and The Royal Melbourne Hospital.

Construction of the new Monash Children's Hospital commenced in July 2014, with work progressing well at this stage. The concrete structure will be completed early in the 2015–16 financial year.

Monash Children's Hospital helipad

The 2015–16 State Budget allocated \$3.8 million the construction of a new helipad on the roof of the Monash Children's Hospital to provide access to both children's and adult emergency services across the wider Monash Medical Centre-Clayton site for the population of south-east Melbourne, Gippsland and the Mornington Peninsula.

The Department also continues to redevelop The Royal Victorian Eye and Ear Hospital.

The new 10-storey clinical services block of the \$477.5 million Box Hill Hospital redevelopment was opened and occupied in October 2014, and 16 other projects were completed during 2014–15 including the Castlemaine Hospital Upgrade, Gippsland Cancer Centre, Kerang District health residential aged care redevelopment, Kilmore Hospital redevelopment and Monash Link Community Health Service.

Thirty-three new and replacement ambulance stations were also completed across the state.

The Department's Sustainability unit was awarded the inaugural 2014 Institute of Public Administration Australia Victoria's Public Sector Leadership Environmental Sustainability award. The award recognises organisational leadership and commitment to environmental sustainability that delivers environmental, social and economic benefits for the broader Victorian community.

Ambulance service performance

The Department is fulfilling the Victorian Government's pledge to address performance, culture and sustainability issues of ambulance services in Victoria.

This began in December 2014 with the Victorian Government reaching an in-principle settlement on the 2014 Ambulance Victoria Enterprise Agreement and the referral of the Paramedic Work Value Case to the Fair Work Commission for independent determination.

Also in December 2014, local response time performance data by local government area, branch and locality was released. This enabled stakeholders – including paramedics, Ambulance Victoria, the union and the Victorian community – to fully understand the performance of their local Ambulance service.

In January 2015 the Ambulance Performance and Policy Consultative Committee was established, bringing together paramedics and other key stakeholders to improve Ambulance Victoria's service performance and culture. The committee released its interim report in March 2015 and sought feedback on the proposed reforms from paramedics and the community. The final recommendations are expected at the end of the 2015.

For information about the committee visit www.health.vic.gov.au/ambulance.

The Department also supported Ambulance Victoria to implement a number of initiatives aimed at improving patient care, including the rollout of Ambulance Arrivals Boards, the completion of a statewide tender for non-emergency ambulance providers, and expansion of pre-hospital thrombolysis capability to all rural regions. Work to improve the current triaging tool has also commenced.

Objective indicator results

	2013	2014	2015
Victoria derives greater value from its health investments			
Total hospital surplus as at 30 June. <i>Source: Agency Information Management System F1 financial report. Health services are required to submit audited data. All results exclude capital and controlled entities (foundations).</i>	\$1.8 m	\$30.8 m	\$24.6 m
Victorian total real health expenditure per capita <i>Source: Victorian Budget Paper 3, Chapter 2 and ABS estimated resident population, December 2014</i>	Not available	\$2,480	\$2,540
Victorian government expenditure per capita (acute health expenditure) <i>Source: Victorian Budget Paper 3, Chapter 2 and ABS estimated resident population, December 2014</i>	Not available	\$1,698	\$1,745

Immediate support – with its partners, the Department supports people in crisis, and helps individuals and families get their lives back on track

Early intervention services help families and children to prevent an issue escalating to crisis point, providing the best results for families and children in the long term.

Victorians in crisis need immediate support to stabilise their lives and start the journey to recovery.

The out-of-home care system delivers better personal, social and economic outcomes for children and young people who cannot remain at home.

The Department also provides services to people experiencing homelessness, focusing on early intervention and prevention to make the biggest difference.

The programs make a positive difference in the lives of people with a disability by ensuring they have access to more opportunities to participate in work and their community.

The Department provides social housing for people on low incomes to establish a home.

This objective covers the outputs of:

- > Child Protection and Family Services
- > Youth Justice Custodial Services
- > Community-based Services
- > Housing Assistance.

Early intervention and family support services that targets prevention

The 2015–16 State Budget will expand the Child FIRST and Family Services system with a \$48.1 million funding boost over four years, which will increase access to early intervention services to improve parenting skills and support vulnerable families to keep their children safe. Investing in early prevention and family services is critical for tackling issues early on, avoiding the need to access the statutory child protection system and reducing future demand for child protection and other support services down the track.

Homelessness innovation action projects

Homelessness innovation action projects continue to show the benefit of intervening early to help

people secure and maintain stable housing and achieve social inclusion.

As a result of this success, the Victorian Government has committed to funding these projects beyond 2014–15.

This initiative will help 14,000 people and their families over the next four years.

The seven innovation action projects:

- > help individuals and families maintain or secure more appropriate tenancies such as Star Housing, HomeConnect Hub, and Families at Home
- > focus on helping at-risk youth stay housed, such as Detour and Next Steps
- > provide information, advice and support to older people at risk of homelessness, such as Home at Last and Regional Outreach.

Improved financial support for carers

The 2015–16 State Budget provided \$31.3 million to improve financial support for out-of-home care, specifically foster and kinship carers, and for the review of the system to make it simpler and more child centred.

Improving safety for children and young people in residential care initiative

In February 2015, the Victorian Government announced a new investment of \$16 million to improve the safety and wellbeing of children and young people who are in residential care overnight.

The increase in funding supported the introduction of stronger overnight staffing and safety requirements.

Since April 2015, every residential care home funded at the RP3 level, including RP3 therapeutic, and funded to provide care for four or more children must employ a staff member who remains awake at night, in addition to overnight safety plans that outline the proactive responses providers will take to ensure the safety of children in residential care overnight.

Quality audits for out-of-home care

In February 2015, the Victorian Government also announced a new program of quality and compliance audits commenced in 2015.

The audits focus on compliance with the Human Services Standards and give priority to safety and wellbeing.

They have commenced in residential care services operated by community service organisations.

The audits are a strong addition to existing accreditation requirements and will assist in assuring good quality services.

Introduction of targeted care packages

In March 2015, the Victorian Government announced an investment of \$43 million over four years to move children from residential care into home-based care arrangements that better meet their individual needs.

This investment allowed for the introduction of targeted care packages to develop services and support to meet the needs of individual children and their carers.

In some cases the packages are allowing children to return home with intensive in-home support.

Increase in the number of child protection workers

To meet the expected growth in child protection reports, expanded roll-out of the after-hours intake and crisis response service statewide, and to prevent and respond to child exploitation, \$65.4 million was allocated in the 2015–16 State Budget to employ more than 110 child protection workers. These workers will help to improve capacity to not only better meet demand, but will also contribute to the system-wide reform of the families and children's service system currently underway.

Addressing sexual exploitation of young people in out-of-home care

The Department has put in place a program with police support to reduce sexual exploitation of young people in out-of-home care. It firstly identified young women residing in residential care who were being sexually exploited by external predators.

The Department then collaborated with police and support agencies to identify strategies to address the issue.

The police implemented intervention and visited the young people to build rapport and trust, and to gather information to secure prosecutions against the predators. Police successfully secured prosecution in a number of cases.

Family violence

The Royal Commission into Family Violence commenced on 22 February 2015, presenting an opportunity for the community to participate in a public discussion about how we can improve our approach to services funded and delivered by the Department.

In 2014–15, The Royal Women's and Bendigo Hospitals were funded to develop resources and strengthen hospital responses to family violence in the healthcare setting. Through this work, transferable protocols, policies and tools have been developed for use by health service staff in the identification, response to and referral of family violence victims to appropriate support services in the community.

Assistance for survivors of family violence

In May 2015, a \$10.2 million funding boost was allocated to family violence agencies to provide support services to women and children experiencing family violence. This included \$3.5 million for counselling services for children and women; \$3.9 million for flexible child protection responses and \$1 million for men's family violence services. This funding boost included additional funding for the statewide crisis service, Safe Steps, to provide pet welfare support. Organisations across the state offering family violence services also benefited, including Elizabeth Hofman House Aboriginal Women's service in North Region, Kara House in East Region, WAYSS Limited in South Region and Emma's House Domestic Violence Services. This funding boost for service providers will assist in meeting increased demand while the Royal Commission into Family Violence conducts its inquiry.

A further \$7.5 million was allocated to housing and crisis support for women and children experiencing family violence. This includes funding for an additional 15,000 nights of emergency accommodation; additional sustainable housing assistance; further staff at Domestic Violence Victoria; case-managed responses for Aboriginal families; and, an additional 15 family violence workers will respond to referrals from Victoria Police following attendance at family violence incidents.

Collaboration between Secure Services and Parkville College

Secure Services continues to collaborate with Parkville College to improve outcomes for young people.

The college is now embedded in all Secure Services sites and a number of new developments are underway. These include the co-development of a cultural plan, and the introduction of a number of programs focused on self-development, as well as a parenting program for young parents in custody.

Say No to Violence campaign

The Hume Indigenous Family Violence Regional Action Group runs a Say No to Violence campaign through the Kyabram and District Football and Netball League. The Kyabram League has implemented this campaign as a result of the high number of Aboriginal players in the league.

The campaign is in its third year, and involves:

- > giving all players an information pack from IFVRAG to host a campaign day
- > a line up with all senior football and netball teams and umpires, an address about saying no to violence followed by the 'Use your strength wisely' advertisement over the speakers
- > a children's event, which has seen a huge response
- > umpires wearing tops with anti-violence messages.

The league reports that there are no striking charges against players on the day. The campaign gets strong media coverage on local TV and radio.

Master planning for Prahran's housing estates

The second stage of community consultation on draft master plans for Prahran's public housing estates concluded in July 2014.

More than 346 participants contributed to the consultation findings released in June 2015.

The master plan will be submitted for approval in 2015 after a further round of consultation and will guide long-term renewal of the Prahran estates.

Valley Park redevelopment

Valley Park is a partnership between the Department and residential developer Australand to provide 144 new social housing homes and more than 200 private homes in a mixed development in Westmeadows.

The first eight of the social housing homes have been completed and tenanted. A place manager is available to support tenants and other residents as part of the redevelopment.

Private home construction and sales are progressing well.

Joining up the human services system

In 2012, the former Department of Human Services began testing an approach to integrated client support. While this has been on a small scale, a number of different elements of client support have been tested.

In October 2014, trials commenced with non-government service providers in rural, regional and metropolitan Victoria to further test and refine the approach developed by the Department in partnership with the sector. There are eight partnership trials, bringing together more than 115 organisations and 80 key workers to expand the testing across the state over the two-year period. To support this testing, an interim client information management system was developed to assist staff working in the partnerships to share knowledge and track progress.

In the coming months, a formal independent evaluation will measure the impact of the approach.

New Norlane

The Department is undertaking an \$80 million project to build 320 new affordable homes on vacant blocks of land in Norlane, Geelong.

Local builders started construction of the final 28 of 160 new public housing homes in June 2015.

Development partners Burbank Australia, Hamlan Homes and Porter Davis are building 160 private homes and the bulk of the 160 public housing homes.

To date, 110 private homes have been sold and 75 new private homes have been completed.

Hampton Station Precinct project

The Department is developing new public housing homes, as well as new homes for private sale, and improved transport infrastructure around Hampton Station.

The Director of Housing and VicTrack are contributing land adjacent to the Hampton Station.

In April 2015, EPC Pacific was announced as the development partner.

Objective indicator results

	2013	2014	2015
Stability of out-of-home care placements			
Proportion of children and young people who had two or less placements in the last 12 months.	86.4%	91.0%	90.3%
<i>Source: Internal departmental data</i>			
Improved safety of children reported to child protection			
Number of Child FIRST assessments and interventions	10,780	12,142	13,580
<i>Source: Internal departmental data</i>			
Substantiated cases of neglect	4.8%	5.0%	Not available until May 2016
<i>Source: AIHW Child Protection Australia 2013–14 (Table A11)</i>			
Achievement of independent and sustainable housing on exit from homelessness services			
Homelessness clients who achieved independent housing after support	20,637	22,518	Not available until January 2016
<i>Source: Report on Government Services 2015 (Table 18A.29)</i>			

Capabilities and participation – with its partners, the Department works with families, individuals, young people and communities to improve their lives through building capabilities and resilience, supporting participation in work, education and the community

The Department strives to provide opportunities for Victorians of all abilities and backgrounds to live active and fulfilling lives through participation in the community.

Ongoing work to implement the National Disability Insurance Scheme will provide lifetime support for people with a disability in Victoria, giving them greater choice and opening up doors for them to fulfil their potential.

For young people who are in custody, the Department's literacy, numeracy and vocational education and training programs ensure they are ready for employment or further training once they return to the community.

The Department also works to improve the educational progress and achievement of children and young people in out-of-home care.

This objective covers the outputs of:

- > Disability Services
- > Child Protection and Family Services
- > Youth Justice Custodial Services
- > Community-based Services
- > Youth Affairs
- > Office for Disability
- > Community Participation
- > Sport and Recreation Victoria.

National Disability Insurance Scheme

The National Disability Insurance Scheme (NDIS) will introduce a new national system to provide lifetime disability support for people with significant and permanent disabilities and early intervention needs, and who are under 65 years of age.

The NDIS is operated by the National Disability Insurance Agency, an independent statutory agency of the Commonwealth Government whose national headquarters are based in Geelong.

During 2014–15, the Department continued to contribute to the national scheme design that will enable people with a disability, their families and carers to choose and control the support they receive, based on their needs and aspirations.

The Department worked closely with the National Disability Insurance Agency, service providers and other government departments to transition people into a trial of the scheme operating in the Barwon area.

At the end of May, 4,425 people with a disability in the Barwon area had approved active National Disability Insurance Scheme plans. All people who were existing clients of the Department had transitioned in the scheme, and disability support wait lists are no longer required in this area.

The Department also supported the implementation of the NDIS trial by funding client preparedness activities that focused on advocacy and leadership development as well as and planning with residents at Colanda Residential Services, who transitioned to the scheme in September 2014.

This included the provision of financial support to National Disability Services Victoria to continue the delivery of sector readiness activities initially funded in 2013–14. This allowed regular communication with the sector on progress of scheme implementation, as well as workshops and forums to support sector readiness.

In April 2015, the Council of Australian Governments (COAG) agreed that bilateral agreements on transition to full scheme between states and the Commonwealth would be signed by the 31 August 2015. Transition to full scheme will commence in 2016–17.

Additional budget allocation

Eight hundred and twenty-seven additional Individual Support Packages will be delivered under the \$151 million funding allocation in the State Budget for people with disabilities. This provides more support for young people with a disability and will enable families to get the support and respite they need and will assist young people with disabilities transition from school.

Good Money

Good Money is an innovative model for improving the financial wellbeing and inclusion of vulnerable Victorians.

Through Good Money hubs, people on low incomes receive an integrated service that gives them access to no interest or low interest loans, incentivised savings plans and financial information that helps to build their financial wellbeing.

The 2015–16 State Budget committed a further \$7.2 million to continue this program that provides safe and affordable microfinance services to those Victorians otherwise excluded from mainstream financial services.

Building Inclusive Communities

The Building Inclusive Communities program provides funding to 67 local councils and community organisations to build the capacity of local communities across Victoria so they are more accessible, welcoming and inclusive of people with a disability.

The program is implemented by ruralAccess, metroAccess and deafAccess projects across the state.

The Department is undertaking a review of the Building Inclusive Communities Program to inform future directions as Victoria transitions to the National Disability Insurance Scheme.

Work and learning centres

The work and learning centres provide tailored individual support to jobseekers to help address vocational and non-vocational barriers to employment.

They also work closely with local employers to assist clients into employment and provide post-employment support to help clients maintain employment.

In 2014–15, 506 clients registered for assistance, including 162 public housing residents. More than 700 training engagements were undertaken and more than 445 people were engaged in employment.

The 2015–16 State Budget provided \$6.6 million over four years to continue to support the work and learning centres to deliver services to disadvantaged job seekers in Geelong, Moe, Shepparton, Ballarat and Carlton.

Men's sheds

There are over 300 men's sheds operating in Victoria.

Men's sheds play a vital role in reducing isolation, increasing social inclusion and enhancing the health and wellbeing of men in our communities.

A funding round of \$750,000 opened in March 2015 for grants of up to \$60,000 to support the construction of new men's sheds in areas of high community need.

Neighbourhood houses

The neighbourhood house coordination program supported more than 370 neighbourhood houses during the year.

Neighbourhood houses play an important role as places of social inclusion by providing opportunities for health and wellbeing activities, engagement in education and training, childcare and volunteering.

The number of volunteers also continues to grow each year with more than 5,500 people volunteering at a neighbourhood house each week, with an estimated financial value of over \$21.4 million.

Area partnerships

Children and Youth Area Partnerships are a place-based approach to improve the outcomes for vulnerable Aboriginal children, young people and families.

Area partnerships have prioritised Aboriginal participation at each level, including the steering group, working groups and the broader forum. The Chair and Principal Advisor of each Area Partnership has worked to develop partnerships with the Aboriginal community-controlled organisations and communities.

Working with young people

During the year, 262,000 young Victorians participated in programs that supported them to be involved in educational, training, artistic and community activities.

Advance program

The highly successful Advance program was offered in more than 420 Victorian Government secondary schools.

Advance supports young people to volunteer on community-based projects of their choice. Through its experiential learning model, it helps many young students to stay connected to education.

As well as working with community organisations, the 23,926 students involved in Advance completed class-based learning modules in project management, communication and community, and developed leadership, teamwork and problem solving skills.

Engage! program

The 2015–17 Engage! program commenced in January 2015, with 109 local government and community organisations receiving funding to deliver Engage! projects for the next three years.

Engage! supports young people to participate in civic, social and training activities in their community.

FReeZA program

FReeZA continued to give young Victorians the opportunity to plan, stage and participate in music, artistic and recreational local events that are drug, alcohol and smoke free.

The FReeZA support service provided information and expert advice to young organisers of FReeZA events and activities.

National Youth Week

National Youth Week, the biggest annual celebration of young people throughout Australia, was launched in Victoria on 10 April 2015.

The Department funded 92 local government and community organisations to deliver National Youth Week events and activities across Victoria.

Victorian Young Achiever Awards

The Victorian Young Achiever Awards in May recognised young Victorians who demonstrated creative, inspirational and innovative thinking.

The awards attracted more than 190 nominations across nine categories, with one of the category winners being declared the overall Victorian Young Achiever of the Year.

The Minister for Youth Affairs, Jenny Mikakos MP presented the Victorian Government Innovation Award to Alastair Pryor, 25, who designed a collapsible shelter that can be used by homeless people and in other situations. She also presented the overall Young Achiever Award to Georgia Retallick for her work to provide appropriate accommodation for young people with a disability.

Sporting events

The Department funded 61 significant sporting events around Victoria in 2014–15.

This included two longstanding events that are very important to Victoria: the Stawell Gift and the Melbourne to Warrnambool Cycling Classic.

Most of these events were supported through the Significant Sporting Events Program, which funds events that are at a national or international level, or considered regionally significant.

The Department funds sporting events to achieve:

- > direct economic benefits through tourism
- > longer-term branding benefits from promoting Victoria
- > improvements in the liveability of communities throughout Victoria
- > sport development outcomes.

In 2014–15, the Department awarded grants for new events that will be held in future years, including the National Water Polo League Finals at the Melbourne Sports and Aquatic Centre in March 2016 and the 34th FAI World Gliding Championship, which will be held in Benalla in January 2017.

Premier's Active April

A record 103,000 Victorians registered for 2015 Premier's Active April, an annual campaign that encourages everybody to participate in at least 30 minutes of physical activity a day in April.

This initiative provides incentives, opportunities and support to help build positive habits that increase the level of activity.

The program provides participants with information on healthy eating and physical activity, as well as a range of free incentives and participation opportunities from partner organisations.

The Premier's Active April website also provided information on events across the state, and an online activity tracker to record activity throughout the month.

Engagement of multicultural youth in sport and recreation

The Department provided funding to the Centre for Multicultural Youth to build the capacity of the sport and recreation sector by developing a comprehensive, targeted and interactive online training package aimed at state sporting associations and peak sporting bodies.

The online tool is now available to the sport and recreation sector and supports the engagement and sustainability of participation of multicultural young people. Modules in the online training package provide background on refugee and migrant experiences and training on engagement strategies that remove barriers to participation for multicultural youth.

Women in Sport and Recreation program

The Department supported initiatives and projects within the sport sector that focus on:

- > increasing the number of women on boards and in leadership roles
- > increasing the number of opportunities for female participation in coaching and officiating
- > promoting good practice and positive role models
- > creating networking and professional development opportunities and enhancing leadership opportunities for women in sport.

In 2014–15, \$210,000 was allocated across seven Victorian sporting associations: gymnastics, motorcycling, Australian Football League, softball, canoeing and cycling.

Support for clubs and athletes

The Department continued to support Victoria's sporting clubs and athletes through a number of small grants programs.

In total, 618 community clubs around Victoria shared \$600,000 in sporting uniform grants to purchase uniforms essential for sporting participation.

The Country Action Grants Scheme and Victalent provided \$351,000 to 251 clubs to:

- > increase the skills of coaches, officials and managers
- > assist with the travel costs of training and competition
- > improve the accessibility and capacity of community sport and recreation organisations in rural and regional Victoria.

The Elite Athlete Travel Grants program provided \$611,000 to 363 athletes in more than 60 different sports to assist with travelling to compete at national championships or major international events.

Additional investment to upgrade community sport facilities, stadiums and venues

The 2015–16 State Budget provided \$226 million to support the community sports clubs and upgrade stadiums and venues across the state so that they can host more events and hold more spectators, in keeping with Victoria's reputation as the sporting capital.

\$70 million was allocated to upgrade the iconic regional Simonds Stadium in Geelong for the Stage 4 redevelopment that provides for a new grandstand, improved facilities for spectators and increasing the ground's capacity to 36,000. Other new facilities include a rehabilitation centre to help people with a disability return to work.

The \$14 million Active Communities Participation package will ensure all Victorians have the chance to live healthy and active lives, and supports high performance athlete development and also helps people living with a disability to participate.

Investment in community sport and recreation facilities

More than 300 grants to build or update community sport and recreation facilities across Victoria were approved in 2014–15.

Most grants were provided to local councils, including funding for 125 projects approved under the Community Facility Funding Program. These projects range from an aquatic centre and multi-sport stadiums to smaller projects like installation of lighting, provision of new playing surfaces and improvements to pavilions and change rooms.

Seventy-three projects were approved under the Local Facilities for Local Clubs program, with the Victorian Government matching community inputs such as in-kind or cash contributions dollar for dollar up to \$50,000.

Other projects approved in 2014–15 include 38 shooting sports facilities initiatives and 29 projects that will provide new or upgraded facilities for football and netball clubs in country Victoria.

Objective indicator results

	2013	2014	2015
People with a disability who participate in social and community activities			
Number of people supported with individualised support funding	13,938	14,593	15,110
<i>Source: Internal departmental data</i>			
Number of individuals who used disability support services	72,170	74,865	Not available
<i>Source: AIHW Disability Services Australia 2013–14 (Table 202)</i>			
Attendance of young people in detention in accredited education or training			
Percentage of young people in detention of compulsory school age who attended education or training	Not available	100%	100%
<i>Source: Internal departmental data</i>			
Children in out-of-home care meeting literacy and numeracy benchmarks			
	Not available	Not available	Not available
<i>Source: Victoria's vulnerable children: our shared responsibility baseline data report 2013</i>			

Quality of life – with its partners, the Department provides services to support people in need to enjoy a positive life

The Department is responsible for providing services that support people to have a good quality of life, and provide opportunities for people in need to enjoy a positive life.

This means maintaining a stock of good quality social housing that is sustainable for the future.

The Department also supports a framework of tenant behaviour and responsibilities for people living in social housing to ensure neighbours' rights to peace, comfort and privacy are respected.

This objective also relates to giving people with a disability more choice and control over the services they receive.

This objective covers the outputs of:

- > Disability Services
- > Concessions to Pensioners and Beneficiaries
- > Housing Assistance
- > Sport and Recreation Victoria.

Changing Places

Changing Places facilities promote increased access and participation for people with a disability.

Based on the highly successful UK concept, Changing Places facilities are larger than standard accessible toilets and have extra features such as a tracking hoist and more space to meet the needs of people with a disability and their carers.

In 2014–15, the Department provided \$750,000 to support the construction of five Changing Places facilities across Victoria, including the Melbourne Cricket Ground and the Melbourne Zoo.

Maroondah City Council received funding to build and lease out a mobile Changing Places facility for public festivals and events.

A Changing Places facility will also be incorporated into the Rod Laver Arena as part of the Melbourne Park redevelopment.

Online education for general practitioners

A collaborative project with the Centre for Developmental Disability Health Victoria at Monash University produced four online educational modules for general practitioners regarding assessment, management, referral pathways and medication management for people with an intellectual disability presenting with behaviours of concern.

The modules are accredited by the Royal Australian College of General Practitioners, and will be available online in later in 2015.

Disability Worker Exclusion Scheme

The Disability Worker Exclusion Scheme aims to exclude from employment disability residential service workers who have been identified as posing a risk to the safety and wellbeing of clients.

The scheme commenced in September 2014 and aims to strengthen the Department's current safeguards for pre-employment safety screening of disability residential services' workers.

Under the scheme, prospective disability workers must be checked against the exclusion list before working in a disability residential service.

The scheme is part of a program to develop a more comprehensive and integrated approach to safeguarding people with a disability accessing services under the *Disability Act 2006*.

Review of the *Residential Tenancies Act 1997*

The Department is supporting Consumer Affairs Victoria to review the *Residential Tenancies Act 1997* to ensure it continues to balance the rights and obligations of tenants and landlords in a way that meets current and future needs.

The review will consider how to provide greater security of tenure for renters, including the viability of longer-term leases and increased protections for vulnerable tenant groups, such as people who live in caravan and residential parks.

In conjunction with the review, a 'fit and proper person test' for rooming house operators will be implemented in 2015–16. This initiative aims to deter substandard operators and thus help protect the rights of people living in rooming houses.

More crisis accommodation and support for vulnerable Victorian families

The 2015–16 State Budget includes continuing funding of \$40.3 million for seven Homelessness Innovation Action Projects across the state which will assist 2,000 people experiencing homelessness. While the Royal Commission into Family Violence continues, a \$7.5 million budget boost was announced for housing assistance support services for people who are experiencing, or at risk of experiencing family violence and are facing homelessness. This includes funding for existing agencies through the Housing Establishment Fund and the statewide family violence crisis service, Safe Steps.

Oakleigh redevelopment

The Victorian Government has allocated \$14.1 million over four years for the redevelopment of the accommodation facilities at Allen Street, Oakleigh.

New modern housing will be tailored to the needs of the 30 residents with a disability, and it will reflect their and their families' preferences.

Five new purpose-built group homes and a two-bedroom self-contained extension to an existing property will be developed for the residents currently living at Allen Street by 2017.

Additional funding will support increased staff levels to provide more individualised support for residents.

Sandhurst Residential Services Redevelopment

The Department is providing \$7.9 million to build five new community residential units that will be tailored to the needs of individual residents. This will replace the out-dated institutionalised and congregate style of care currently being offered at Sandhurst Residential Services.

Plans are on track to transition the 29 residents of Sandhurst Residential Services to these modern housing units in 2016. During the past year the Department has acquired five sites in the Bendigo area for the new homes. Crow Constructions commenced building three of these and all five homes are scheduled for completion by June 2016 when Sandhurst Residential Services will be decommissioned.

The Department will continue to manage and operate services for all 29 Sandhurst residents

when they transition to new community-based accommodation in 2016. This decision is the final outcome of extensive consultations the Victorian Advocacy League for Individuals with Disability (VALID) undertook in May 2015 with Sandhurst residents, their families, and/or guardians.

Victoria in Bloom Gardener of the Year

Victoria in Bloom recognises the efforts of tenants at public and community housing properties who create gardens that bring beauty and joy, not just to the tenants, but to the wider community.

This year more than 140 entries were received from keen gardeners, across Victoria. There were statewide winners in eight different categories and the inaugural winner in the overall category of Gardener of the Year was Dawn Mott of Port Fairy.

National Disability Insurance Scheme trial site at Barwon

During 2014–15, the Department continued to take a lead role implementing the National Disability Insurance Scheme (NDIS) trial in the Barwon area enabling people with a disability, their families and carers to decide what specific support they receive, based on their needs and aspirations. The scheme also covers some people currently receiving services through the Home and Community Care and mental health programs.

Since the trial of the NDIS began in the Barwon Area, the Department has been working closely with the National Disability Insurance Agency (NDIA) to transition people with a disability in the trial area to the scheme.

Access for All Abilities program

Through the Access for All Abilities program, Sport and Recreation Victoria funded 54 organisations to build the capacity of the sport and recreation sector to provide sustainable opportunities for people with a disability.

In 2014–15, funded organisations worked through their clubs and associations to create participation opportunities for more than 50,000 people with a disability, a 100 per cent increase on the previous financial year.

In addition, Access for All Abilities Play is a first-point-of-call service to link people with a disability to participation opportunities. More than 1,200 individual users per month are now accessing information directly from the Access for All Abilities Play web portal.

Objective indicator results

	2013	2014	2015
New housing allocations to those in greatest need			
Public housing allocations <i>Source: Report on Government Services 2015 (Table 17A.12)</i>	76.7%	79.4%	Not available (January 2016)
Community housing allocations <i>Source: Report on Government Services 2015 (Table 17A.14)</i>	89.8%	86.9%	Not available (January 2016)
Efficient management of housing stock (including occupancy rate and turnaround time)			
Average turn-around time for vacant stock in public housing <i>Source: Report on Government Services 2015 (Table 17A.27)</i>	30.3 days	32.9 days	Not available (January 2016)
Disability clients receiving individualised support to live in the community			
Number of clients provided with individualised support to live in the community <i>Source: Internal departmental data</i>	13,938	14,593	15,110

Report of the Commissioner for Senior Victorians

Mr Gerard Mansour was appointed as Commissioner for Senior Victorians and Chair of the Ministerial Advisory Committee of Senior Victorians in 2013. He was reappointed as Commissioner for a further two years in May 2015.

The Commissioner held two Ministerial Advisory Committee of Senior Victorians meetings in 2014–15, and finalised *Seniors Count! – Victoria’s seniors participation action plan 2014–2019*, which was launched in October 2014. The term of office of the Ministerial Advisory Committee of Senior Victorians ceased on 31 December 2014.

The Commissioner is a member of the Taxi and Hire Car Ministerial Forum, Victoria Police Human Rights Strategic Advisory Committee and the Adult Community and Further Education Taskforce on the Ageing Workforce.

The Commissioner attended meetings to discuss matters relevant to the participation of seniors and the rights of older people with the Hon. Susan Ryan AO, Commonwealth Age Discrimination Commissioner; Kate Jenkins, Victorian Equal Opportunities and Human Rights Commissioner; Rae Lamb, Commonwealth Aged Care Commissioner; Nick Ryan, CEO, Australia Aged Care Quality Agency; and Kim Cull, CEO Aged Care Pricing Commissioner. He also attended the Ageing in a Multicultural Community Forum and the Jewish Community Council Victoria Rights and Responsibilities of Elderly People Forum.

In addition to responding to correspondence from the public, the Commissioner’s role includes raising public awareness of key issues facing seniors, including:

- > regular opinion pieces in print media and online
- > preventative heat health messaging focusing on seniors via Seniors Online and in print media during summer 2014–15
- > print media and online promotion to increase awareness of the importance of elder abuse prevention on World Elder Abuse Awareness Day in June.

Public speaking engagements included a Municipal Association of Victoria Conference on working together toward an age-friendly community; a Council on the Ageing Victoria forum; annual general meetings of Southern Peninsula Community Care, Echuca Community for the Aged and North Ringwood Community House. He was a member of the Ageing Discussion Panel – Committee for Gippsland and gave the opening address at the Surf Coast University of the Third Age Happy and Healthy Ageing program.

The Commissioner also attended meetings and gave presentations on:

- > the ageing workforce for Health and Safety Week – Victorian WorkCover Authority
- > to the Anglicare Australia annual conference
- > Barwon Health Board Leadership Seminar
- > a Hume Whittlesea Primary Care Partnership forum
- > Kingston Positive Ageing Advisory Committee; Mornington Peninsula Advisory Committee for Elders
- > Residents of Retirement Villages Victoria committee
- > meetings of the Hawthorn Rotary Club, Bulleen Probus Club
- > Association of Independent Retirees Eastern Branch and Melbourne Legacy.

He was present at the 2014 Victorian Senior of the Year Awards and at opening day of the Victorian Seniors Festival at Federation Square. He was on the judging panel for the Fire Awareness Awards.

In 2015, the Commissioner commenced work on the impacts of isolation (both social and geographic) and loneliness on the quality of life of senior Victorians. In June he conducted several forums as part of a Listening Tour around Victoria to hear about these issues directly from seniors and those organisations that support them in the community.

Performance reporting

Results in the tables below are coded according to:

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

Acute Health Services

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Admitted Services					
Quantity					
Palliative care bed days	number ('000)	92	92	0.0%	✓
<i>Preliminary result.</i>					
Subacute bed days	number ('000)	648	755	16.5%	✓
<i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to an increase in the number of operational subacute beds.</i>					
Total separations – all hospitals	number ('000)	1,586	1,637	3.2%	✓
<i>Preliminary result.</i>					
Weighted Inlier Equivalent Separations (WIES) – all hospitals except small rural health services	number ('000)	1,133	1,155	1.9%	✓
<i>Preliminary result.</i>					
WIES funded emergency separations – all hospitals	number ('000)	488	524	7.4%	✓
<i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to an increase in use of emergency department short stay units.</i>					
WIES funded separations – all hospitals except small rural health services	number ('000)	1,411	1,446	2.5%	✓
<i>Preliminary result.</i>					
Quality					
Eligible newborns screened for hearing deficit before one month of age	per cent	97	98.4	1.4%	✓
Hand hygiene compliance	per cent	80	81.6	2.0%	✓
Hospitals participating in Victorian Hospital Acquired Infection Surveillance System (VICNISS)	per cent	100	100	0.0%	✓
Intensive Care Unit central line associated blood stream infections (CLABSI) per 1,000 device days	rate	2.5	0.9	–64.0%	✓
<i>The low result reflects the high quality of care provided in Victoria's health system</i>					
Major trauma patients transferred to a major trauma service	per cent	75	92.3	23.1%	✓
<i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to a higher than anticipated percentage of major trauma patients being transferred to a major trauma service.</i>					
Perinatal morbidity notices received, processed and reported	per cent	100	100	0.0%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Public hospitals accredited	per cent	100	100	0.0%	✓
Public hospitals meeting cleaning standards, as assessed by external audit	per cent	100	100	0.0%	✓
Staphylococcus aureus bacteraemias (SAB) infections per 10,000 patient days	rate	2	0.8	–60.0%	✓
<i>The 2014–15 actual is lower than the 2014–15 target due to effective protocols and diligence of health workers.</i>					
Unplanned/unexpected readmission for acute myocardial infarction	per cent	3.7	2.7	–27.8%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the high quality of care provided in Victoria's health system.</i>					
Unplanned/unexpected readmission for heart failure	per cent	10.3	9.6	–7.0%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the high quality of care provided in Victoria's health system.</i>					
Unplanned/unexpected readmission for hip replacement	per cent	2.5	3.0	18.0%	■
<i>Preliminary result. While the 2014–15 result is higher than the target, performance in the second half of 2014–15 improved following the implementation of a number of changes identified through the outlier management process.</i>					
Unplanned/unexpected readmission for knee replacement	per cent	6	5.7	–5.8%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the high quality of care provided in Victoria's health system.</i>					
Unplanned/unexpected readmission for paediatric tonsillectomy and adenoidectomy	per cent	2.2	2.4	10.9%	■
<i>Preliminary result. While the 2014–15 result is higher than the target, performance in the second half of 2014–15 improved following the implementation of a number of changes identified through the outlier management process.</i>					
Timeliness					
Non-urgent (Category 3) elective surgery patients admitted within 365 days	per cent	94.5	92.5	–2.1%	○
<i>Preliminary result.</i>					
Semi-urgent (Category 2) elective surgery patients admitted within 90 days	per cent	80	75.8	–5.3%	■
<i>Preliminary result.</i>					
Urgent (Category 1) elective surgery patients admitted within 30 days	per cent	100	100	0.0%	✓
Cost					
Total output cost	\$ million	7,910.9	8,038.0	1.6%	■
Non-Admitted Services					
Quantity					
Completed post acute episodes	number	44,700	43,749	–2.1%	○
<i>Preliminary result.</i>					
Patients treated in specialist outpatient clinics – unweighted	number ('000)	1,671	1,715	2.6%	✓
<i>Preliminary result.</i>					
Subacute ambulatory care occasions of service	number	556,895	631,680	13.4%	✓
<i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to an increase in the number of fully operational services.</i>					
Quality					
Post acute clients not readmitted to acute hospital	per cent	90	92	2.2%	✓
<i>Preliminary result.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Timeliness					
Subacute ambulatory care service clients contacted within three days of referral	per cent	80	84	5.0%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target, this is a positive result.</i>					
Cost					
Total output cost	\$ million	1,446.6	1,437.9	–0.6%	○
<i>Actual outcome primarily reflects lower than estimated depreciation.</i>					
Emergency Services					
Quantity					
Emergency presentations	number ('000)	1,592	1,609	1.1%	✓
<i>Preliminary result.</i>					
Quality					
Number of occasions on Hospital Early Warning System (HEWS)	number	11,388	4,822	–57.7%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target, this is a positive result.</i>					
Operating time on HEWS	per cent	10	4.2	–58.0%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target, this is a positive result.</i>					
Time on hospital bypass	per cent	3	2.2	–26.7%	✓
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target, this is a positive result.</i>					
Timeliness					
Emergency Category 1 treated immediately	per cent	100	100	0.0%	✓
<i>Preliminary result.</i>					
Emergency patients treated within time	per cent	80	75	–6.3%	■
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the higher volume and acuity of patients presenting in emergency departments, however performance remained comparable with the previous year and showed improvement in subregional hospitals. Continuing strategies around models of care and redesign are being implemented to improve patient flow and efficiency in emergency departments and 'whole of hospital'.</i>					
Emergency patients with a length of stay of less than four hours	per cent	75	70	–6.7%	■
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target, however there continues to be a higher volume of patients presenting in emergency departments treated within time in comparison with the previous year. Continuing strategies around models of care and redesign are being implemented to improve patient flow and efficiency in emergency departments and 'whole of hospital'.</i>					
Proportion of ambulance patient transfers within 40 minutes	per cent	90	87.8	–2.4%	○
<i>Preliminary result.</i>					
Cost					
Total output cost	\$ million	622.3	624.9	0.4%	○
Acute Training and Development					
Quantity					
Clinical placement student days for medicine, nursing and allied health	number	993,960	949,647	–4.5%	○
Number of filled rural generalist GP procedural positions	number	11	19	72.7%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to additional funding provided.</i>					
Percentage of public health services utilising the Best Practice Clinical Learning Environment (BPCLE) tool	per cent	80	98	22.5%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the requirement that health services use the BPCLE tool to be eligible for a Training and Development Grant.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Postgraduate nursing places at Diploma and Certificate level	number	832	832	0.0%	✓
Total FTE (early graduate) allied health positions in public system	number	716	769	7.4%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to final graduate numbers being higher than estimated due to the late intake of interns.</i>					
Total FTE (early graduate) nursing positions in public system	number	1,455	1,557	7.0%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to additional funding committed for increasing demand of nursing and midwifery graduate places.</i>					
Total FTE (early graduate) medical positions in public system	number	1,413.5	1,431.5	1.3%	✓
Cost					
Total output cost	\$ million	295.5	282.8	–4.3%	○
<i>Actual outcome primarily reflects unspent funding that will be sought in 2015–16.</i>					

Ambulance Services

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Ambulance Emergency Services					
Quantity					
Country road cases	number	170,014	167,173	–1.7%	○
<i>Preliminary result.</i>					
Metropolitan road cases	number	395,445	401,044	1.4%	✓
<i>Preliminary result.</i>					
Pensioner and concession cardholder cases	number	287,982	285,150	–1.0%	○
<i>Preliminary result.</i>					
Statewide air cases	number	4,298	3,980	–7.4%	■
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the fluctuating demand drivers inherent in emergency ambulance services delivery.</i>					
Quality					
Audited cases attended by Community Emergency Response Teams (CERT) meeting clinical practice standards	per cent	90	94.8	5.3%	✓
<i>Interim data for the period January to May 2015. No data prior due to paramedic industrial action.</i>					
Audited cases statewide meeting clinical practice standards	per cent	95	98.9	4.1%	✓
<i>Interim data for the period January to June 2015. No data prior due to paramedic industrial action.</i>					
Percentage of adult patients suspected of having a stroke who were transported to a stroke unit with thrombolysis facilities within 60 minutes	per cent	80	84.9	6.1%	✓
<i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to the preparedness of Victoria's ambulance service to respond to adult patients suspected of having a stroke. This reflects the high quality of care delivered to the community.</i>					
Percentage of adult VF/VT cardiac arrest patients with vital signs at hospital	per cent	45	49.8	10.7%	✓
<i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to the preparedness of Victoria's ambulance service to respond to incidents of heart attack. This reflects the high quality of care delivered to the community.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Proportion of patients experiencing severe cardiac or traumatic pain whose level of pain is reduced significantly <i>Preliminary result.</i>	per cent	90	91.3	1.4%	✓
Proportion of patients very satisfied or satisfied with overall services delivered by paramedics. <i>Preliminary result.</i>	per cent	95	97	2.1%	✓
Timeliness					
CERT arrival occurs prior to ambulance <i>Preliminary result.</i>	per cent	85	83.6	–1.6%	○
Proportion of emergency (Code 1) incidents responded to within 15 minutes – statewide <i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to a range of interrelated factors including growing incident demand, case complexity and hospital transfer times. The Department and Ambulance Victoria are working to implement a range of improvement projects to support ambulance availability to improve response times.</i>	per cent	85	74.3	–12.6%	■
Proportion of emergency (Code 1) incidents responded to within 15 minutes in centres with more than 7,500 population <i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to a range of interrelated factors including growing incident demand, case complexity and hospital transfer times. The Department and Ambulance Victoria are working to implement a range of improvement projects to support ambulance availability to improve response times.</i>	per cent	90	79.9	–11.2%	■
Cost					
Total output cost <i>The 2014–15 actual outcome primarily reflects increased funding for government policy initiatives and a transfer from the Ambulance Non Emergency Services output to Ambulance Services output to reflect the new Ambulance Victoria funding model.</i>	\$ million	579.9	609.8	5.1%	✓
Ambulance Non-Emergency Services					
Quantity					
Country road cases <i>Preliminary result. The 2014–15 actual is higher than the 2014–15 target due to higher demand in the context of reduced numbers of Code 3 emergency incidents.</i>	number	41,795	46,902	12.2%	✓
Metropolitan road cases <i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to anticipated lower demand in response to new funding arrangements.</i>	number	256,707	218,234	–15.0%	■
Pensioner and concession card holders transported <i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to anticipated lower demand in response to new funding arrangements.</i>	number	211,366	170,153	–19.5%	■
Statewide air cases <i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the fluctuating demand inherent in emergency and non-emergency air transport service delivery.</i>	number	3,499	2,855	–18.4%	■
Quality					
Audited cases statewide meeting clinical practice standards <i>Interim data for the period January to May 2015. No data prior due to paramedic industrial action.</i>	per cent	94	98.8	5.1%	✓
Cost					
Total output cost <i>The 2014–15 actual outcome primarily reflects a transfer to the Ambulance Emergency Services output to reflect the new Ambulance Victoria funding model.</i>	\$ million	116.6	111.2	–4.6%	■

Mental Health

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Clinical Care					
Quantity					
Clinical inpatient separations	number	21,260	22,799	7.2%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to sustained high demand for acute inpatient beds.</i>					
Community service hours	hours ('000)	1,047	998	–4.7%	○
New case index	per cent	50	51	2.0%	✓
Registered community clients	number	60,000	65,527	9.2%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to sustained high demand for clinical care (both community and bed based) via the mental health system.</i>					
Residential bed days	number	200,750	185,732	–7.5%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to the measure now comprising only aged persons residential mental health services. Prevention and Recovery Care services, Community Care Units are now included in the separate subacute bed days measure.</i>					
Sub-acute bed days	number	184,187	163,884	–11.0%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to the measure including beds that opened during the year, but newly opened services taking some time to become established as part of the system.</i>					
Quality					
Clients readmitted (unplanned) within 28 days	per cent	14	14	0.0%	✓
New client index	per cent	45	45	0.0%	✓
Number of area mental health services achieving or maintaining accreditation under the National Standards for Mental Health Services	number	21	21	0.0%	✓
Post discharge community care	per cent	75	86	14.7%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to increased and sustained attention to this deliverable by mental health services.</i>					
Pre-admission community care	per cent	60	59	–1.7%	○
Timeliness					
Emergency patients admitted to a mental health bed within eight hours	per cent	80	71	–11.3%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to the high number of presentations of persons requiring admission to an acute inpatient bed in large volume metropolitan emergency departments.</i>					
Cost					
Total output cost	\$ million	1,140.30	1,082.0	–5.1%	○
<i>Actual outcome reflects: (i) a decrease in Commonwealth grants (ii) movements within the output group.</i>					
Mental Health Community Support Services (MHCSS)					
Quantity					
Bed days	number	87,000	73,672	–15.3%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to Youth Residential Rehabilitation Services adjusting to the implementation of Mental Health Community Support Services.</i>					
Client Support Units	number	783,100	661,855	–15.5%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to service providers adjusting to new data reporting requirements with the implementation of Mental Health Community Support Services.</i>					
Clients receiving community mental health support services	number	12,600	11,918	–5.4%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to reporting and data compliance and the transition to a new model.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quality					
Proportion of major agencies accredited	per cent	100	100	0.0%	✓
Cost					
Total output cost	\$ million	120.2	123.4	2.6%	✓

Ageing Aged and Home Care

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Seniors Programs and Participation					
Quantity					
New University of the Third Age (U3A) programs funded	number	45–60	55	0.0%	✓
Number of hits on Seniors Online cost savings information pages	number	40,000	46,059	–100.0%	■
<i>The 2014–15 actual is higher than the 2014–15 target due to additional mail outs to seniors during October 2014 and March 2015.</i>					
Seniors funded activities and programs: number approved	number	110–130	152	16.9%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to additional one-off projects and grants approved for funding.</i>					
Quality					
Eligible seniors in the seniors card program	per cent	95	95	0.0%	✓
Senior satisfaction with Victorian Seniors Festival events	per cent	90	90	0.0%	✓
Cost					
Total output cost	\$ million	6.8	8.4	24.0	✓
<i>Actual outcome reflects trust fund expenditure that was not included in the published target.</i>					

Residential Aged Care

Quantity					
Available Bed days	number	1,259,082	1,223,956	2.9%	✓
Standard Equivalent Value Units	number	757,061	727,331	–3.9%	○
Quality					
Residential care services certified and accredited	per cent	100	100	0.0%	✓
Cost					
Total output cost	\$ million	333.4	337.5	1.2%	○

Aged Care Assessment

Quantity					
Aged Care Assessments	number	59,000	58,177	–1.4%	○
Timeliness					
Percentage of priority 1, 2 and 3 clients assessed within the appropriate time – community-based assessment	per cent	85	90.5	6.1%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to improved timeliness resulting from legislative changes to reduce assessments.</i>					
Percentage of priority 1, 2 and 3 clients assessed within the appropriate time – hospital-based assessment	per cent	85	99.1	14.2%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to improved timeliness resulting from legislative changes to reduce assessments.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Cost					
Total output cost	\$ million	55.7	55.0	-1.3%	✓
<i>Actual outcome primarily reflects lower than estimated depreciation.</i>					
Aged Support Services					
Quantity					
Individuals provided with respite and support services	number	8,254	8,643	4.7%	✓
Number of hours of respite and support services	hours	161,250	172,245	6.8%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the variability of carer needs across the state throughout the year.</i>					
Pension-level beds available in assisted Supported Residential Services facilities	number	1,876	1,876	0.0%	✓
Pension-level Supported Residential Services residents provided with service coordination and support/brokerage services	number	775	775	0.0%	✓
Personal alert units allocated	number	27,255	27,371	0.4%	✓
Victorian EyeCare Service (occasions of service)	number	75,800	75,804	0.0%	✓
Quality					
Funded research and service development projects for which satisfactory reports have been received	per cent	100	100	0.0%	✓
Cost					
Total output cost	\$ million	99.8	93.8	-6.0%	○
<i>Actual outcome primarily reflects (i) lower than estimated depreciation (ii) movements within the output group.</i>					
HACC Primary Health, Community Care and Support					
Quantity					
Clients receiving Home and Community Care services	number	300,000	304,782	1.6%	✓
Home and Community Care service delivery hours	number ('000)	11,700	11,207	-4.2%	○
<i>The 2014–15 actual is lower than the 2014–15 target due to the variability of clients services within a year depending on the complexity of needs.</i>					
Standard Equivalent Value Units	number ('000)	6,141	5,860	-4.6%	○
Quality					
Eligible population receiving Home and Community Care services	per cent	30	32.3	7.7%	✓
Cost					
Total output cost	\$ million	707.9	709.6	0.2%	✓

Primary, Community and Dental Health

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Community Health care					
Quantity					
Better Health Channel visits	number ('000)	33,000	53,142	61.0%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the continuing application of search engine optimisation strategies and the facility to access internet health via multiple information devices.</i>					
Number of referrals made using secure electronic referral systems	number	250,000	250,000	0.0%	✓
Primary Care Partnerships with reviewed and updated strategic plans	per cent	100	100	0.0%	✓
Rate of admissions for Ambulatory care sensitive chronic conditions for Aboriginal Victorians	rate	30.9	24.7	–20.1%	✓
<i>Preliminary result. The actual figure is for 2013–14, the most recent available data. It is lower than the target rate due to changes in disease coding practice and a revised estimate of the Victorian Aboriginal population, based on census data. The lower than target is a positive result.</i>					
Service delivery hours in community healthcare	number ('000)	988	1,055	6.8%	✓
Standard Equivalent Value Units	number ('000)	1,038	1,133	9.2%	✓
Quality					
Agencies with an Integrated Health Promotion plan that meets the stipulated planning requirements	per cent	95	100	5.3%	✓
<i>100 per cent of funded agencies have the required Health Promotion Plans.</i>					
Cost					
Total output cost	\$ million	235.8	232.1	–1.6%	○
<i>Actual outcome reflects: (i) a decrease in third party revenue (ii) movements within the output group (iii) unspent funding that will be sought in 2015–16 (iv) lower than estimated depreciation.</i>					
Dental Services					
Quantity					
Persons treated	number	365,000	365,357	0.1%	✓
Standard Equivalent Value Units	number ('000)	1,553	1,555	0.1%	✓
Quality					
Ratio of emergency to general courses of dental care	ratio	40:60	40:60	0.0%	✓
Timeliness					
Waiting time for dentures	months	11	12.2	10.9%	■
<i>The 2014–15 actual is higher than the 2014–15 target due to the deferral of the National Partnership Agreement on Adult Public Dental Services, and changes in the service profile of the state's dental program following the Commonwealth's introduction of the Child Dental Benefit Schedule.</i>					
Waiting time for restorative dental care	months	13	11.8	–9.2%	✓
<i>The 2014–15 actual is lower than the 2014–15 target due to the lower than expected impact of the deferral of the National Partnership Agreement on Adult Public Dental Services, and changes in the service profile of the state's dental program following the Commonwealth's introduction of the Child Dental Benefit Schedule.</i>					
Cost					
Total output cost	\$ million	226.4	222.9	–1.5%	✓
<i>Actual outcome reflects: (i) a decrease in third party revenue (ii) movements within the output group (iii) movement between estimated and actual 2013–14 carryover (iv) lower than estimated depreciation.</i>					

Small Rural Services

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Small Rural Services – Acute Health					
Quantity					
Separations	number ('000)	41.6	36.8	-11.5%	■
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the permissible substitution of acute, aged and home care, primary health services and other services (not captured by these measures) under the Small Rural Health Services funding model. This approach allows the flexibility to deliver services required to meet local needs. A review of the Small Rural Health Service funding model commenced in late 2014–15.</i>					
Standard Equivalent Value Units	number ('000)	1,298	1,174	-9.6%	■
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the permissible substitution of acute, aged and home care, primary health services and other services (not captured by these measures) under the Small Rural Health Services funding model. This approach allows the flexibility to deliver services required to meet local needs. A review of the Small Rural Health Service funding model commenced in late 2014–15.</i>					
Weighted Inlier Equivalent Separations (WIES)	number ('000)	25.7	23.4	-8.9%	■
<i>Preliminary result. The 2014–15 actual is lower than the 2014–15 target due to the permissible substitution of acute, aged and home care, primary health services and other services (not captured by these measures) under the Small Rural Health Services funding model. This approach allows the flexibility to deliver services required to meet local needs. A review of the Small Rural Health Service funding model commenced in late 2014–15.</i>					
Quality					
Beds accredited	per cent	100	100	0.0%	✓
Cost					
Total output cost	\$ million	322	314.3	-2.4%	○
<i>Actual outcome reflects a decrease in third party revenue.</i>					
Small Rural Services – Aged Care					
Quantity					
Small Rural Available Bed Days	number	703,307	705,435	0.3%	✓
Standard Equivalent Value Units	number	353,676	342,544	-3.1%	○
Quality					
Residential care services certified and accredited	per cent	100	100	0.0%	✓
Cost					
Total output cost	\$ million	186.9	178.7	-4.4%	○
<i>Actual outcome reflects a decrease in third party revenue.</i>					
Small Rural Services – Home and Community Care Services					
Quantity					
Home and Community Care service delivery hours	number	758,000	778,725	2.7%	✓
Standard Equivalent Value Units	number	342,000	356,075	4.1%	✓
Cost					
Total output cost	\$ million	33.3	34.9	4.9%	✓
<i>Actual outcome primarily reflects increased funding for government policy initiatives to Small Rural Services.</i>					
Small Rural Services – Primary Health					
Quantity					
Service delivery hours in community health care	number	99,000	98,639	-0.4%	○
Standard Equivalent Value Units	number	104,000	103,621	-0.4%	○
Cost					
Total output cost	\$ million	17.9	17.8	-2.6%	○

Public Health

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Health Protection					
Quantity					
Calls to food safety hotlines	number	4,500	4,891	8.7%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to a large scale food safety incident which resulted in higher than average number of calls.</i>					
Inspections of cooling towers	number	1,000	1,632	63.2%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to increased inspections from legionnaires' disease case investigations and a focus on sites which hadn't previously been inspected.</i>					
Inspections of radiation safety management licences	number	480	579	20.6%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to an increase in inspections following the ban on commercial solarium that came into effect on 1 January 2015. The Department uses these field visits to increase awareness of the regulatory requirements.</i>					
Number of available HIV rapid test trial appointments used	number	2,688	2,749	2.3%	✓
Number of built, demountable and natural shade projects funded under the Shade Grants Program	number	40	46	15.0%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the accelerated roll-out of the program, which resulted in more councils receiving grants than anticipated.</i>					
Persons screened for prevention and early detection of health conditions – breast cancer screening	number	230,000	241,115	4.8%	✓
Persons screened for prevention and early detection of health conditions – cervical cancer screening	number	570,000	563,500	–1.1%	○
Persons screened for prevention and early detection of health conditions – newborn and maternal serum screening	number	80,000	80,000	0.0%	✓
Persons screened for prevention and early detection of health conditions – pulmonary tuberculosis screening	number	2,500	2,666	6.6%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the degree of infectiousness of cases of tuberculosis and the number of close contacts identified.</i>					
Quality					
Calls to food safety hotlines that are answered	per cent	96	99	3.1%	✓
Immunisation coverage: adolescent (Year 10) students fully immunised for DTPa (diphtheria, tetanus and pertussis)	per cent	80	84	5.0%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to greater efforts to increase coverage of year 10 students during 2014.</i>					
Immunisation coverage: at 65+ years of age (influenza)	per cent	80	80	0.0%	✓
Immunisation coverage: at school entry	per cent	95	93	–2.1%	○
Immunisation coverage: at two years of age	per cent	95	90	–5.3%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to the changed definition of this measure. From 2015, the measure includes additional vaccination requirements which have caused a drop in the reported coverage rates. It is anticipated that there will be greater uptake of these additional vaccinations when the awareness of the new requirements grow.</i>					
Public Health emergency response calls dealt with within designated plans and procedure timelines	per cent	100	100	0.0%	✓
Timeliness					
Average time taken from notification of a food complaint to commencement of appropriate action	hours	24	24	0.0%	✓
Infectious disease outbreaks responded to within 24 hours	per cent	100	100	0.0%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Target population screened within specified timeframe for breast cancer	per cent	54	54.5	0.9%	✓
Target population screened within specified timeframe for cervical cancer	per cent	62	60.3	-2.7%	○

Cost

Total output cost	\$ million	231.3	229.9	-0.6%	✓
<i>Actual outcome reflects (i) decrease to funding for government initiatives post published budget (ii) lower than estimated depreciation (iii) movements within the output group (iv) unspent funding that will be sought in 2015–16 (v) movement between estimated and actual 2013–14 carryover.</i>					

Health Advancement

Quantity

Persons completing the Life! – Diabetes and Cardiovascular Disease Prevention program	number	5,616	5,687	1.3%	✓
Workplaces and pubs and clubs complying with smoke free environment laws	per cent	99	99	0.0%	✓

Quality

Local Government Authorities with Municipal Public Health and Wellbeing Plans	per cent	95	100	5.3%	✓
<i>100 per cent of councils have the required Municipal Public Health and Wellbeing Plans for 2013–17.</i>					

Cost

Total output cost	\$ million	87.5	85.1	-2.8%	■
<i>Actual outcome primarily reflects movements within the output group.</i>					

Public Health Development, Research and Support

Quantity

Number of people trained in emergency response	number	2,000	2,024	1.2%	✓
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Cost

Total output cost	\$ million	10.1	13.1	29.3%	✓
<i>Actual outcome primarily reflects movements within the output group.</i>					

Drugs Services

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
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Drug Prevention and Control

Quantity

Contacts through Family Drug Help	number	5,000	6,424	28.5%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to heightened public awareness and media coverage (including the 'What are you doing on Ice' campaign) of drug issues and available services.</i>					
Licences and permits issued to health services or businesses for the manufacture, use or supply of drugs and poisons.	number	1,425	1,475	3.5%	✓
Needles and syringes provided through the Needle and Syringe Program	number ('000)	8,800	8,979	2.0%	✓
Number of telephone, email, website contacts and in person responses to queries and requests for information on alcohol and drug issues (through the Australian Drug Foundation)	number	450,000	1,685,665	274.6%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to heightened public awareness and media coverage (including the 'What are you doing on Ice' campaign) of drug issues and available services.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Treatment permits issued to medical practitioners or nurse practitioners to prescribe Schedule 8 drugs, including pharmacotherapy	number	54,000	39,773	–26.3%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to a large backlog of permit applications that have not yet been processed. Changes have been made to streamline application assessment process.</i>					
Quality					
Pharmacotherapy permits processed within designated timeframe	per cent	100	97	–3.0%	○
Cost					
Total output cost	\$ million	28.6	25.6	–10.5%	✓
<i>Actual outcome primarily reflects (i) unspent funding that will be sought in 2015–16 (ii) movement between estimated and actual 2013–14 carryover (iii) movements within the output group.</i>					
Drug Treatment and Rehabilitation					
Quantity					
Clients on the pharmacotherapy program	number	14,000	14,122	0.9%	✓
Commenced courses of treatment: community-based drug treatment services	number	6,455	14,480	124.3%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the introduction of new reporting requirements and data definitions. The data quality has been improving and it is anticipated that targets will be adjusted when the data collection stabilises.</i>					
Commenced courses of treatment: residential-based drug treatment services	number	6,062	5,994	–1.1%	○
Number of Drug Treatment Activity Units (DTAUs)	number	67,394	34,795	–48.4%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to delays in recommissioning adult non-residential treatment services and the roll-out of growth funding.</i>					
Number of new residential withdrawal clients	number	2,200	1,906	–13.4%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to lower overall throughput of residential withdrawal clients resulting from longer stays and a higher proportion of repeat clients.</i>					
Residential bed days	number	107,310	127,686	19.0%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to over-reporting by drug agencies, where discharged cases are not being closed out.</i>					
Quality					
Percentage of new clients to existing clients	per cent	50	39	–22.0%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to service disruption from the implementation of new systems. Changes to the way clients with more than one course of treatment are recorded in the system has also had an impact.</i>					
Percentage of residential rehabilitation courses of treatment greater than 65 days	per cent	50	43	–14.0%	■
<i>The 2014–15 actual is lower than the 2014–15 target due to shorter average lengths of stay at greater number of services. Further review of models for residential rehabilitation is planned to determine optimal length of stay for differing program models.</i>					
Successful courses of treatment (episodes of care): community-based drug treatment services	number	5,868	11,957	103.8%	✓
<i>The 2014–15 actual is higher than the 2014–15 target due to the introduction of new reporting requirements and data definitions. The data quality has been improving and it is anticipated that targets will be adjusted when the data collection stabilises.</i>					
Successful courses of treatment (episodes of care): residential-based drug treatment services	number	5,636	5,359	–4.9%	○
Trained alcohol and drug workers	per cent	85	68	–20.0%	■
<i>Preliminary result. The figure reported here is from the 2013 Alcohol and Other Drugs workforce survey.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Timeliness					
Average working days between screening of client and commencement of community-based drug treatment	days	3	0.3	-90.0%	✓
<i>The 2014–15 actual is lower than the 2014–15 target due to skewed results from screening and assessment information being captured via a supplementary spreadsheet rather than in the supported database. This is a positive result.</i>					
Average working days between screening of client and commencement of residential-based drug treatment	days	6	7	16.7%	■
<i>The 2014–15 actual is higher than the 2014–15 target due to skewed results from screening and assessment information being captured via a supplementary spreadsheet rather than in the supported database.</i>					
Cost					
Total output cost	\$ million	136.5	140.2	0.4%	✓

Disability Services

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quantity					
Clients accessing aids and equipment	number	30,307	31,619	4.3%	✓
Clients in residential institutions	number	126	116	-7.9%	■
<i>No new clients were admitted, and there was a reduction in the number of clients in residential institutions, leading to a 7.9 per cent reduction in occupancy.</i>					
Clients receiving case management services	number	5,300	5,418	2.2%	✓
Clients receiving individualised support	number	15,365	15,110	-1.7%	○
Hours of community-based respite	number	1,000,000	1,265,077	26.5%	✓
<i>The 2014–15 outcome is higher than the 2014–15 target due to an increased focus on reporting and clarification of counting rules that have been implemented in the past 12 months</i>					
Number of respite days	number	96,000	101,072	5.3%	✓
<i>This result reflects an increased focus on reporting and clarification of counting rules.</i>					
Number of supported accommodation beds	number	5,112	5,112	0.0%	✓
Quality					
Clients satisfied with the aids and equipment services system	per cent	85.0	88.0	3.5%	✓
Clients who have had a comprehensive health status review	per cent	90.0	98.9	9.9%	✓
<i>This is a preliminary result. The result reflects increased monitoring of the requirement to have an annual Comprehensive Health Assessment Program completed for all residents within department-managed residential services. The Department is working to develop an improved reporting methodology.</i>					
Organisations that have successfully completed a quality review (accommodation supports)	per cent	95.0	100	5.3%	✓
<i>All registered organisations successfully completed a quality review within the required timeframe.</i>					
Organisations that have successfully completed a quality review (client services and capacity)	per cent	95.0	100	5.3%	✓
<i>All registered organisations successfully completed a quality review within the required timeframe.</i>					
Organisations that have successfully completed a quality review (individualised supports)	per cent	95.0	100	5.3%	✓
<i>All registered organisations successfully completed a quality review within the required timeframe.</i>					
Support plans reviewed at least once during each period of three years commencing from when the support plan was first prepared (accommodation supports)	per cent	100	95.7	-4.3%	○
<i>This is a preliminary result. The Department is working to develop an improved reporting methodology.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Support plans reviewed at least once during each period of three years commencing from when the support plan was first prepared (individualised supports) <i>This is a preliminary result. The Department is working to develop an improved reporting methodology.</i>	per cent	100	84.0	-16.0%	■
Support plans reviewed every 12 months for persons residing in residential institutions	per cent	100	100	0.0%	✓
Timeliness					
Applications for aids and equipment acknowledged in writing within 10 working days <i>The result is reflective of a timely and responsive service.</i>	per cent	90.0	97.6	8.4%	✓
Proportion of clients whose support is commenced within departmental timelines <i>The result reflects the timely development of funding proposals.</i>	per cent	85.0	94.2	10.8%	✓
Support plans prepared within 60 days of the person commencing to regularly access the disability services (accommodation supports) <i>This is a preliminary result. The Department is working to develop an improved reporting methodology</i>	per cent	100	99.5	-0.5%	○
Support plans prepared within 60 days of the person commencing to regularly access the disability services (individualised supports) <i>This result reflects longer planning periods for individuals with complex needs.</i>	per cent	100	91.3	-8.7%	■
Supported accommodation occupancy rate	per cent	95.0	97.5	2.6%	✓
Cost					
Total output cost	\$ million	1,677.3	1,651.1	1.6%	✓

Child Protection and Family Services

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quantity					
Daily average number of children in out-of-home care placements <i>This outcome reflects increasing demand for out-of-home care placements driven by substantiation of instances of child abuse and neglect.</i>	number	7,343	8,043	9.5%	✓
Number of Child FIRST assessments and interventions <i>The result reflects continuing high demand for Child FIRST services.</i>	number	11,171	13,576	21.5%	✓
Number of children in kinship care whose placements are managed by community service organisations	number	750	715	-4.7%	○
Number of children receiving an intensive support service <i>This is a preliminary result.</i>	number	1,400	1,400	0.0%	✓
Number of family services cases provided to Aboriginal families	number	2,400	2,346	-2.3%	○
Reports to child protection services about the wellbeing and safety of children	number	90,000	91,348	1.5%	✓
Total number of family services cases provided	number	33,600	33,285	-0.9%	○
Quality					
Children and young people in out-of-home care who have had two or less placements in the past 12 months (not including placements at home) <i>This outcome reflects increased placement stability for children and young people in out-of-home care.</i>	per cent	86.0	90.3	5.0%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Children and young people who were the subject of a substantiated report within 12 months of the closure of a previous substantiated report <i>The result is likely to be the impact of demand increasing more than expected.</i>	per cent	15.0	16.8	12.0%	○
Children and young people who were the subject of an investigation which led to a decision not to substantiate, who were subsequently the subject of a substantiation within three months of case closure <i>Performance was well within the target, and this suggests that unsubstantiated closure decision making was of a high quality. This is a positive result.</i>	per cent	5.0	2.4	-52.0%	✓
Organisations that have successfully completed a quality review (family and community services)	per cent	95.0	98.7	3.9%	✓
Organisations that have successfully completed a quality review (specialist support and placement services) <i>All registered organisations successfully completed a quality review within the required timeframe.</i>	per cent	95.0	100	5.3%	✓
Proportion of Aboriginal children placed with relatives/kin, other Aboriginal carers or in Aboriginal residential care <i>The higher than expected result continues as a result of increased focus on the Aboriginal Child Placement Principle in the past 12 months.</i>	per cent	60.0	69.9	16.5%	✓
Proportion of placements that are home-based care	per cent	90.0	94.2	4.7%	✓
Timeliness					
Percentage of child protection investigations assessed as urgent, that were visited, or where attempts were made to visit, within two days of receipt of the report	per cent	97.0	96.7	-0.3%	○
Sexual assault support services clients receiving an initial response within five working days of referral	per cent	95.0	96.4	1.5%	✓
Cost					
Total output cost	\$ million	847.1	889.9	5.1	✓
<i>The higher actual primarily reflects additional government funding to strengthen responses to family violence and additional demand in placement and support services for children and young people in care.</i>					

Youth Services and Youth Justice

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Community-based Services					
Quantity					
Average daily number of clients under community-based supervision <i>The result reflects a lower number of clients under community-based supervision and is indicative of the success of early intervention diversion programs including the Youth Support Service and bail supervision with the youth justice service.</i>	number	1,625	1,021	-37.2%	✓
Proportion of youth justice clients under community-based supervision	per cent	88.5	87.8	-0.8%	○
Quality					
Community-based orders completed successfully <i>The result reflects more young people being supported to successfully complete community-based orders.</i>	per cent	85.0	89.7	5.5%	✓
Timeliness					
Young people on supervised orders who have a client assessment and plan completed within six weeks of the commencement of the order	per cent	95.0	96.5	1.6%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Cost					
Total output cost	\$ million	69.3	65.9	–4.9%	✓
Youth Justice Custodial Services					
Quantity					
Annual daily average number of young people in custody: male (under 15 years) and female	number	15–25	18.6	–25.6%	✓
<i>The result is within target for this measure and reflects the lower number of clients in custody.</i>					
Annual daily average number of young people in custody: males (15 years plus)	number	140–190	123.7	–34.9%	✓
<i>The result is slightly lower than the 2014–15 target range due to a lower number of clients in custody. Performance targets will be reviewed and revised appropriately for inclusion in the 2016–17 Budget Papers.</i>					
Average daily custodial centre utilisation rate: males (15 years plus)	per cent	90–95	67.6	–28.8%	✓
<i>A positive result due to lower utilisation rates across the two Youth Justice precincts.</i>					
Average daily custodial centre utilisation rate: males (under 15 years) and female	per cent	40–65	62.0	–4.6%	✓
Quality					
Clients participating in community re-integration activities	per cent	65.0	70.0	7.7%	✓
<i>The result reflects an increase in the number of young people accessing the temporary leave program in preparation for transition to the community.</i>					
Timeliness					
Young people on custodial orders who have a client assessment and plan completed within six weeks of the commencement of the order	per cent	95.0	98.3	3.5%	✓
Cost					
Total output cost	\$ million	71.8	68.3	–4.9%	✓

Concessions to Pensioners and Beneficiaries

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quantity					
Households receiving mains electricity concessions	number	910,200	909,195	–0.1%	○
<i>The 2014–15 target for this measure was increased due to demand. Eligibility for this concession has not changed.</i>					
Households receiving mains gas concessions	number	599,700	609,160	1.6%	✓
<i>The 2014–15 target for this measure was increased due to demand. Eligibility for this concession has not changed.</i>					
Households receiving non-mains energy concessions	number	22,700	22,291	–1.8%	○
<i>The 2014–15 target for this measure was increased due to demand. Eligibility for this concession has not changed.</i>					
Households receiving pensioner concessions for municipal rates and charges	number	435,900	433,574	–0.5%	○
<i>The 2014–15 target for this measure was increased due to demand. Eligibility for this concession has not changed.</i>					
Households receiving water and sewerage concessions	number	695,900	687,217	–1.2%	○
<i>The 2014–15 target for this measure was increased due to demand. Eligibility for this concession has not changed.</i>					
Number of clients receiving trustee services	number	14,600	13,002	–10.9%	■
<i>The fall in the number of clients was caused by a reduction in the number of VCAT administration, attorneyship and awards management clients. There was no change in eligibility criteria. The number of clients receiving services is primarily determined by court and tribunal decisions.</i>					

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quality					
Percentage of Community Service Agreement performance targets that have been achieved by State Trustees	per cent	90.0	96.9	7.7%	✓
<i>State Trustees met all of the Community Service Agreement primary targets, apart from one. The reason that it was unable to achieve the primary target for the review of attorneyship files related to a change in the way these files are reviewed.</i>					
Timeliness					
Percentage of customer requests answered by State Trustees within the timeliness set in the Community Service Agreement	per cent	90.0	94.6	5.1%	✓
<i>State Trustees met the Community Service Agreement primary targets related to communication with clients.</i>					
Cost					
Total output cost	\$ million	577.1	522.4	-9.5%	✓
<i>The lower actual primarily reflects efficiency improvements identified during compliance audits of concession providers and the improved administration of energy concessions.</i>					

Housing Assistance

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quantity					
Bond loans provided during year	number	12,000	12,252	2.1%	✓
Households assisted with housing establishment assistance during year	number	36,000	36,000	0.0%	✓
<i>This measure is estimated for the year.</i>					
Number of clients assisted to address and prevent homelessness	number	100,000	100,000	0.0%	✓
<i>This is a preliminary result.</i>					
Number of households assisted with crisis/transitional accommodation	number	9,000	9,004	0.0%	✓
Number of households assisted with long-term social housing (public, Aboriginal and community long-term tenancies at end of year)	number	77,343	77,914	0.7%	✓
<i>This is a preliminary result.</i>					
Number of new households assisted to maintain or enter home ownership (including home renovation inspections as well as loans)	number	4,300	4,120	-4.2%	○
Number of public housing dwellings upgraded during year	number	1,720	1,740	1.2%	✓
Total number of social housing dwellings	number	84,868	85,386	0.6%	✓
Total social housing dwellings acquired during the year	number	500	655	31%	✓
Quality					
Percentage of clients with case plans in homelessness support programs with some, most or all of their case plan goals achieved	per cent	90.0	90.0	0.0%	✓
<i>This is a preliminary result.</i>					
Social housing tenants satisfied with completed urgent maintenance works	per cent	85.0	87.9	3.4%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Timeliness					
Average waiting time for public rental housing for those clients who have received early housing allocation	months	10.5	9.5	–9.5%	✓
<i>The positive result reflects continual efforts to reduce vacancy turnaround time and better management of the waiting list.</i>					
Proportion of clients where support to sustain housing tenure was unable to be provided or referred	per cent	18.0	12.0	–33.3%	✓
<i>This is a preliminary result. This result reflects the high number of clients who are provided, or referred to, a service that assists to sustain their housing tenure.</i>					
Cost					
Total output cost	\$ million	398.9	422.7	6.0%	✓
<i>The higher 2014–15 actual is primarily due to the Commonwealth contribution for the one-year extension to the National Partnership Agreement on Homelessness, and a Commonwealth one-off payment to conclude the National Partnership on Remote Indigenous Housing.</i>					

Empowering Individuals and Communities

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Office for Disability					
Quantity					
Number of Disability Advocacy clients	number	1,700	1,869	9.9%	✓
<i>Performance has exceeded the target this year due to rapid responses to client needs and timely throughput occurring. This fluctuates depending on level of complexity of cases.</i>					
Timeliness					
Client satisfaction with advice provided	per cent	100	100	0.0%	✓
Timeliness					
Office for Disability Projects delivered within agreed timeframes	per cent	90.0	100	11.1%	✓
<i>Results at year end are 11 per cent above target. The Victorian state disability plan 2013–2016 is the key deliverable for the Office for Disability and all timeframes have been met.</i>					
Cost					
Total output cost	\$ million	5.5	4.8	–12.7%	■
Community Participation					
Quantity					
Hours of coordination funding provided to Neighbourhood Houses	('000) hours	480	480	0.0%	✓
Strategy implementation actions within agreed performance targets: Community Organisations	per cent	100	100	0.0%	✓
Quality					
Strategy implementation actions within agreed performance targets: volunteering	per cent	100	100	0.0%	✓
Timeliness					
Grants acquitted within the timeframe specified in the terms and conditions of the funding agreement	per cent	90.0	90.0	0.0%	✓
Cost					
Total output cost	\$ million	39.4	39.5	0.3%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Youth Affairs					
Quantity					
Participation by young people in programs that provide opportunities to be involved in social and economic life in their communities <i>The result primarily reflects a greater number of young people participating in Advance, FReeZA and school-leaver events than projected by funded organisations.</i>	number	200,000	264,292	32.2%	✓
Participation by young people in programs that support young people to be involved in decision making in their community <i>The result primarily reflects a greater number of young people participating on FReeZA and National Youth Week committees than originally projected by funded organisations.</i>	number	1,775	2,743	54.5%	✓
Quality					
Participants reporting development of transferrable skills that support education, training and vocational opportunities <i>The result reflects a greater number of young people completing the Advance program, including recognised training.</i>	per cent	75.0	97.0	29.3%	✓
Timeliness					
Percentage of programs delivered within agreed timeframes <i>The result reflects improved project management by funded organisations.</i>	per cent	90.0	99.9	11.1%	✓
Cost					
Total output cost <i>The higher actual is primarily due to expenditure on initiatives carried over from 2013–14.</i>	\$ million	14.7	17.0	15.6%	✓
Sport and Recreation					
Quantity					
Combat sports licences, registrations and permits issued	number	600	> 639	6.5%	✓
Community Facility Grants: number approved <i>The above target result is due to the implementation of new programs with additional funding.</i>	number	130	> 308	136.9%	✓
Events facilitated: Sport and Recreation <i>The above target result is due to demand for funding from a large number of eligible events.</i>	number	50	> 72	44.0%	✓
Number of projects in progress that relate to the planning and development of stat level facilities <i>The above target result is due to government investment in additional projects.</i>	number	3	> 6	100.0%	✓
Number of sports with athletes on Victorian Institute of Sport (VIS) scholarships <i>The above target result is due to the large number of sports which have athletes who are eligible for individual scholarships.</i>	number	20	> 39	95.0%	✓
Sport and recreation organisations undertaking programs or activities to enhance participation <i>The above target result is due to the provision of support to additional organisations.</i>	number	85	> 103	21.2%	✓
Sporting uniform grants: number approved	number	600	> 618	3.0%	✓
Victorian Institute of Sports scholarship holders on national teams/squads <i>The above target result is due to the strong performance of the Victorian Institute of Sports in developing athletes for selection in national teams or squads.</i>	per cent	55	> 72	30.9%	✓

Performance measures	Unit of measure	2014–15 target	2014–15 actual	Variation (%)	Result
Quality					
Contract management of outdoor recreation camps meets agreed key performance indicators	per cent	90	> 94	4.4%	✓
Timeliness					
Annual Community Sport and Recreation Awards held	date	Oct 14	Jun 15	na	✓
Cost					
Total output cost	\$ million	88.1	38.2	-56.7%	✓
<p><i>Actual outcome reflects (i) the impact of the machinery of government transfer of Sport and Recreation Victoria (excluding Major Events) from the Department of Economic Development, Jobs, Transport and Resources from 1 January 2015, whereas the published target includes the full year impact and includes funding for Major Events (ii) unspent funding that will be sought in 2015–16.</i></p>					

Additional service delivery data

Number of clients on the Disability Support Register

Applications for ongoing support are registered on the Disability Support Register, which is used to help determine who receives ongoing supports and to record current needs.

Support is prioritised to people who have the most urgent/critical need.

Statewide	June 2015
Support to live in the community	3,214
Supported accommodation	1,523

Housing waiting list

A waiting list applicant is a person who has made a valid application for public housing, but has not yet been housed, including early housing and wait-turn applicants. This excludes applicants who are in public housing and wish to transfer to another property. At 30 June 2015, there were 34,464 waiting list applications. In addition there were 7,503 transfer applications.

Demand indicators for child protection

Child protection receives, assesses and investigates reports where children may be at risk of significant harm from abuse or neglect within their family, and ensures that appropriate services are provided to protect children from harm.

- > A report is a report to child protection about a child's wellbeing or safety. Reports can also be made about the anticipated wellbeing and safety of unborn children after their birth.
- > An investigation is a comprehensive assessment of allegations made and other concerns about the reported child's safety and wellbeing, including direct assessment of the child and discussion of concerns, and how to address them, with the child, the child's parents or the child's carers.

The number of reports received in 2014–15 was 11 per cent higher than the number in the previous year, while investigations increased by 18 per cent. Substantiations showed a 19 per cent increase from the previous year. Of the 14,787 substantiated cases, 2,483 (17 per cent) involved children who had been part of a previously substantiated case that had been closed in the previous 12 months.

The number of reports received on unborn children in 2014–15 was 17 per cent higher than the number in the previous year.

Child protection demand (quarterly data)	Total for 2014–15	September 2014	December 2014	March 2015	June 2015
Reports on unborn children	1,675	384	392	462	437
Reports on children	91,348	21,053	23,251	23,196	23,848
Investigations	25,053	5,892	6,643	6,245	6,273
Substantiations	14,787	3,621	3,705	3,700	3,761
Re-substantiations within 12 months	2,483				

Child protection and out-of-home care data 2014–15

The following table shows further performance data on child protection and out-of-home care for the Department of Health and Human Services for 2014–15.

Child protection	Percentage
Child protection practitioners receiving regular supervision for 2014–15 (percentage)	84.6

Average rates of unallocated clients 2014–15 (percentage)	North	South	East	West	State
September 2014	13.0	13.9	18.7	18.8	15.8
December 2014	17.9	16.4	20.5	19.9	18.5
March 2015	15.2	14.6	21.1	15.7	16.2
June 2015	15.7	19.3	22.7	12.4	17.1
Annual	15.5	16.1	20.7	16.5	16.9

Out-of-home care

The percentage of children in out-of-home care, who are less than 12 years of age, and placed in residential care, as at 30 June 2015	0.8
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Children aged 12 years and under in residential care may be in specialised arrangements to accommodate sibling groups or to care for children with high and complex needs.

Quality of care concerns

The Department of Health and Human Services encourages reporting of concerns to ensure that the safety and best interests of the child are paramount at all times, and that children and young people in out-of-home care reside in safe, stable and high-quality placements. Quality of care concerns can range from minor quality issues through to possible physical or sexual abuse. All reports are treated seriously at the outset of the process and the best interests of the child or young person are considered paramount.

Investigations often take some time to complete, particularly as the Department and agencies have increased emphasis on reporting to the police. All cases under investigation are carefully monitored to ensure the safety of children. This may involve removing the child from placement, negotiating the removal of the alleged perpetrator or, where the alleged perpetrator does not live in the placement, making arrangements for the child to have no further contact with them.

Number of completed quality of care cases that had an outcome of substantiated abuse during 2014–15	106
Number of new quality of care cases investigated in relation to quality of care concerns during 2014–15	865
Number of quality of care cases that were completed within the period of 2014–15	465

The number of new cases investigated includes cases that were reported to the Department within the 2014–15 financial year, where the Investigation Planning Group outcome was Investigation. The number of completed cases includes cases that were reported, investigated and completed within the 2014–15 financial year. Cases with an outcome of substantiated abuse encompass completed investigations where abuse is substantiated and action is taken in response.

Human Services Standards annual report 2014–15

On 1 July 2012, the Department of Human Services Standards were implemented. Since the formation of the Department of Health and Human Services on 1 January 2015, the Standards were re-gazetted as the Department of Health and Human Services Standards (Standards). Given these Standards apply to the direct-client contact human services activities (children, youth and families, disability services, homelessness services, family violence and sexual assault services), they are known as the Human Services Standards.

Compliance with the Standards is an obligation of the service agreement with the Department, as well as a requirement of registration for:

- > those organisations registered under the *Children, Youth and Families Act 2005*, the *Disability Act 2006*, or both. The approach adopted is determined based on the scope of services provided and level of funding relationship with the Department
- > organisations that receive less than \$21,224¹ for funded activities are generally exempt
- > organisations that receive up to \$106,121¹ for funded activities may provide a self-assessment or be independently reviewed
- > organisations that receive more than \$106,121¹ for funded activities are required to be independently reviewed.

The implementation of the Standards involves a range of assurance activities including self-assessment, independent review and external accreditation/certification processes.

To assure compliance with the Standards, service providers need to:

- > demonstrate compliance with the Standards and the governance and management standards of an approved independent review body
- > be independently reviewed by a department-endorsed independent review body once in every three-year service agreement period
- > gain and maintain their accreditation/certification with their independent review body.

The determination of which assurance activity will be required to assess service provider compliance with the Standards, includes provision for the Department to approve a self-assessment process be undertaken instead of an independent review, with consideration to whether the benefits of the review process outweigh the costs of the review.

Number of service providers

Type	Number
Organisations exempt from independent review and self-assessment due to funding	6
Organisations required to complete a self-assessment	47
Organisations required to undertake an independent review	440

Includes organisations registered for National Disability Insurance Agency purposes.

Reviews completed 2014–15

Type	Number
Number of independent reviews successfully completed	240
Number of independent reviews not successfully completed or certification withdrawn	2

¹ The funding threshold will be indexed annually at the rate provide for in the service agreement.

Registered DSP and CSOs

Registration under the *Disability Act 2006* and the *Children, Youth and Families Act 2005* is managed by the Department's Standards and Regulation Unit which acts as an independent regulator within the Department.

The launch of the National Disability Insurance Scheme has seen an agreement between the Commonwealth and Victorian Government for the existing quality assurance and safeguards of the State of Victoria to remain in place during the launch, until a nationally consistent risk-based quality assurance approach is developed. Some organisations providing services for the National Disability Insurance Agency are also required to be registered with the Department of Health and Human Services and operate in accordance with the Disability Act. This includes complying with the Human Services Standards (gazetted as the Department of Health and Human Services Standards) and where required, providing reports to the Disability Services Commissioner, Community Visitors, Office of the Public Advocate and the Senior Practitioner.

Register of disability service providers

Section 46 of the Disability Act requires the Secretary of the Department of Health and Human Services to keep a register and make available for public inspection a list of disability service providers. Funded organisations that deliver disability services are required to be registered and comply with the Human Services Standards.

The register can be found on the Department's website at www.dhs.vic.gov.au (see For Service Providers > Disability > Service Quality and Improvement).

Register of community services

The Children, Youth and Families Act provides a strong focus on the quality of services delivered to children, young people and families. Funded organisations that deliver family and out-of-home care services are required to be registered and comply with the *Human Services Standards*.

Section 54 of the Children, Youth and Families Act, requires the Secretary of the Department of Health and Human Services to keep a register of community services. Section 57 of the Act requires that the Secretary must make a copy of the register of community services available for inspection on the Department's internet site.

The register can be found on the Department's website at www.dhs.vic.gov.au (see For Service Providers > Children, Youth and Families > Community Service Organisations > Registration requirements for community services).

Registration activity

During 2014–15, the Department refused to register two organisations under the Disability Act on the grounds that they were unable to demonstrate their capacity to meet the Human Services Standards. The following registration activities occurred.

Registration type	New registrations processed 2014–15	Renewals processed 2014–15	Registrations lapsed/revoked 2014–15	Total number registered at 30 June 2015
Registration under the <i>Children, Youth and Families Act 2005</i>	5	10	1	137
Registration under the <i>Disability Act 2006</i>	23*	54 ¹	5*	313 ¹

* Includes organisations registered for National Disability Insurance Agency purposes.

Financial and budgetary performance

Departmental five-year financial summary

Five year financial summary (\$ millions)	2015	2014	2013	2012	2011
Income from government	11,300.5	9,391.6	9,796.1	11,910.8	11,397.9
Total income from transactions	12,215.5	10,045.5	10,560.5	12,019.6	11,475.6
Total expenses from transactions	(12,180.5)	(9,922.5)	(10,315.3)	(11,652.0)	(11,206.5)
Net result from transactions	35.0	123.0	245.2	367.6	269.1
Net result for the period	3.0	137.1	261.2	310.3	260.6
Net cash flow from operating activities	74.8	120.3	25.4	54.0	(7.4)
Total assets	25,138.2	2,118.6	1,979.8	1,666.1	1,450.1
Total liabilities	1,602.1	447.0	462.3	409.8	523.0

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

Departmental current year financial review

As a consequence of the machinery of government changes announced on 4 December 2014, and as a result of the Administrative Arrangements No. 460 (issued under *Administrative Arrangements Act 1983*) on 24 December 2014, the Victorian Government renamed the former Department of Health to the new Department of Health and Human Services, which integrates health and social care policies, programs and services to improve the wellbeing of all Victorians. The renamed department will include the existing outputs relating to the former Department of Health, outputs relating to the former Department of Human, and the outputs relating to Sports and Recreation (from the former Department of Transport, Planning and Local Infrastructure). The Department of Human Services ceased at 31 December 2014, and (along with the Director of Housing) joined the Department of Health to form the Department of Health and Human Services.

The Office for Women was transferred from the former Department of Human Services to the Department of Premier and Cabinet on 1 January 2015.

As a result, the department's 2014–15 financial statements include six months of operations of the former Department of Human Services and Sport and Recreation Victoria, from 1 January 2015 to 30 June 2015, as well as the transfer of all assets and liabilities from 31 December 2014. By comparison, all prior year figures report on the Department of Health only.

All significant variations between the 2014–15 financial results and those from previous years are attributed to the machinery of government changes.

Financial performance and business review

In 2014–15, the department recorded a net result from transactions of \$35.0 million. This surplus is primarily related to the funding mechanism for the capital program in health services. The department is required to book revenue to fully cover the depreciation expense related to assets that reside with health services. During the year, the department is only able to access and allocate depreciation-equivalent funding to on-pass to health services to deliver the government's approved capital program. The depreciation-equivalent revenue that is not able to be allocated is booked as a receivable from the Victorian Government for application towards future capital program expenditure.

Also impacting on the net result from transactions is a reclassification of housing portfolio costs that had previously been treated as capital investment now being reflected as maintenance expenditure.

Financial position – balance sheet

Net assets have increased by \$21.9 billion in 2014–15 compared to prior year, mostly attributed to a \$23.0 billion increase in the value of total assets. This variation is the result of the inclusion of the Housing portfolio in the 2014–15 reports, which was part of the machinery of government changes that took effect from 1 January 2015.

Cash flows

The overall cash position at the end of the 2014–15 financial year is \$491.1 million surplus, which is a decrease of \$1.8 million compared to the beginning of the year.

Comparison with the prior year result is not possible due to machinery of government changes that took effect from 1 January 2015.

Statement of administered items

This statement includes funding from the Commonwealth Government and revenue from the sale of services attributed to the department from the state government. It also includes income and expenses associated with National Health Reform, which are explained below.

Funding arrangements under National Health Reform

The 2014–15 Financial Statements reflect the funding arrangements under the joint Commonwealth–State National Health Reform Agreement. This funding arrangement took effect in Victoria from 1 October 2012.

The arrangement provides for Commonwealth funding under the National Health Reform Agreement (previously paid to Victoria as National Healthcare specific-purpose payments) to be administered via the National Health Funding Pool (NHFP) State Pool Account. From 2012–13, this funding has been reported in the department's Administered Accounts.

Other changes to the Administered Accounts include the reporting of the state contribution for hospital services funded on an activity basis and the payment of the Commonwealth contribution towards services funded through block grants to the department's controlled entity.

The Administrator of the NHFP has responsibility for the receipt of all monies into the NHFP State Pool Account and payment for activity-based services to local hospital networks, based on directions from the Minister for Health. Payments are also made from the NHFP State Pool Account to Victoria for the Commonwealth share of block-funded grants. These payments are also made under directions from the Minister for Health. The Reserve Bank of Australia operates the NHFP accounts on behalf of the Administrator. The Administrator reports NHFP State Pool Account transactions annually through audited special purpose financial statements.

Budget portfolio outcomes

The budget portfolio outcomes provide a comparison between the actual financial statements of all general government-sector entities within the portfolio and the forecast financial information published in the Budget Paper No. 5 *2014–15 Statement of Finances* (BP5).

The budget portfolio outcomes comprise the comprehensive operating statement, balance sheet, statement of cash flows, statement of changes in equity, and administered items statement for the full financial year 2014–15.

The budget portfolio outcomes have been prepared on a consolidated basis for the period 1 July 2014 to 30 June 2015 and include all general government-sector entities within the portfolio. Financial transactions and balances are classified into either controlled or administered categories as agreed with the Treasurer in the context of the published statements in BP5.

The budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office. They are not prepared on the same basis as the department's financial statements as they consolidate financial information of the following entities:

The Department of Health and Human Services (not including Director of Housing – Public Non-Financial Corporation)

- > Victorian Health Promotion Foundation
- > Public hospitals and public health services
- > Multipurpose services
- > Ambulance Victoria
- > Health Purchasing Victoria
- > Victorian Assisted Reproductive Treatment Authority
- > Victorian Institute of Forensic Mental Health.
- > Disability Services Commissioner
- > The Commission for Children and Young People
- > Tweddle Child and Family Health Service
- > The Queen Elizabeth Centre.

Capital projects

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

Currently information on the new/existing capital projects for Departments and the broader Victorian public sector is contained in the most recent Budget Paper No. 4 *State Capital Program* which is available on the Department of Treasury and Finance's website:

<http://www.dtf.vic.gov.au/State-Budget/2015-16-State-Budget/State-Capital-Program>

This publication also contains information on the Department's and its related portfolio agencies' asset investment programs.

Comprehensive operating statement for the financial year ended 30 June 2015

	2014–15 Actual \$M	2014–15 Revised Budget \$M	2014–15 Published Budget \$M	Variation %
Net result from continuing operations				
Income from transactions				
Output appropriations	9,968.2	10,023.8	8,348.3	19.4
Special appropriations	1,272.5	1,296.0	1,192.7	6.7
Interest	62.3	65.1	67.8	(8.0)
Sales of goods and services	1,553.4	1,732.3	1,693.5	(8.3)
Grants	4,832.1	4,599.7	4,487.3	7.7
Fair value of assets and services received free of charge or for nominal consideration	4.6	–	–	100.0
Other income	609.6	485.9	395.8	54.0
Total income from transactions	18,302.8	18,202.8	16,185.5	13.1
Expenses from transactions				
Employee benefits	9,061.1	8,855.9	8,337.1	8.7
Depreciation	798.7	830.3	893.0	(10.6)
Interest expense	91.8	98.4	76.2	20.4
Grants and other expense transfers	1,249.4	1,239.6	799.5	56.3
Capital asset charge	909.9	909.9	879.0	3.5
Other operating expenses	6,106.1	6,316.5	5,101.2	19.7
Total expenses from transactions	18,217.1	18,250.5	16,086.1	13.3
Net result from transactions (net operating balance)	85.7	(47.7)	99.4	(14.5)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	1.2	8.6	–	100.0
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	(2.1)	–	–	100.0
Net gain/(loss) on financial instruments and statutory receivables/payables	(2.1)	–	–	100.0
Other gains/(losses) from other economic flows	(26.6)	2.0	(10.4)	155.8
Total other economic flows included in net result	(29.5)	10.6	(10.4)	183.7
Net result	56.2	(37.1)	89.0	(37.7)
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	(25.8)	–	–	100.0
Asset revaluation reserve	83.0	1.1	–	100.0
Financial assets available-for-sale reserve	(16.0)	0.1	–	100.0
Other	39.0	(16.6)	–	100.0
Total other economic flows – other comprehensive income	80.2	(15.4)	–	100.0
Comprehensive result	136.4	(52.5)	89.0	53.3

The variances between actual and budget are largely due to the machinery of government changes that took effect from 1 January 2015. The 2014–15 actual figures include six months of activity associated with the former Department of Human Services and Sport and Recreation Victoria, which are not reflected in the 2014–15 published Budget figures.

Balance sheet as at 30 June 2015

	2014–15 Actual \$M	2014–15 Revised Budget \$M	2014–15 Published Budget \$M	Variation %
Assets				
Financial assets				
Cash and deposits	948.8	1,072.1	1,020.3	(7.0)
Receivables	2,472.0	2,323.7	2,115.9	16.8
Other financial assets	769.1	831.4	825.4	(6.8)
Investments accounted for using equity method	40.0	1.9	1.9	2,005.6
Total financial assets	4,230.0	4,229.2	3,963.6	6.7
Non-financial assets				
Inventories	79.8	76.8	76.2	4.7
Non-financial assets classified as held for sale including disposal group assets	7.4	8.2	7.4	(0.5)
Property, plant and equipment	14,158.9	13,728.5	12,718.4	11.3
Investment properties	21.7	29.6	29.6	(26.6)
Intangible assets	128.6	109.6	91.0	41.3
Other	96.9	69.7	63.3	53.0
Total non-financial assets	14,493.2	14,022.3	12,985.8	11.6
Total assets	18,723.1	18,251.5	16,949.3	10.5
Liabilities				
Payables	1,484.6	1,440.1	1,237.6	20.0
Borrowings	1,677.2	1,507.4	1,461.8	14.7
Provisions	2,484.6	2,426.1	2,173.9	14.3
Total liabilities	5,646.3	5,373.7	4,873.2	15.9
Net assets	13,076.8	12,877.8	12,076.1	8.3
Equity				
Accumulated surplus/(deficit)	983.7	974.5	1,114.4	(11.7)
Contributed capital and reserves	12,093.2	11,903.4	10,961.7	10.3
Total equity	13,076.8	12,877.8	12,076.1	8.3

The variance is due to the machinery of government changes that took effect from 1 January 2015. The 2014–15 actual figures include six months of activity associated with the former Department of Human Services and Sport and Recreation Victoria, which are not reflected in the 2014–15 published Budget figures.

Statement of cash flows for the financial year ended 30 June 2015

	2014–15 Actual \$M	2014–15 Revised Budget \$M	2014–15 Published Budget \$M	Variation %
Cash flows from operating activities				
Receipts				
Receipts from government	11,327.2	11,671.9	9,701.5	16.8
Receipts from other entities	5,549.4	5,642.4	5,552.6	(0.1)
Interest received	66.2	65.1	67.8	(2.4)
Dividends received	3.5	–	–	100.0
Other receipts	566.3	575.0	435.6	30.0
Total receipts	17,512.5	17,954.5	15,757.4	11.1
Payments				
Payments of grants and other transfers	(1,242.0)	(1,239.6)	(799.6)	55.3
Payments to suppliers and employees	(14,657.5)	(14,950.4)	(13,325.0)	10.0
Capital asset charge	(909.9)	(909.9)	(879.0)	3.5
Interest and other costs of finance paid	(92.0)	(98.4)	(76.2)	20.7
Total payments	(16,901.4)	(17,198.3)	(15,079.8)	12.1
Net cash flows from/(used in) operating activities	611.1	756.2	677.7	(9.8)
Cash flows from investing activities				
Net investment	26.0	2.4	–	100.0
Payments for non-financial assets	(1,054.0)	(858.1)	(896.2)	17.6
Proceeds from sale of non-financial assets	24.2	(4.8)	40.0	(39.5)
Net loans to other parties	10.5	–	–	100.0
Net (purchase)/disposal of investments – policy purposes	14.3	–	–	100.0
Net cash flows from/(used in) investing activities	(979.0)	(860.4)	(856.2)	14.3
Cash flows from financing activities				
Owner contributions by state government	291.6	286.7	294.5	(1.0)
Repayment of finance leases	110.7	(12.4)	(12.4)	(992.8)
Net borrowings	141.9	(18.4)	(3.7)	(3,936.1)
Net cash flows from/(used in) financing activities	554.2	255.9	278.5	95.4
Net increase (decrease) in cash and cash equivalents	176.3	151.7	99.9	76.4
Cash and cash equivalents at the beginning of the financial year	772.5	920.4	920.4	(16.1)
Cash and cash equivalents at the end of the financial year	948.8	1,072.1	1,020.3	(7.0)

The variance is due to the machinery of government changes that took effect from 1 January 2015. The 2014–15 actual figures include six months of activity associated with the former Department of Human Services and Sport and Recreation Victoria, which are not reflected in the 2014–15 published Budget figures.

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

	2014–15 Actual \$M	2014–15 Revised Budget \$M	2014–15 Published Budget \$M	Variation %
Accumulated funds	953.2	1,025.4	1,025.4	(7.0)
Adjustment due to change in accounting policy	(25.8)	–	–	100.0
Transactions with owners in their capacity as owners	–	2.8	–	–
Comprehensive result	56.2	(53.7)	89.0	(36.9)
Accumulated surplus/(deficit)	983.7	974.5	1,114.4	(11.7)
Net contributions by owners	6,174.5	4,926.7	4,926.7	25.3
Transactions with owners in their capacity as owners	–	1,234.9	294.5	(100.0)
Contributions by owners	6,174.5	6,161.6	5,221.2	18.3
Physical asset revaluation reserve	5,291.5	5,208.5	5,208.5	1.6
Comprehensive result	–	1.1	–	–
Physical asset revaluation reserve	5,291.5	5,209.6	5,208.5	1.6
Financial assets available-for-sale reserve	627.2	–	–	100.0
Other reserves	–	532.1	532.0	(100.0)
Comprehensive result	–	–	–	–
Other reserves	627.2	532.1	532.0	17.9
Changes in equity	13,076.8	12,877.8	12,076.1	8.3

Administered items statement for the financial year ended 30 June 2015

	2014–15 Actual \$M	2014–15 Revised Budget \$M	2014–15 Published Budget \$M	Variation %
Administered income				
Interest	1.1	3.0	3.0	(62.2)
Sales of goods and services	311.2	310.8	284.3	9.4
Grants	7,897.1	7,788.8	7,106.2	11.1
Other income	11.1	17.5	17.7	(37.2)
Total administered income	8,220.5	8120.2	7,411.1	10.9
Administered expenses				
Grants and other transfers	7,165.1	7,069.6	6,457.0	11.0
Payments into the consolidated fund	366.0	372.9	331.4	10.4
Expenses on behalf of the state	669.5	680.1	624.3	7.2
Total administered expenses	8,200.5	8,122.6	7,412.6	28.6
Income less expenses	20.0	(2.4)	(1.5)	(1,434.0)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	1.6	7.7	1.5	5.9
Net gain/(loss) on financial instruments and statutory receivables/payables	0.1	–	–	100.0
Other gains/(losses) from other economic flows	–	0.1	–	–
Total other economic flows included in net result	1.6	7.8	1.5	9.9
Net result	21.7	5.4	0.0	100.0
Other economic flows – other comprehensive income				
Other	–	(16.3)	–	–
Total other economic flows – other comprehensive income	–	(16.3)	–	–
Comprehensive result	21.7	(10.8)	–	100.0
Administered assets				
Cash and deposits	1.1	–	–	100.0
Receivables	5.7	11.8	6.4	(11.6)
Other financial assets	1.5	1.3	–	100.0
Other	53.6	21.2	21.2	153.3
Total administered assets	61.9	34.3	27.7	123.3
Administered liabilities				
Payables	15.6	22.0	22.0	(28.9)
Provisions	4.8	4.6	–	100.0
Total administered liabilities	20.5	26.6	22.0	(7.0)
Net assets	41.4	7.7	5.7	626.3
Equity				
Accumulated surplus/(deficit)	16.2	–	–	100.0
Contributed capital	25.2	–	–	100.0
Total equity	41.4	–	–	100.0

The variance is due to the machinery of government changes that took effect from 1 January 2015. The 2014–15 actual figures include six months of activity associated with the former Department of Human Services and Sport and Recreation Victoria, which are not reflected in the 2014–15 published Budget figures.

The Department's ministers



The Honourable Jill Hennessy MP

**Minister for Health
Minister for Ambulance Services**

The Honourable Jill Hennessy MP was elected to the Legislative Council in 2010. She has been the Minister for Health and the Minister for Ambulance Services in the Victorian Government since 4 December 2014.

Minister Hennessy held a number of Shadow Ministerial roles before Labor was elected to government in 2014, including Public Transport, Anti-Corruption, Corrections, Crime Prevention and Women.

Minister Hennessy holds a Masters of Public and International Law, a Bachelor of Laws and a Bachelor of Arts.

Minister Hennessy is a former board member of Western Health, Western Region Health, and former Chair of the Victorian Working Families Council.



The Honourable Martin Foley MP

**Minister for Housing, Disability and Ageing
Minister for Mental Health**

The Honourable Martin Foley MP was elected to the Legislative Assembly in 2007. He has been the Minister for Housing, Disability and Ageing and the Minister for Mental Health in the Victorian Government since 4 December 2014.

Having previously worked in the public housing sector, community development and in protecting the rights of working people, Minister Foley is excited by the challenge of transformational reform for people with disability through the National Disability Insurance Scheme (NDIS).

Together, these portfolios are linked by a once in a generation opportunity to look beyond narrow responses to addressing disadvantage.

Minister Foley holds a BA (Hons) in History and Politics and a Master of Commerce (Hons).

Minister Foley is also the Minister for Equality and the Minister for Creative Industries.



The Honourable Jenny Mikakos MP

Minister for Families and Children Minister for Youth Affairs

The Honourable Jenny Mikakos MP was elected to the Legislative Council in 1999. She has been the Minister for Families and Children and Minister for Youth Affairs in the Victorian Government since 4 December 2014.

Minister Mikakos has held a number of Shadow Ministerial roles including Community Services, Youth Justice, Children, Young Adults, and Seniors and Ageing. She has also served as a Parliamentary Secretary for Justice and Planning.

Having previously chaired the Aboriginal Justice forum for five years, Minister Mikakos is passionate about social justice and human rights and is ready to drive systemic reform needed to improve outcomes for the most vulnerable children, young people and families in Victoria.

Minister Mikakos holds a Bachelor of Laws and a Bachelor of Arts from the University of Melbourne and practiced as a lawyer prior to entering Parliament.

The Families and Children portfolio also covers early childhood development within the Department of Education and Training in recognition of the important role that early childhood services play in supporting vulnerable children.



The Honourable John Eren MP

Minister for Sport

The Honourable John Eren MP was elected to the Legislative Assembly in 2006. He has been a Member of Parliament since 2002. He has been the Minister for Sport in the Victorian Government since 4 December 2014.

Minister Eren is responsible for:

- > ensuring better access and opportunities for participation in sport and recreation for all Victorians
- > maintaining Victoria's status as the sporting capital, and Australia's leading state for sporting events
- > reinforcing the positive role that sport plays in the lives of Victorians.

Minister Eren is also the Minister for Tourism and Major Events and the Minister for Veterans.

The Department's senior executives at 30 June 2015

Dr Pradeep Philip

Secretary

Dr Pradeep Philip commenced as Secretary of the Department of Health and Human Services on 1 January 2015. Prior to this he held the role of Secretary to the Victorian Department of Health.

He leads the Department in developing and implementing government strategies and policy across health, human service and sport and recreation. Dr Philip is responsible for giving advice to four portfolio ministers and providing support to the government on matters within the Department's portfolios.

Dr Philip has extensive experience in both state and Commonwealth Government, including as Associate Director-General in the Queensland Department of Premier and Cabinet, Deputy Secretary in the Department of Premier and Cabinet Victoria, and Director of Policy in the Prime Minister's Office.

Elizabeth Langdon

Acting Deputy Secretary – Executive Services

Elizabeth Langdon was appointed as acting Deputy Secretary, Executive Services in March 2015. Prior to this she held the position of Director, Executive Services and Oversight, where she was responsible for key strategic support and accountability functions.

She has more than ten years' experience in the Victorian Public Service. Before joining the Department in 2013, she held various executive roles in the Victorian Department of Premier and Cabinet.

Elizabeth has also held leadership positions internationally, including at Harvard University School of Public Health and at the United Nations in Geneva and New York. She was also Head of Protocol at the Sydney 2000 Olympic Games.

Amanda Cattermole

Deputy Secretary – Regulation, Health Protection and Emergency Management

Amanda Cattermole is responsible for leading and overseeing public health systems in Victoria, the Department's role in emergency management (with a focus on community relief and recovery) and strategic oversight of a range of regulatory functions designed to protect the health and wellbeing of the Victorian community. The Division's public health functions include regulation of drugs and poisons in Victoria, communicable disease notification and response, radiation safety, food safety and environmental health (working closely with other key state and local government agencies).

Amanda has extensive social policy experience across a number of Commonwealth, state and territory governments, including Western Australia and the Northern Territory. She has led a number of significant policy reforms, including problem gambling and Indigenous housing in remote Australia.

Frances Diver

Deputy Secretary – Health Service Performance and Programs

Frances Diver is responsible for leading the Department's governance and formal accountability arrangements for public health services within Victoria. Her principal responsibilities include:

- > sector performance
- > health policy and program development
- > ambulance services
- > capital programs
- > regulation of private hospitals
- > quality and safety programs.

She has extensive clinical and managerial experience in the health sector, government and community based services.

Katy Haire

Deputy Secretary – Service Design and Operations

Katy Haire has been in the role of Deputy Secretary, Service Design and Operations since the establishment of the new Department. She is responsible for the design and delivery of services across the Department's operational divisions. After joining the former Department of Human Services in 2012, she held the positions of Deputy Secretary, Service Design and Implementation and Deputy Secretary, Community and Executive Services.

She has held a range of policy and senior executive positions at the Victorian Department of Premier and Cabinet, including three years as Director of Social Policy. Prior to this she worked in the Northern Territory in various positions in Aboriginal education and policy.

Terry Symonds

Deputy Secretary – Strategy and Analytics

Terry Symonds is responsible for the development of policy and strategy across the Department. The division leads the Department's government relations, workforce planning, system intelligence and data analytics work as well as developing new policy approaches for client service delivery.

He has a background in both the disability and health service sectors and was appointed in July 2015.

Arthur Rogers

Deputy Secretary – Social Housing and NDIS Reform (Director of Housing)

Arthur Rogers leads Social Housing and National Disability Insurance Scheme Reform and is the Director of Housing, a position he has held since late 2012.

As Director of Housing, he exercises all powers, responsibilities and functions in accordance with the *Housing Act 1983*.

His current responsibilities include leading departmental transition to the National Disability Insurance Scheme, social housing reform and oversight of Victoria's social housing system.

He has also held senior appointments in service design, disability services and regional operational management.

Paul Smith

Deputy Secretary – Mental Health, Wellbeing, Social Capital and Ageing

Paul Smith is responsible for preventive health, primary care, alcohol and drugs, mental health, Aboriginal health and wellbeing, community and economic participation, and sport and recreation.

He has a background in community development, housing and homelessness, and has worked in the public and community sectors in Victoria, South Australia, New South Wales, Far North Queensland and the United Kingdom.

Lance Wallace

Deputy Secretary – Corporate Services

Lance Wallace is responsible for providing an integrated approach to corporate services, allowing the Department to generate benefits in terms of both effectiveness and scale. This drives significant improvements in departmental support processes, including enhancements delivered under the Unified: Purpose, Passion, People Business Process Improvement initiative. The division he leads provides a coordinated corporate and performance planning process and drives efficiency gains in the procurement process.

Peter Fitzgerald

Deputy Secretary – Risk, Review and Evaluation

Peter Fitzgerald is responsible for the Risk, Review and Evaluation function and oversees responses to emerging sectoral risks and challenges. He is presently the Department representative on the Ambulance Policy and Performance Consultative Committee.

He joined the Department in 2008 after a career as lawyer, consultant and community activist. For five years he was an executive director and later Deputy Secretary Health Strategy, Productivity and Analytics in the Department of Health.

Senior executive of the Department of Health prior to 1 January 2015

- > Dr Pradeep Philip: Secretary
- > Prof Chris Brook: Chief Adviser on Innovation, Safety and Quality
- > Elise Davies: Acting Chief Executive Officer – Commission for Hospital Improvement
- > Peter Fitzgerald: Deputy Secretary – Health Strategy, Productivity and Analytics
- > Pier de Carlo: Acting Deputy Secretary – Regulation, Health Protection and Regions
- > Paul Smith: Deputy Secretary – Mental Health, Wellbeing and Ageing
- > Frances Diver: Deputy Secretary – Health Service Performance and Programs
- > Lance Wallace: Deputy Secretary – Corporate Services

Senior executive of the Department of Human Services prior to 1 January 2015

- > Gill Callister: Secretary
- > Arthur Rogers: Deputy Secretary – Social Housing and NDIS Reform (Director of Housing)
- > Katy Haire: Deputy Secretary – Service Design and Implementation
- > Kathryn Anderson: Deputy Secretary – Community and Executive Services
- > Simon Phemister: Deputy Secretary – Policy and Strategy
- > Kerrie Parker: Deputy Secretary – Financial and Corporate Services
- > Jan Snell: Deputy Secretary – North Division
- > Anne Congleton: Deputy Secretary – West Division
- > Chris Asquini: Deputy Secretary – East Division
- > Michael De’Ath: Deputy Secretary – South Division

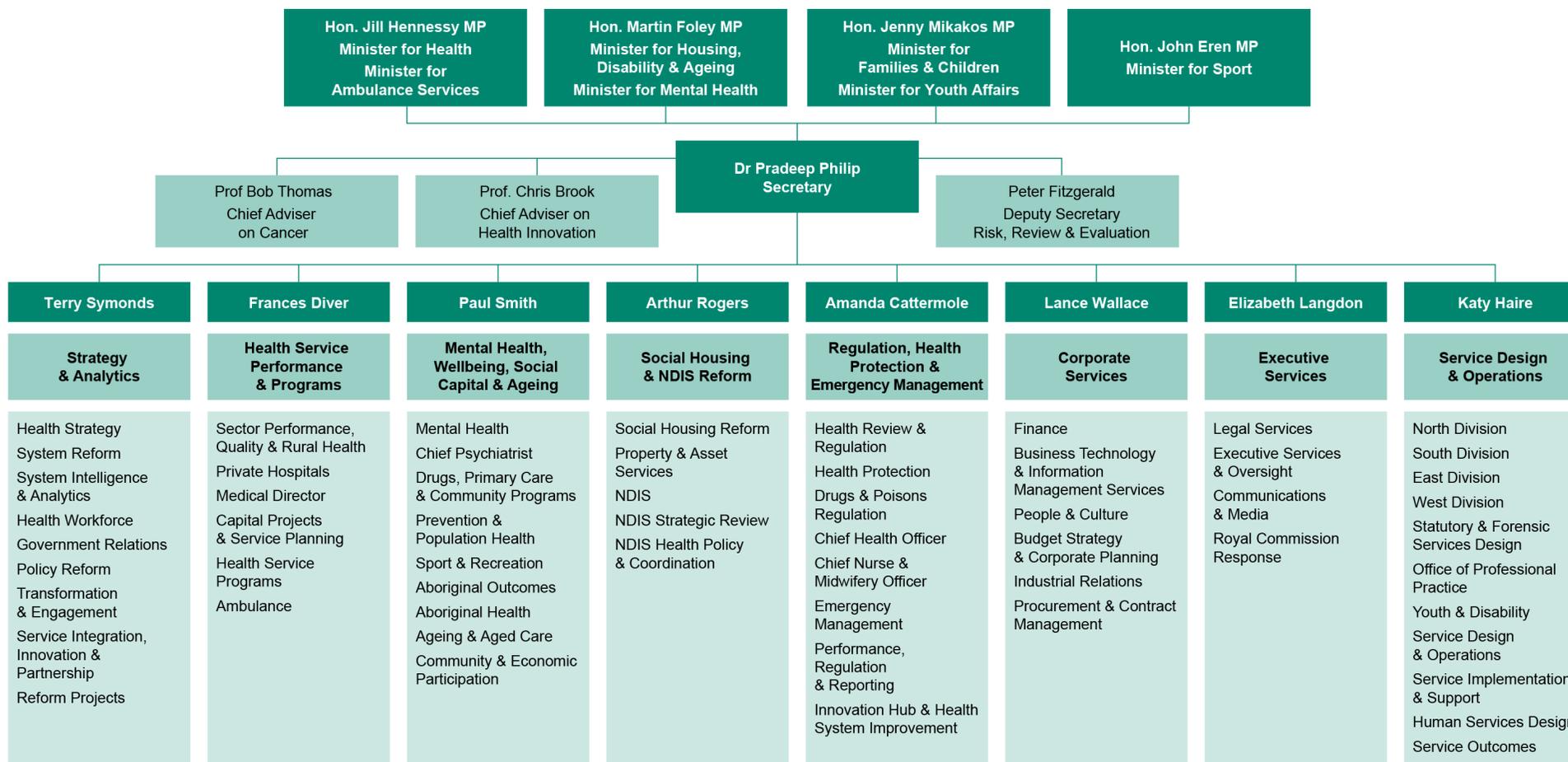
Previous ministers of the Department

Prior to 4 December 2014, the Ministers for the Department of Health and the Department of Human Services for the reporting period were:

- > the Honourable David Davis MLC – Minister for Health and Minister for Ageing from 1 July 2014 to 3 December 2014
- > the Honourable Mary Wooldridge MP – Minister for Community Services, Minister for Disability Services and Reform, and Minister for Mental Health from 1 July 2014 to 3 December 2014
- > the Honourable Wendy Lovell MLC – Minister for Housing from 1 July 2014 to 3 December 2014
- > the Honourable Ryan Smith MP – Minister for Youth Affairs from 1 July 2014 to 3 December 2014
- > the Honourable Heidi Victoria MP – Minister for Women’s Affairs from 1 July 2014 to 3 December 2014
- > the Honourable Damian Drum MP – Minister for Sport and Recreation from 1 July 2014 to 3 December 2014.

Organisational structure

As at July 2015



People and culture

Public administration and employment principles

The Department's values align with public sector values as detailed in the Public Administration Act 2004 and are committed to applying merit and equity principles to all employment policies, programs and resources.

Our people

The newly established Department of Health and Human Services brings together public servants from across government including health, human services, sport and recreation and medical research functions.

The integration of these complementary functions has also brought together the broad range of skills and capabilities of each workforce.

Our people work across a range of fields including aged care, mental health, public health and prevention, sports and recreation, child protection, disability, housing support and youth justice. Our corporate and executive support functions play an essential support role across human resources, communications, information technology, finance and business services.

Creating our culture together

To support the new structure, mission and governance arrangements, the Secretary initiated the development of new organisational values that align to the Department's priorities and desired culture.

In setting the tone for a new and collaborative culture, employees were invited to participate in the development of the values, with over 3,000 employees coming together to collaboratively shape the new values.

A new leadership engagement strategy was also established to support our leaders engage and strengthen connections with each other and staff across the new Department.

Bimonthly executive leadership forums, the weekly 'huddle' and extending the Executive Connect program across the full executive cohort are all features of the new leadership engagement strategy.

Work has continued at local levels across the Department to address the results of the annual People Matter Survey. Actions taken in response to the survey results aim to ensure our workplace is a positive and healthy one, where employees have high levels of engagement and job satisfaction.

Recognising our employees

The Department recognised its employees through its annual staff achievement awards, which acknowledged the achievements and significant pieces of work undertaken across the Department.

Fellow employees nominated 162 teams and individual employees across the corporate, policy and service delivery functions of the Department, of which eight individuals and seven teams received awards in recognition of the difference their work made and their values-based behaviours.

Australia Day Honours 2015

Ms Janice Rosemary Snell awarded for outstanding public service in Victoria, particularly to people in rural and regional communities, through improved governance and delivery of social welfare programs and services.

Ms Snell has initiated improved service delivery to disadvantaged Victorians across rural and regional areas. She has invested considerable thought and effort in building a stronger evidence base for human service delivery practice. Ms Snell has fostered improved relationships with stakeholders creating models of engagement and governance that offer learning's for others. Of particular note is her engagement with Indigenous organisations facilitating their voice in planning and delivery resulting in improved outcomes for children, families and communities. Under her leadership as Deputy Secretary in the Department of Human Services there has also been an improvement in service responses to women and children escaping violence.

Queen's Birthday Honours 2015

Mr Alan Gordon Hall awarded for outstanding public service to disadvantaged Victorians, particularly through exceptional service delivery and support.

Mr Hall has made an exceptional contribution to the Victorian community through the delivery of major reforms during his 36-year career in the public sector. He led the change to an action-oriented, performance culture within the Department of Human Services, introducing the internationally recognised CompStat performance approach, and customising it to drive improvements in both service delivery and compliance. Of particular note, in 2014 when Victoria faced a unique crisis in the form of the Hazelwood Coal Mine fire, Mr Hall played a pivotal role in positioning the state to respond to recovery activities for the community of Morwell and surrounds.

Building capabilities for the future

Throughout 2014–15, the Department invested in employee learning and development that strengthened and enabled the workforce to support and enhance the wellbeing of all Victorians.

Supporting our new employees

Over 130 new employees learned about their new organisation and its culture through a face-to-face orientation session during 2014–15.

Almost 200 new starters also completed modules within the Department's online orientation package which is available on their desktop.

Over 230 new employees were guided through the Beginning Practice in Child Protection program to become front line child protection workers. This is an intensive induction course for new child protection practitioners to introduce them to Victoria's legislation, policy and practice model.

New starters in a variety of direct client service roles completed first aid and CPR, as well as fire safety courses, as part of their work induction.

Supporting our direct client service workforce

A broad calendar of learning and development offerings were provided, covering areas such as specific health management, sexual abuse, family violence, alcohol and other drug misuse and motivational interviewing.

Over two-thirds of the 8,500 direct client service employees participated in learning and development opportunities during the year, while over 3,500 disability employees undertook new or refresher training in first aid and CPR.

Areas of particular focus for our client service workforce during 2014–15 included the roll-out of a series of Ice and Families forums that were attended by departmental and sector employees across the state. Also, in recognition of the importance of violence in workplaces and our client's homes, the Department developed and delivered Planning for Your Safety, a course for employees to assess risk, plan and act on potentially violent situations that may affect them and their clients at work.

Building leadership and management capability

In recognition of the importance of good management practice, the Department invests in preparing new managers and developing existing ones.

Over 1,100 participants attended customised management development courses in 2014–15 in areas such as transitioning to management, creating a safe workplace, managing performance and feedback, managing change, and managing conflict.

The Department also continued to build leadership capability, with dedicated leadership programs delivered to over 150 new and existing managers in the disability accommodation services and child protection workforces.

Over 400 managers began the Leadership Development program, a self-directed program with a primary focus on learning in the workplace through new and challenging experiences, including conversations and interactions with others.

The Department focused on equipping its future leaders with the right capabilities to lead through complex situations through the Leadership Edge program. This year's program provided 19 high-potential VPS6 and equivalent employees with the opportunity to build and develop their leadership capability using the Adaptive Leadership model, which focuses on the practice of mobilising people to deal with challenging situations.

To drive an engaged and collaborative culture throughout the Department, a number of senior leaders completed a 360 degree feedback process during 2014–15. The most powerful aspect of this process was its ability to provide multiple perspectives of participant's behaviour, capability and people management skills.

Thirty-seven senior leaders participated in the Executive Connect Program during 2014–15 which provided the opportunity to be placed alongside patients, carers and other people in health and human services sectors. The program gave an insight into the day-to-day operations in real life situations.

Growing a diverse and inclusive workforce

The Department is committed to a diverse workplace with an inclusive culture, irrespective of gender, ethnicity, generation, flexible work status, sexual orientation or disability.

The Department has supported the building of awareness and empathy for cultural diversity. The Building Aboriginal Cultural Competence program continued to be strongly supported, with over 660 employees from the Department and human services sector attending programs throughout 2014–15. In support of its emerging Aboriginal leaders, the Department sponsored three Aboriginal employees to complete the Latrobe Graduate Certificate in Public Sector Management and over 20 to participate in the annual Institute of Public Administration Australia (IPAA) Professional Indigenous Network Conference.

Youth Employment Scheme

The Youth Employment Scheme is a Victorian Government initiative that enables unemployed and disadvantaged young people aged between 15 and 24 years old to enter the workforce and build sustainable careers through traineeships. The initiative strongly promotes opportunities and targets long-term unemployed and disadvantaged groups, Indigenous youth, people with a disability, particularly in rural and regional Victoria.

The Department engaged a total of 107 young people through the scheme during 2014–15, including 37 trainees in the human service portfolio, 69 trainees across the health portfolio, which included 56 placements in public hospitals, as well as one from the sport and recreation portfolio.

Graduate recruitment

In 2014–15 the Department engaged a total of 21 graduates from diverse academic backgrounds through the Graduate Recruitment and Development Scheme (GRADS).

Graduates participating in the scheme complete three placements in the Victorian Public Service to develop a broad range of experience and are employed within the Department at the conclusion of the program.

This included nine graduates from the human services portfolio, 11 graduates from the health portfolio and one graduate from the sport and recreation portfolio.

Student placement program

The Department offers students undertaking a tertiary qualification the opportunity to complete their fieldwork placement in health and human services as part of their course.

In 2014–15, over 260 students completed their tertiary placement at the Department across Child Protection, Client Outcomes and Service Improvement, Individual and Family Support, Residential Client Services, Secure Services, Corporate Services and the Centre for Human Services Research and Evaluation.

Workforce inclusion policy

The Department is presently reviewing its various workforce inclusion policies and the implementation of measurable targets.

While there are no specific targets currently in place, the Department has structures and initiatives that support and continue to grow a diverse and inclusive workforce. Some initiatives include:

Revising the Disability Action Plan

The Department aims to provide meaningful and satisfying careers for people with a disability. The revised Disability Action Plan will be launched early 2016 and have a strong focus on increasing the participation levels of people with a disability within the Department.

Creating an Aboriginal and Torres Strait Islander Recruitment and Retention Strategy

Under the guidance of the newly formed Aboriginal Recruitment and Retention Strategy Steering Committee the strategy, to be launched late 2015 will be a practical mechanism, to support and develop our existing staff as well as provide guidance to attract and recruit Aboriginal people in to existing jobs at all levels.

Establishment of the DHHS Aboriginal Support Network

The Aboriginal Staff Support Network offers access and support in a culturally safe community of practice. It is a place to share good practice, creative ideas, support each other through issues of concern, access opportunities for personal and professional development and provide input into the Department's work, the policies and the processes so they are inclusive of Aboriginal people

Increased Cultural Safety Awareness

Working with our Aboriginal and Torres Strait Island employees, and program areas such as CALD, LGBTI, Mental Health and Ageing and Aged Care, the Department aims to increase and embed diversity and inclusion in to all relevant training and people and culture policies.

LGBTI inclusion with the establishment of the DHHS Pride Network

The Pride Network is a diversity initiative for all departmental staff interested in, and supportive of, creating safe and inclusive workplaces for LGBTI employees. Part of a broader whole-of-Victorian-Government Pride Network, it offers a space for staff to promote positive LGBTI cultural awareness, participate in professional development opportunities and contribute to the LGBTI diversity work of the Department.

Comparative workforce data

Full-time equivalent (FTE) staffing trends from 2011 to 2015 (ongoing and fixed term)

June 2011	June 2012	June 2013	June 2014	June 2015
11,900	11,540	10,958	11,013	11,185

2011–2014 figures represent the sum of Department of Health and the Department of Human Services figures. FTE: full-time equivalent

Summary of employment levels in June of 2014 and 2015

	Ongoing employees			Fixed-term and casual employees	
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
June 2014	10,235	6,804	3,431	9,381	1,632
June 2015	10,476	6,958	3,518	9,599	1,586

2014 figures represent the sum of Department of Health and the Department of Human Services figures. FTE: full-time equivalent

Details of employment levels in June of 2014 and 2015

	2014			2015		
	Ongoing	Ongoing	Fixed-term and casual employees	Ongoing	Ongoing	Fixed-term and casual employees
	Employees (head count)	FTE	FTE	Employees (head count)	FTE	FTE
Gender						
Female	7,047.0	6,315.0	1,062.6	7,233.0	6,489.0	1,031.1
Male	3,188.0	3,065.8	569.1	3,243.0	3,109.8	555.3
Total	10,235.0	9,380.0	1,631.7	10,476.0	9,598.8	1,586.4
Age						
0–24	147.0	140.0	137.2	174.0	164.0	130.0
25–34	1,682.0	1,558.0	451.4	1,690.0	1,580.8	429.1
35–44	2,527.0	2,235.8	407.1	2,595.0	2,284.7	383.1
45–54	3,196.0	2,961.8	372.8	3,217.0	2,982.0	372.9
55–64	2,323.0	2,164.5	217.0	2,398.0	2,226.8	224.1
64+	360.0	320.7	46.4	402.0	360.4	47.2
Total	10,235.0	9,380.8	1,631.9	10,476.0	9,598.8	1,586.4
Classification						
VPS-1	11.0	7.9	8.0	10.0	7.4	0.7
VPS-2	335.0	301.1	38.9	329.0	293.9	44.3
VPS-3	529.0	498.7	17.2	521.0	493.1	34.2
VPS-4	731.0	681.8	31.0	749.0	699.8	42.0
VPS-5	1,239.0	1,147.5	83.7	1,277.0	1,187.6	87.2
VPS-6	750.0	725.3	50.2	783.0	755.4	64.3
Senior technical specialist	14.0	12.2	3.0	17.0	16.0	1.0
Allied health	251.0	228	33.0	247.0	223.8	17.7
Child protection	1,566.0	1,466.0	257.0	1,626.0	1,521.0	242.5
Disability development and support	3,849.0	3,403.0	910.0	3,907.0	3,447.0	885.5
Executives	120.0	118.5	1.0	124.0	123.7	0
Housing services	439.0	403.0	71.0	448.0	404.6	53.2
Youth justice	241.0	238.0	99.0	291.0	288.4	81.7
Other	160.0	149.0	30.0	147.0	137.0	32.0
Total	10,235.0	9,380.8	1,631.9	10,476.0	9,598.8	1,586.4

2014 figures represent the sum of Department of Health and the Department of Human Services figures. FTE: full-time equivalent
The 'child protection' classification includes payroll award classifications: child protection practitioner and children youth and families.

June 2015

Includes FTE staff from the Commission for Children and Young People.

The 'child protection' June 2015 FTE level for the child protection practitioner classification was 1403 FTE.

June 2014

Includes FTE staff from the Commission for Children and Young People.

The 'child protection' June 2014 FTE level for the child protection practitioner classification was 1,362 FTE.

Executive data

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year.

The remuneration of executives note to the financial statements lists the actual number and remuneration paid to executive officers over the course of the reporting period. The note to the financial statements does not distinguish between executive levels, nor does it disclose separations, vacant positions, executives whose remuneration is below \$100,000, nor does it include the Accountable Officer. Separations are those executives who have left the Department during the financial year.

Disclosures in the report of operations contain information on:

- > executive classifications
- > gender composition of the classifications
- > variances between the current and previous reporting period.

The reconciliation of executive numbers between the report of operations and note 19 remuneration of executives to the financial statements is to improve the transparency and completeness of the information that is disclosed.

For executive numbers across the Victorian Public Service, the Department has included executive numbers for all portfolio entities.

Executive Officers definition

For a department, an executive officer (EO) is a person employed as an executive under Part 3, Division 5 of the *Public Administration Act 2004*.

Additionally, the total group of executives must be classified into two distinct categories based on the following definitions:

- > 'Ongoing' executives are executives who are responsible for functions or outputs that are expected to be ongoing at the reporting date
- > 'Special projects' executives are executives who are employed for a specific project. These projects are generally for a fixed period of time and relate to a specific government priority.

For portfolio entities an executive officer is a person employed as an executive officer at an annual remuneration rate not less than an executive officer employed by a department.

The definition of an executive officer does not include Governor-in-Council appointments as statutory office holders.

Portfolio entities definition

A portfolio entity is defined as a public entity under the *Public Administration Act 2004*.

The following tables disclose the executive officers of the Department and its portfolio entities for 30 June 2015:

- > Table 1 discloses the number of executive positions (EO) in the categories of 'Ongoing' and 'Special Projects' and the total numbers of EO positions for the Department
- > Table 2 provides a breakdown of EO positions according to gender of male and female for the categories of 'Ongoing' and 'Special Projects'
- > Table 3 provides a reconciliation of executive numbers between the report of operations and note 19 remuneration of executive to the financial statements
- > Table 4 provides the total executive numbers for the Department's portfolio entities.

Table 1 to 4 also discloses the variations, denoted by 'Var' between the current and previous reporting periods and current vacancies.

Executive Remuneration Committee

The committee is responsible for ensuring a consistent and rigorous approach in the management of key elements of remuneration setting for executive level staff. In the context of government executive remuneration and employment policy, the committee determines departmental executive level remuneration policy and considers individual remuneration adjustment requests.

The committee comprises:

- > Secretary, Department of Health and Human Services (Chair)
- > Deputy Secretary, Corporate Services
- > Director, People and Culture
- > Independent external member (for specific issues as needed).

Number of executive officer positions classified into ‘ongoing’ and ‘special projects’

Class	All		Ongoing		Special projects	
	No.	Var.	No.	Var.	No.	Var.
Secretary	1	-1	1	-1	0	0
EO-1	5	0	5	0	0	0
EO-2	60	1	58	1	2	0
EO-3	73	-1	73	-1	0	0
Total	139	-1	137	-1	2	0

(i) Special projects as at 30 June 2015: Director, Royal Commission Response – Band 2 and Project Director, Public Sector Residential Aged Care Services Reallocation Project – Band 2.

(ii) Variation (Var.) figures represent the former departments, Department of Human Services, Department of Health, and Sport & Recreation Victoria.

Breakdown of active executive officers by gender for ‘ongoing’ and ‘special projects’

Class	Ongoing					Special projects				
	Male		Female		Vacancies	Male		Female		Vacancies
	No.	Var.	No.	Var.	No.	No.	Var.	No.	Var.	No.
Secretary	1	0	0	-1	0	0	0	0	0	0
EO-1	2	0	3	1	0	0	0	0	0	0
EO-2	22	2	30	1	6	2	0	0	0	0
EO-3	26	-4	39	2	8	0	0	0	0	0
Total	51	-2	72	3	14	2	0	0	0	0

(i) Variation (Var.) figures represent the former departments, Department of Human Services, Department of Health, and Sport & Recreation Victoria.

Reconciliation of executive officer numbers

		2014	2015
Executives with total remuneration over \$100,000 (Financial Statement Note 19a)		124	68
Add	Vacancies (refer above)	16	14
	Executives employed with total remuneration below \$100,000 (Financial Statement Note 19(a))	16	63
	Accountable Officers (Secretary)	2	1
	Accountable Officer (Director of Housing)	1	1
	Chief Executive Officer, Commission for Children and Young People	1	1
Less	Separations	-20	-9
Total executive numbers at 30 June 2015		140	139

(i) The variation in total executive numbers at 30 June 2015 is due to the Machinery of Government changes effective from 1 January 2015 with the inclusion of executives from the former Department of Human Services, Department of Health and Sport and Recreation Victoria.

(ii) 2014 figures represent the former departments, Department of Human Services, Department of Health, and Sport & Recreation Victoria including Secretary's for the Department of Human Services and Department of Health.

(iii) The number of executives in the report of operations is based on the number of executive positions that were occupied at the end of the financial year. Note 19 in the 'Department of Health and Human Services financial statements' lists the actual number of and amount of remuneration paid to executive officers over the course of the reporting period. The financial statements note does not distinguish between executive levels, nor does it disclose separations, vacant positions, nor does it include the accountable officers.

Number of Executive Officers for the Department's portfolio agencies

Organisation	2014			2015			Change		
	Female	Male	Active	Female	Male	Active	Female	Male	Active
Albury Wodonga Health	3	4	7	4	4	8	1	0	1
Alexandra District Hospital	3	0	3	2	0	2	-1	0	-1
Alfred Health	3	3	6	3	5	8	0	2	2
Alpine Health	0	2	2	0	1	1	0	-1	-1
Ambulance Victoria	4	5	9	3	4	7	-1	-1	-2
Austin Health	3	5	8	3	5	8	0	0	0
Bairnsdale Regional Health Service	2	2	4	2	2	4	0	0	0
Ballarat General Cemeteries Trust	0	1	1	0	1	1	0	0	0
Ballarat Health Services	5	5	10	5	5	10	0	0	0
Barwon Health	2	4	6	4	4	8	2	0	2
Bass Coast Regional Health	2	2	4	2	2	4	0	0	0
Beaufort and Skipton Health Service	0	1	1	0	1	1	0	0	0
Beechworth Health Service	0	1	1	0	1	1	0	0	0
Benalla Health	1	1	2	1	1	2	0	0	0
Bendigo Health Care Group	3	6	9	3	4	7	0	-2	-2
Boort District Hospital	1	0	1	1	0	1	0	0	0
Breast Screen Victoria	4	1	5	5	1	6	1	0	1
Casterton Memorial Hospital	0	1	1	0	1	1	0	0	0
Castlemaine Health	1	1	2	2	2	4	1	1	2
Central Gippsland Health Service	2	1	3	2	2	4	0	1	1
Cobram District Hospital	0	2	2	0	1	1	0	-1	-1
Cohuna District Hospital	0	1	1	0	1	1	0	0	0
Colac Area Health	0	1	1	0	1	1	0	0	0
Dental Health Services Victoria	4	2	6	4	2	6	0	0	0
Djerriwarrh Health Services	3	3	6	3	3	6	0	0	0
Dunmunkle Health Services	0	1	1	0	1	1	0	0	0
East Grampians Health Service	0	2	2	0	1	1	0	-1	-1
East Wimmera Health Service	1	0	1	1	0	1	0	0	0
Eastern Health	2	7	9	2	7	9	0	0	0
Echuca Regional Health	1	2	3	1	2	3	0	0	0
Edenhope and District Memorial Hospital	1	0	1	0	1	1	-1	1	0
Geelong Cemeteries Trust	0	1	1	0	1	1	0	0	0

Organisation	2014			2015			Change		
	Female	Male	Active	Female	Male	Active	Female	Male	Active
Gippsland Southern Health Service	0	4	4	0	3	3	0	-1	-1
Goulburn Valley Health Services	4	2	6	4	2	6	0	0	0
Greater Metropolitan Cemetery Trust	2	2	4	2	2	4	0	0	0
Health Purchasing Victoria	4	1	5	4	3	7	0	2	2
Heathcote Health	0	1	1	0	1	1	0	0	0
Hepburn Health Service	4	2	6	4	2	6	0	0	0
Hesse Rural Health Service	0	1	1	0	1	1	0	0	0
Heywood Rural Health	0	1	1	1	0	1	1	-1	0
Inglewood and Districts Health Service	0	1	1	0	1	1	0	0	0
Kerang District Health	0	1	1	0	1	1	0	0	0
Kilmore and District Hospital	0	1	1	0	1	1	0	0	0
Kooweerup Regional Health Service	1	0	1	1	0	1	0	0	0
Kyabram and District Health Services	0	1	1	0	1	1	0	0	0
Kyneton District Health Service	1	0	1	1	0	1	0	0	0
Latrobe Regional Hospital	3	1	4	2	2	4	-1	1	0
Lorne Community Hospital	1	0	1	1	0	1	0	0	0
Mallee Track Health and Community Service	0	1	1	0	1	1	0	0	0
Mansfield District Hospital	1	0	1	1	0	1	0	0	0
Maryborough District Health Service	1	0	1	0	1	1	-1	1	0
Melbourne Health	4	1	5	4	2	6	0	1	1
Monash Health	4	8	12	5	9	14	1	1	2
Moyne Health Services	0	1	1	0	1	1	0	0	0
Northeast Health Wangaratta	2	2	4	2	2	4	0	0	0
Northern Health	8	6	14	5	2	7	-3	-4	-7
Numurkah District Health Service	1	0	1	1	0	1	0	0	0
Omeo District Health	0	1	1	0	1	1	0	0	0
Orbost Regional Health	1	0	1	1	0	1	0	0	0
Otway Health and Community Services	1	0	1	1	0	1	0	0	0
Peninsula Health	3	3	6	3	4	7	0	1	1
Peter MacCallum Cancer Centre	8	3	11	6	4	10	-2	1	-1
Portland District Health	1	0	1	1	0	1	0	0	0

Organisation	2014			2015			Change		
	Female	Male	Active	Female	Male	Active	Female	Male	Active
Remembrance Park Central Victoria	0	1	1	0	1	1	0	0	0
Robinvale District Health Services	1	0	1	1	0	1	0	0	0
Rochester and Elmore District Health Service	1	0	1	1	1	2	0	1	1
Rural Northwest Health	1	0	1	1	0	1	0	0	0
Seymour District Memorial Hospital	0	1	1	0	1	1	0	0	0
South Gippsland Hospital	0	1	1	0	1	1	0	0	0
South West Healthcare	2	4	6	2	5	7	0	1	1
Southern Metropolitan Cemeteries Trust	2	3	5	3	2	5	1	-1	0
State Sport Centres Trust	0	4	4	0	3	3	0	-1	-1
Stawell Regional Health	1	0	1	1	0	1	0	0	0
Swan Hill District Health	1	3	4	1	3	4	0	0	0
Tallangatta Health Service	1	0	1	1	0	1	0	0	0
Terang and Mortlake Health Service	0	1	1	1	0	1	1	-1	0
The Queen Elizabeth Centre	1	0	1	1	0	1	0	0	0
The Royal Children's Hospital	7	4	11	5	4	9	-2	0	-2
The Royal Victorian Eye and Ear Hospital	4	1	5	5	1	6	1	0	1
The Royal Women's Hospital	5	2	7	5	2	7	0	0	0
Timboon and District Health Care Service	0	1	1	0	1	1	0	0	0
Tweedle Child and Family Health Service	1	0	1	1	1	2	0	1	1
Upper Murray Health and Community Service	1	0	1	1	0	1	0	0	0
Victorian Assisted Reproductive Treatment Authority	1	0	1	1	0	1	0	0	0
Victorian Health Promotion Foundation	2	3	5	1	3	4	-1	0	-1
Victorian Institute of Forensic Mental Health (Forensicare)	0	4	4	0	4	4	0	0	0
Victorian Institute of Sport	1	0	1	1	0	1	0	0	0
West Gippsland Healthcare Group	2	2	4	3	2	5	1	0	1
West Wimmera Health Service	2	2	4	2	2	4	0	0	0
Western District Health Service	1	3	4	0	3	3	-1	0	-1

Organisation	2014			2015			Change		
	Female	Male	Active	Female	Male	Active	Female	Male	Active
Western Health	15	11	26	17	10	27	2	-1	1
Wimmera Health Care Group	1	4	5	1	4	5	0	0	0
Yarram and District Health Service	1	0	1	1	0	1	0	0	0
Yarrawonga Health	0	1	1	1	0	1	1	-1	-1
	161	169	330	161	168	329	0	-1	-1

Data provided reflects the number of Executive Officers for the Department's portfolio agencies as at 30 June 2015.

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

Some 2014 figures differ to information printed in the Department's 2013–14 Annual Report, which is due to the correction of errors identified after printing.

Occupational health and safety

The high priority and commitment to ensuring staff health, safety and wellbeing is reflected in the Departments' Health Safety and Wellbeing policy. The policy articulates specific actions for the Secretary and Deputy Secretaries to support this.

Improvement initiatives

During 2014–15, the following initiatives were implemented to support the Department's ongoing efforts to ensure and improve the health, safety and wellbeing of our staff:

- > implementation of an improved OHS issue resolution procedure and a new OHS incident notification and investigation procedure to support timely and effective response to OHS incidents in our workplaces
- > refinement of OHS performance reporting to support managers in monitoring and ensuring the health safety and wellbeing of their staff.
- > collaboration with WorkSafe to develop an action plan for promoting and supporting staff wellbeing in the workplace, including implementation of the Healthy Together Achievement Program throughout the Department
- > targeted 'hot spot' strategies in divisions to identify and provide enhanced support for workplaces with high incidence or likelihood of injuries
- > improved support and training for disability accommodation services staff in applying occupational violence and manual handling risk management tools
- > a sustained focus on improving incident reporting and responses in Youth Justice centres resulting in a significant improvement in health and safety culture and performance
- > continued promotion and delivery of Managing Safe Workplaces training for managers and supervisors
- > development of a new training program for frontline staff, planning for your safety, aimed at preventing and managing occupational violence risks
- > provision self-care and resilience workshops, and on-site support, for Child Protection staff
- > a comprehensive program of activities for staff during the annual Health and Safety week, including an annual health and safety representative forum
- > continued promotion and availability of the Employee Assistance Program and the Critical Incident Response Management service for staff experiencing difficulties at work or elsewhere.

The Department's results in 2014–15 have included:

- > a reduction in the overall number and rate of incidents
- > a decrease in the overall number and rate of WorkCover claims
- > an increase in the total and average cost of WorkCover claims
- > fewer claims arising from work-related stress and manual handling
- > a reduction in the number of staff absent from work for more than 13 weeks as result of injury.

To address the issue of increased claims costs, the Department is focusing on improving manager skills and knowledge of injury prevention and WorkCover processes, and in the event that staff are injured, the implementation of early intervention and effective return to work strategies and initiatives.

Employment and conduct principles

The Department complies with the employment principles of the *Public Administration Act 2004* and continually updates policies and procedures to advance these principles.

The *Public Administration Act 2004* also details a set of values that apply to the broader public sector – the Department's values are aligned with the public sector values and implemented throughout the Department in many ways, including performance planning and employee recognition processes

The Department's performance against OHS management measures

Measure	KPI	2012–13	2013–14	2014–15
Incidents and hazards	No. of incidents	7436	7915	7311
	Rate per 100 FTE	67.67	71.49	65.36
Claims	No. of standard claims ¹	431	460	410
	Rate per 100 FTE	3.933	4.176	3.665
	No. of lost time claims	207	221	199
	Rate per 100 FTE	1.889	2.006	1.779
	No. of claims exceeding 13 weeks ²	112	133	100
	Rate per 100 FTE	1.022	1.208	0.894
Fatalities	No. of fatalities	0	1	0
Claims costs ³	Average cost per standard claim ⁴	\$47,349	\$46,918	\$59,873
Return to work index	Percentage of claims (with 10 days or more off work) where worker has returned to work within six months of when the claim was lodged with Victorian WorkCover Authority agent	79.73	82.59	84.19

2012–13 and 2013–14 figures represent the sum of Department of Health and the Department of Human Services figures.

FTE: full-time equivalent; OHS: occupational health and safety

1. Includes accepted, pending and rejected claims that met the standard claims threshold.
2. Data extracted with a six-month lag to allow for claims to reach 13 weeks compensation.
3. Includes payments and estimated future costs.
4. Data extracted with a three-month lag to allow for the claims estimate to develop to give an accurate picture of associated costs. Figures for 2012–13 and 2013–14 are calculated as at June 2015.

Measure	KPI	Performance
Management commitment	OHS policy statement and OHS criteria	<p>A health safety and wellbeing policy and a comprehensive set of health safety and wellbeing accountabilities were developed, covering all managers and staff in the Department.</p> <p>The 2014–2017 occupational health and safety strategy continues to be the basis of the implementation plans and is being reviewed to establish a health safety and wellbeing strategy for 2015–2018. The strategy will be endorsed by the board.</p> <p>The Department has reviewed and is updating the OHS management system. A gap analysis has been completed to identify and prioritise the elements required.</p> <p>Comprehensive OHS performance reports are provided to senior leaders on a monthly basis. In addition, middle and senior managers have desktop access to OHS performance reports through the Department's corporate reporting tool.</p> <p>Department templates for purchasing goods and services include standard criteria for ensuring vendors comply with OHS legislative requirements.</p>

Measure	KPI	Performance
Consultation and participation	Designated work group structures and issue resolution procedures	<p>The Department has in place a comprehensive cascading OHS consultation structure comprising committees at the area, divisional and statewide level. Committee meetings follow a coordinated schedule to ensure timely escalation and resolution of any identified OHS issues.</p> <p>In consultation with all employees the Department has developed an OHS issue resolution procedure.</p> <p>The Department has developed an incident notification and investigation procedure to support a timely and effective response to OHS incidents in our workplaces.</p> <p>The Department continues to maintain an extensive network of 453 designated work groups with 459 health and safety representatives and 126 designated management representatives.</p>
Risk management	Regular internal audits conducted and issues identified and actioned.	<p>Department mechanisms for identifying and controlling OHS hazards to prevent or reduce the likelihood of harm include Disease, Injury, Near Miss and Accident (DINMA) reports, specific risk management tools and workplace inspections.</p> <p>Action was taken to address 10 provisional improvement notices that were issued by health and safety representatives during the period.</p> <p>WorkSafe made 116 visits to the Department's worksites and issued 22 WorkSafe notices.</p> <p>Specific projects were commenced to reduce the likelihood or impact of injuries from occupational violence and manual handling. A project was also undertaken to reduce the incidence and impact of work-related stress.</p> <p>In collaboration with WorkSafe the Department has developed an action plan for proactively supporting and monitoring staff wellbeing in the workplace. This activity includes implementation of the <i>Healthy Together Achievement Program</i> throughout the Department.</p>
Training	Managers, health and safety representatives trained and other staff trained.	<p>One hundred and sixty-three managers participated in the Department's Managing Safe Workplaces training program.</p> <p>All health and safety representatives elected in 2014–15 were encouraged and supported by the Department to undertake the five-day health and safety representative training program.</p> <p>The Department conducts an annual health and safety representative forum each October as a key activity during Health and Safety Week. There were approximately 140 participants in the 2014 forum.</p> <p>Forty-eight staff participated in the Department's existing occupational violence training program for frontline staff. This preceded a review of the program during the year which led to a new program Planning for Your Safety being developed, responding to the training needs of a broader range of frontline staff. One hundred and sixty-three staff participated in the new program in 2014–15.</p>

Standard claims are those that have exceeded the employer excess (days or dollars) or are open claims that have been received but have no payments at the time of extraction and may be rejected.

A time-lost claim is one with one or more days compensation paid by the Victorian WorkCover Authority (that is, once the employer has paid the 10-day excess) at the time of extraction.

13-week claims are claims that involve 13 weeks or more of weekly benefits paid. The 13-week measure begins at day one (that is, employer excess and Victorian WorkCover Authority payments).

Disclosures

Audit and risk management

Audit committee membership and roles

The Audit and Risk Management Committee is an independent committee established in accordance with the *Financial Management Act 1994* and the *Standing Directions of the Minister for Finance* (2003).

The Committee operates under an approved charter and has the following members:

- > Jo-Anne Stephenson, Chair (independent appointee)
- > Peter Lewinsky, Deputy Chair (independent appointee)
- > Jan West AM (independent appointee)
- > Gaye Mason (independent appointee)
- > Michael Perry (independent appointee)
- > Pam White (independent appointee)
- > Peter Fitzgerald (Deputy Secretary, Risk, Review and Evaluation)
- > Elizabeth Langdon (A/Deputy Secretary, Executive Services)
- > Anne Congleton (Deputy Secretary, West Division)
- > Finn Romanes (Senior Medical Advisor).

The committee is integral to the Department’s approach to governance, ensuring that systems and processes for identifying and monitoring risks are operating as intended.

The Department has engaged KPMG and RSM Bird Cameron to undertake internal audit services in a co-sourced arrangement with the Department’s internal audit unit.

Risk management context

During 2014–15, the Department faced a number of significant risks in its operating environment including:

- > the formation of the Department on 1 January 2015, which brought together the former Department of Health, former Department of Human Services and Sport and Recreation Victoria

- > on-going health system funding arrangements related to the implementation of the Commonwealth–State National Health Reform Agreement.

The Department’s 2014–15 attestation is supported by:

- > risk management policy and framework that supports the implementation of a top-down risk management approach consisting of 24 risk categories
- > the ongoing consideration of risk management processes as part of the planning and decision-making processes
- > development of the three-year risk management implementation plan
- > an audit and assurance program aligned with the Department’s risk profile.

Risk attestation

I, Dr Pradeep Philip, certify that the Department of Health and Human Services is progressively improving its risk management processes consistent with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009 within the context set out above. An internal control system is in place and continues to be strengthened and improved to enable the Executive to understand, manage and satisfactorily control risk exposures.

The Department’s risk profile has been critically reviewed within the last 12 months and the Audit and Risk Management Committee has endorsed this assurance.



Dr Pradeep Philip
Secretary
Department of Health and Human Services

Insurance attestation

I, Dr Pradeep Philip certify that the Department of Health and Human Services is partially compliant in relation to the Mandatory requirements as set out under 3.1.2 – Insurance requirements of the Victoria Government Risk Management Framework and has:

- > arranged all of its insurance with the Victorian Managed Insurance Authority
- > as part of its annual renewal process:
 - determined the appropriate levels of insurance in consultation with the Victorian Managed Insurance Authority
 - maintains a register of all insurances and indemnities and make this available on request.

The Department of Health and Human Services is partially compliant in relation to providing information on claims management capability, resources, structures and processes for any self-insured retained losses to the Victorian Managed Insurance Authority, including the basis for valuation of self-insured retained losses.

The Department will work in consultation with Victorian Managed Insurance Authority to achieve full compliance in 2015–16 by conducting a claims capability and resourcing review of self-insured retained losses management and improving reporting processes to provide the required below deductible claims data to the Victorian Managed Insurance Authority.

The Department of Health and Human Services Audit and Risk Management Committee verifies this.



Dr Pradeep Philip
Secretary
Department of Health and Human Services

Department of Health and Human Services 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 in machine-readable format.

At the end of 2014–15 the Department had approximately 1,400 datasets available on the Victorian Government Data Directory, some of which are new, and others which have amended during the year.

Summarised data published by the Department is available at www.health.vic.gov.au/data/ (for health) and www.dhs.vic.gov.au/about-the-department/documents-and-resources/research.-data-and-statistics (for human services). This includes information about:

- > service provision (including health service performance)
- > public health indicators
- > infectious disease surveillance
- > birth and birth defects and alcohol and drug services
- > housing
- > vulnerable children
- > disability.

As well as summarised data, the Department maintains a number of de-identified datasets that researchers can access. These detailed datasets, which adhere to strict privacy guidelines, contain a wealth of information to support better understanding of Victorian's health and human services.

They include:

- > Victorian Admitted Episodes Dataset on all patients admitted to Victorian hospitals
- > Perinatal Data Collection which contains information about mothers and babies born in Victoria
- > Notifiable Infectious Diseases Data on conditions that must be reported to the Department under the *Public Health and Wellbeing Act 2008*.

Victorian health and human services data is also made available by a number of national agencies including:

- > MyHospitals www.myhospitals.gov.au
- > Australian Institute of Health and Welfare www.aihw.gov.au/data
- > National Health Performance Authority: www.nhpa.gov.au/internet/nhpa/publishing.nsf/Content/Our-reports

Business Technology and Information Management Committee

The Business Technology and Information Management Committee is responsible for ensuring a coordinated and outcome-focused approach to strategy and policy, prioritisation and assurance in business technology and information management across the Department and the sector, in the following categories:

- > strategy and policy
- > prioritisation
- > assurance.

The committee comprises ten members:

- > Deputy Secretary, Corporate Services (Chairperson)
- > Deputy Secretary, Executive Services
- > Deputy Secretary, South Division
- > Deputy Secretary, Risk, Review and Evaluation
- > Director, Digital Services and Chief Information Officer
- > Director, System Intelligence and Analytics
- > Director, Service Implementation and Support
- > Director, Property and Asset Services
- > Director, Performance Regulation and Reporting
- > Principal Advisor, eHealth Policy and Information Management.

Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation Policy. Departments and public sector bodies are required to apply the policy in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide

projects, or \$1 million or more for procurement activities in regional Victoria.

During 2014–15, the Department commenced 13 applicable procurements totalling \$118.25 million. Of those projects, seven were located in regional Victoria and six in metropolitan Melbourne.

The outcomes expected from the implementation of the policy to these projects where information was provided are as follows:

- > an average of 81 per cent of local content commitment was made
- > a total of 563 jobs (Annualised Employee Equivalent) were committed, including the creation of 50 new jobs and the retention of 513 existing jobs (Annualised Employee Equivalent)
- > a total of 61 positions for apprentices/trainees were committed, including the creation of 19 new apprenticeships/traineeships, and the retention of the remaining 42 existing apprenticeships/traineeships.

The Department also commenced 10 contracts with a commitment to an estimated 97 per cent of 'local content', to which a Victorian Industry Participation Policy Plan was not required as the procurement activity was local by nature.

During 2014–15, the Department completed 16 applicable projects, collectively valued at about \$205.14 million. The outcomes reported from the implementation of the policy where information was provided, were as follows:

- > an average of 91 per cent of local content outcome was recorded
- > a total of 125 jobs (Annualised Employee Equivalent) positions were created and 908 existing jobs retained
- > thirty-four new apprenticeships/traineeships were created and 69 existing apprenticeships/traineeships were retained.

The benefits to the Victorian economy in terms of retention of skills from the completed projects included the use of local construction workers and increased skills and knowledge through training.

During 2014–15, 26 small to medium sized businesses prepared a Victorian Industry Participation Policy Plan, with the remaining prepared by large businesses.

During 2014–15, three interaction reference numbers were undertaken with the Industry Capability Network for grants provided and design contracts by the Department.

Details of consultancies

In 2014–15, there were 149 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2014–15 in relation to these consultancies is \$11.06 million (excluding GST). Details of individual consultancies are outlined in the table on the following page.

Details of consultancies under \$10,000

In 2014–15, there were nine consultancies engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2014–15 in relation to these consultancies was \$43,500 (excl. GST).

Disclosure of major contracts

The Department has disclosed, in accordance with the requirements of government policy and accompanying guidelines, all contracts greater than \$10 million in value which it entered into during the year ended 30 June 2015. Details of contracts that have been disclosed in the Victorian Government contracts publishing system can be viewed online at:

www.contracts.vic.gov.au

Consultancies (valued at \$10,000 or greater)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014–15 (excl. GST)	Future expenditure (excl. GST)
Russell E Robertson	Strategic Media Advisory Services	21-Jul-14	30-Jun-15	\$68,182	\$46,453	\$21,729
KPMG	Review of Monitoring and Regulatory Framework	25-Sep-14	28-Nov-14	\$99,585	\$99,585	\$0
Australian Institute of Family Studies	Evaluation of Child Protection Co-location Project	3-Nov-14	30-Jun-15	\$105,500	\$72,084	\$33,416
KPMG	Service Review – Yooralla Funded Organisation	23-Feb-15	30-Jun-15	\$263,304	\$245,657	\$17,646
KPMG	Independent Review of Safeguarding Practices in Disability Accommodation Services	2-Apr-15	22-May-15	\$71,174	\$71,174	\$0
Deloitte Touche Tohmatsu	DHS Financial Sustainability Implementation Project 2014–2015	14-Jul-14	30-Oct-14	\$199,817	\$199,817	\$0
Olikka	Consulting Services for Housing Infrastructure Refresh	22-Sep-14	20-Feb-15	\$117,000	\$117,000	\$0
Deloitte Touche Tohmatsu	Feasibility Study for Single Client View	20-Oct-14	2-Mar-15	\$420,692	\$420,692	\$0
Cube Group Management Consulting	Machinery of Government Project Management Support	12-Dec-14	31-Mar-15	\$76,944	\$76,944	\$0
Lewis Wanstall and Associates	Review Officer Panel	1-Mar-15	28-Feb-17	\$45,455	\$1,960	\$43,495
Ian Scott	Review Officer Panel	1-Mar-15	28-Feb-17	\$45,455	\$1,400	\$44,055
SMS Management and Technology	Fixed Asset Reporting Datamart (Tranche 1)	2-Mar-15	11-May-15	\$31,250	\$31,250	\$0
Deloitte Touche Tohmatsu	Architectural Consulting Services – Technology Roadmap	1-Apr-15	30-May-15	\$135,559	\$101,954	\$33,605
Enterprise Architects Vic Pty Ltd	Development of a target enterprise architecture	13-Apr-15	30-Jun-15	\$248,000	\$248,000	\$0
Southern Cross Computer Systems	Penetration Testing for EMITS SaaS product	20-Apr-15	30-Sep-15	\$24,545	\$0	\$24,545
Psych Health Australia Pty Ltd	Multi Diagnosis Disability Learning Program Services	21-Oct-14	31-Oct-17	\$273,219	\$28,405	\$244,815
John Leatherland	Service Review of Hurstbridge Farm	17-Dec-14	31-Jan-15	\$15,000	\$15,000	\$0
FBG Group	Secure Services Workforce Review and Talent Development Strategy	4-Jun-15	14-Aug-15	\$75,852	\$0	\$75,852
Cube Group Management Consulting	Non-essential Maintenance Analysis	2-Feb-15	24-Apr-15	\$27,600	\$27,600	\$0

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014-15 (excl. GST)	Future expenditure (excl. GST)
Strategic Intelligence Group Pty Ltd	Development of Strategic Recruitment and Retention Methodology for Victorian Foster Carers	1-Aug-14	31-Oct-14	\$74,866	\$74,866	\$0
Creswell Counsel	Intersections of Area Partnerships and Services Connect	8-Aug-14	29-Aug-14	\$28,000	\$28,000	\$0
Price Waterhouse Coopers	Services Connect Reforming Funding Arrangements	15-Aug-14	30-Sep-14	\$80,030	\$80,030	\$0
Price Waterhouse Coopers	Implementation Costing for Services Connect project	18-Aug-14	30-Sep-14	\$132,105	\$132,105	\$0
Cube Group Management Consulting	Services Connect Partnerships	19-Sep-14	31-Oct-14	\$55,331	\$55,331	\$0
The Nucleus Consulting Group Pty Ltd	Mid-term Evaluation of Social Traders Program	29-Sep-14	3-Nov-14	\$22,705	\$22,705	\$0
The Nucleus Consulting Group Pty Ltd	Mid-term Evaluation of Justice Connect	29-Sep-14	3-Nov-14	\$22,705	\$22,705	\$0
Accuteque	Review of Common Funding Agreement	1-Oct-14	24-Jul-15	\$275,872	\$243,395	\$32,477
Cube Group Management Consulting	Transformation Program Office Support	1-Oct-14	31-Dec-14	\$78,941	\$78,941	\$0
KPMG	Development of Plans and Frameworks – Violence Against Women and Children	20-Oct-14	23-Dec-14	\$153,736	\$153,736	\$0
Deloitte Touche Tohmatsu	Development of Housing Financial Model	20-Oct-14	30-Dec-15	\$132,065	\$132,065	\$0
ACIL Allen Consulting Pty Ltd	Review of Children and Youth Area Partnerships Model	1-Nov-14	30-Mar-15	\$132,600	\$132,600	\$0
The Viewpoint Organisation Pty Ltd	National Survey of Children and Young People in Out-of-Home Care in Victoria	5-Dec-14	31-Jul-15	\$122,727	\$77,100	\$45,627
Behavioural Insights Team Limited	Nudge Behaviour	1-Apr-15	1-Oct-15	\$90,000	\$7,273	\$82,727
Cube Group Management Consulting	Protecting Victoria's Vulnerable Children Framework	23-Apr-15	25-May-15	\$41,100	\$27,075	\$14,025
LKA Group	Loss Adjustor Service – Housing	1-Jul-14	30-Jun-17	\$90,909	\$25,392	\$65,517
Thomson Goodall Associates Pty Ltd	State Wide Expansion of Strengthening Risk Management Program	30-Jul-14	30-Sep-14	\$49,000	\$49,000	\$0
KPMG	Review of Critical Incident Management Approach	28-Sep-14	31-Dec-14	\$227,980	\$227,980	\$0

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014–15 (excl. GST)	Future expenditure (excl. GST)
Regina Hill Effective Consulting	Evaluation of Victorian Rural Youth Services Program	6-Oct-14	19-Dec-14	\$24,091	\$24,091	\$0
ACIL Allen Consulting Pty Ltd	Evaluation of Health and Education Initiatives in Out of Home Care	15-Oct-14	14-Sep-15	\$239,874	\$185,305	\$54,569
Lewis Wanstall and Associates	Audit of Unsubstantiated Allegations of Sexual Abuse	20-Oct-14	31-Dec-14	\$19,200	\$19,200	\$0
Victorian Aboriginal Child Care Agency Co-Operative (VACCA)	Development of Addendum to Department of Human Services Standards Evidence Guide	31-Oct-14	30-Apr-15	\$86,364	\$86,364	\$0
KPMG	Framework for Violence Against Women	31-Oct-14	26-Nov-14	\$55,805	\$55,805	\$0
KPMG	Family-led Decision Making Program (non-Aboriginal)	3-Nov-14	31-Dec-14	\$86,909	\$86,909	\$0
Cube Group Management Consulting	Project Management of Permanency Reform Project	3-Nov-14	30-Jun-15	\$72,000	\$72,000	\$0
Cube Group Management Consulting	Evaluation of Shape It! Youth Action Strategy Programs – Phase 1	3-Nov-14	28-Nov-14	\$33,368	\$33,368	\$0
KPMG	Review of Taskforce 1000 Pilot	5-Nov-14	8-Dec-14	\$58,886	\$58,886	\$0
Julie Ann Caldecott	Review of Response to Sexual Exploitation	12-Feb-15	1-Mar-15	\$46,000	\$46,000	\$0
Pamela Dawn White	Review of Response to Sexual Exploitation	12-Feb-15	1-Mar-15	\$46,000	\$46,000	\$0
ACIL Allen Consulting Pty Ltd	Child Safe Standards	11-May-15	31-Aug-15	\$60,885	\$43,400	\$17,485
KPMG Corporate Finance	Investment Logic Framework	6-Oct-14	31-Jan-15	\$183,967	\$183,967	\$0
Deloitte Touche Tohmatsu	Advice and Modelling – NDIS Budget and Investment Strategy	7-Nov-15	28-Feb-15	\$270,000	\$270,000	\$0
Deloitte Touche Tohmatsu	Business Process Review – Community Housing Contracts	23-Jan-15	26-Jun-15	\$109,091	\$109,091	\$0
Ernst & Young	Update to Community Housing Capacity Model	9-Feb-15	27-Feb-15	\$44,500	\$44,500	\$0
Pinnacle Group Australia	Strategic Planning for SHNR Division	16-Feb-15	31-Aug-15	\$10,620	\$0	\$10,620
Myriad Consultants	NDIS Information Linkages and Capacity Building	4-Mar-15	31-Mar-15	\$23,650	\$23,650	\$0
Deloitte Touche Tohmatsu	NDIS Budget Management and Investment Strategy	27-Mar-15	31-Jul-15	\$358,916	\$133,916	\$225,000
Cube Group Management Consulting	NDIS Interim Project Management	1-Apr-15	7-Aug-15	\$99,396	\$72,400	\$26,996

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014–15 (excl. GST)	Future expenditure (excl. GST)
Deloitte Touche Tohmatsu	Housing Model Building – Oct 2014	30-Oct-14	30-Dec-15	\$132,065	\$132,065	\$0
Myriad Consultants	Consultation on NDIS Quality and Safeguarding Framework	14-Apr-15	29-May-15	\$16,300	\$16,300	\$0
Cube Group Management Consulting	Colanda Residential Services Redevelopment Project Management	1-Jun-15	31-Dec-16	\$23,760	\$5,940	\$17,820
The Nucleus Consulting Group Pty Ltd	Service Review 2014–16	17-Jul-14	29-Aug-14	\$32,018	\$0	\$32,018
Aerium Pty Ltd	Child Protection Advancement Program, South Division	4-Nov-14	9-Jan-15	\$22,727	\$22,727	\$0
RSM Bird Cameron	Accounting Policy Review	24-Mar-15	25-Jun-15	\$18,000	\$18,000	\$0
KPMG Corporate Finance (Aust) Pty Ltd	Social Housing Development Feasibility	3-Nov-14	19-May-15	\$178,130	\$178,130	\$0
SGS Economics and Planning Pty Ltd	Investment Logic Framework – Asset Management	28-Aug-14	29-Aug-14	\$39,078	\$39,078	\$0
Roberts Brown Pty Ltd	Evaluation of Victorian Public Healthcare Awards Program	16-Mar-15	8-May-15	\$42,345	\$42,345	\$0
Deloitte Access Economics	The Victorian Generalist Workforce	21-Aug-14	20-Feb-15	\$150,236	\$150,236	\$0
Deloitte Touche Tohmatsu	Health Workforce – Strategic Planning Processes	18-Jul-14	19-Sep-14	\$134,485	\$134,485	\$0
DMSBT Pty Ltd	Enterprise Search	15-Jul-14	9-Sep-14	\$36,000	\$36,000	\$0
PPB Advisory Trustee for PPB Unit Trust	Review of National E-Health Transition Authority	14-Oct-14	31-Oct-14	\$74,818	\$74,818	\$0
Protiviti Pty Ltd	Pilot Audit of Specialist Clinics VINAH Dataset	24-Feb-15	29-May-15	\$44,363	\$44,363	\$0
Battiston Consulting	Review of Health Shared Services HSS	16-Sep-14	30-Dec-14	\$196,000	\$196,000	\$0
Landell Corporation Pty Ltd	Review of Needle and Syringe Program Practices	2-Sep-14	30-Sep-14	\$24,491	\$24,491	\$0
Innovative Practice Pty Ltd	Review of Legal Services	22-Sep-14	31-Oct-14	\$35,000	\$35,000	\$0
Protiviti Pty Ltd	Audit of Elective Surgery Information System	11-Nov-14	15-Mar-18	\$289,473	\$93,164	\$196,309
KPMG	Audit of Victorian Emergency Minimum Dataset	15-Dec-14	15-Mar-18	\$391,498	\$70,308	\$321,190
Data Agility Pty Ltd	Development of Business and Functional Requirements and Gap Analysis	28-Jan-15	27-Apr-15	\$49,700	\$49,700	\$0

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014–15 (excl. GST)	Future expenditure (excl. GST)
Intelligent Business Research Services	Market Scan for Information and System Directory Tool	18-Dec-14	30-Jan-15	\$12,000	\$12,000	\$0
Price Waterhouse Coopers	Financial Delegation Principles Review	13-Feb-15	30-Mar-15	\$44,880	\$24,480	\$20,400
Aspex Consulting Pty Ltd	Review of Victorian Funding Model for Small Rural Health Services	1-Jul-14	18-Mar-15	\$214,208	\$214,208	\$0
Aspex Consulting P/L	Goulburn Valley Health Service Plan	31-Jul-14	18-Dec-14	\$141,164	\$141,164	\$0
MSPS Project Services	Evaluation of Scheduled Medicines Administration and Supply	3-Jul-14	23-Oct-14	\$113,643	\$113,643	\$0
The King's Fund	Public Health Service Governance in Vic	18-Sep-14	31-Jul-15	\$208,099	\$156,460	\$51,639
Leonie Anne Scott	Review of Non-Emergency Patient Transport Clinical Practice Protocols	5-Aug-14	2-Feb-15	\$55,454	\$55,454	\$0
Luxira Pty Ltd	Royal Children's Hospital PMP Audit	2-Jul-14	31-Jul-14	\$18,220	\$18,220	\$0
Galibier Partners Pty Ltd	Sustainable Hospitals Initiative – Productivity Improvement	17-Jul-14	25-Sep-14	\$57,946	\$57,946	\$0
Health Policy Solutions	Health Systems Financing and Funding Models	30-Jul-14	31-Dec-14	\$12,500	\$12,500	\$0
KPMG	Review of Ambulance Victoria's Referral Service	31-Oct-14	30-Apr-15	\$141,041	\$141,041	\$0
KPMG	Review of Ambulance Victoria's Funding Model	31-Oct-14	30-May-15	\$146,204	\$146,204	\$0
Aspex Consulting P/L	Model of Care Comparisons for Psychiatric Assessment and Planning Unit Services	12-Mar-15	12-Jun-15	\$50,500	\$2,250	\$48,250
Austin Health	Driving Continued Improvements in Hand Hygiene	29-Oct-14	18-Mar-15	\$44,592	\$44,592	\$0
Biruu Pty Ltd	Service Plan for the Werribee Mercy Hospital	19-Jan-15	30-Jun-15	\$87,750	\$61,424	\$26,326
AECOM Australia Pty Ltd	Hospital Heliport Flight Path Protection	8-May-15	30-Jun-16	\$243,773	\$15,273	\$228,500
KM Health Consulting Pty Ltd	Statewide Census of Hospital bed and Theatre capacity	12-Dec-14	30-Sep-15	\$306,091	\$113,199	\$192,892
SKliros Consulting Pty Ltd	Berwick Hospital Expansion Project	20-Feb-15	30-Jul-15	\$124,545	\$54,900	\$69,645
ACIL Allen Consulting	Evaluation of Nuclear Medicine Intern Cluster Program	7-Jul-14	8-Jan-15	\$65,286	\$65,286	\$0
Test Grid Australia Pty Ltd	Develop Mental Health Advocate Role	23-Jul-14	30-Apr-15	\$146,646	\$106,463	\$40,183

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014-15 (excl. GST)	Future expenditure (excl. GST)
Paxton Consulting Pty Ltd	Health Finance and Clinical Costing Capability Framework	6-Aug-14	13-Dec-14	\$122,561	\$122,561	\$0
Ipsos Public Affairs Pty Ltd	Evaluation of Clinical Placement Planning in 2014	21-Oct-14	31-Mar-15	\$36,560	\$36,560	\$0
Evans and Peck	Simulation Resource Sharing System Stakeholder Analysis Project	13-Sep-14	30-Nov-14	\$22,688	\$22,688	\$0
Advisian Pty Ltd	Simulation Resources Market Analysis Project	22-Dec-14	13-Apr-14	\$50,169	\$50,169	\$0
Aspex Consulting Pty Ltd	Service Stream Workforce Planning Methodology	8-Dec-14	31-Aug-15	\$132,008	\$104,850	\$27,158
Campbell Research and Consulting Pty Ltd	Victorian Nurse Practitioner Program Evaluation	8-Apr-15	7-Aug-15	\$94,250	\$36,364	\$57,886
Ipsos Public Affairs Pty Ltd	Evaluation of Training under National Clinical Supervision Skills Initiative	23-Mar-15	30-Jun-15	\$84,920	\$84,920	\$0
Siggins Miller	Review of Rural Medical Workforce Programs	12-Mar-15	16-Jul-15	\$152,365	\$152,365	\$0
Silvana Sgro Consulting	Allied Health Industrial Relations	30-Jan-15	17-Apr-15	\$35,200	\$26,400	\$8,800
Silvana Sgro Consulting	Review of Health Workforce Industrial Relations Environment	29-Jan-15	16-Apr-15	\$22,000	\$22,000	\$0
Nous Group Pty Ltd	Implementation Plan for Health Workforce Development	27-May-15	30-Oct-15	\$128,745	\$23,273	\$105,472
BKWright Consulting	National Regulation and Accreditation Scheme	23-Apr-15	30-Jul-15	\$44,545	\$29,593	\$14,952
IPSOS Public Affairs Pty Ltd	Literature Review of Impacts of Clinical Supervision Skills Training	14-May-15	30-Jun-15	\$19,100	\$19,100	\$0
Lisa Delaney Consulting	Expanded Settings Innovative Workforce Development Model	18-May-15	21-Aug-15	\$68,290	\$38,800	\$29,490
Midnight Sky Pty Ltd	Facilitate Engagement with Allied Health Science Professions	28-Apr-15	1-Dec-15	\$28,500	\$0	\$28,500
Heathmore Pty Ltd	HACC Diversity Planning and Practice Implementation Review	7-Aug-14	19-Feb-15	\$101,687	\$101,687	\$0
PDF Management Services Pty Ltd	Content Analysis of Municipal Public Health and Wellbeing Priorities	24-Sep-14	30-Jun-15	\$118,000	\$105,513	\$12,487
University of New South Wales	Rapid Equity Focused Impact Assessment of Healthy Together Victoria	19-Aug-14	6-Apr-15	\$72,688	\$72,688	\$0
DLA Piper Pty Ltd	Review of Severe Substances Dependence Treatment Act 2010	8-Dec-14	28-Feb-15	\$134,800	\$134,800	\$0

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014–15 (excl. GST)	Future expenditure (excl. GST)
Index Consultants Pty Ltd	Mental Health Applications Project Delivery Services	9-Jul-14	9-Jul-15	\$840,909	\$807,886	\$33,023
Ian Bruce	Technical Support for Personal Alert Victoria	29-Jul-14	30-Jun-15	\$90,776	\$2,560	\$88,216
Deloitte Access Economics Pty Ltd	Evaluation of Integrated Hepatitis B and C Service	5-Feb-15	28-May-15	\$117,867	\$117,867	\$0
Ernst & Young	Healthy Together Victoria – Interim Evaluation	3-Nov-14	2-Jan-15	\$63,795	\$63,795	\$0
KPMG	Management and Governance Guidelines for Cancer Control Registries	1-May-15	29-Jun-15	\$93,236	\$27,010	\$66,226
Crondar Pty Ltd	Epidemiological and Knowledge Translation Services	9-Apr-15	30-Jun-15	\$81,368	\$81,368	\$0
KPMG	Review of Bellarine Community Health Ltd	9-Apr-15	30-Jun-15	\$118,462	\$52,093	\$66,369
Victoria University	Victorian Sport Integrity Capability Analysis	15-Jun-15	15-Jun-15	\$60,553	\$48,442	\$12,111
Clear Horizon Pty Ltd	Healthy Food Connect Evaluation	18-May-15	30-Jun-15	\$44,298	\$26,036	\$18,262
Deloitte Touche Tohmatsu	Review of Kardinia Park operations	28-Apr-15	30-Oct-15	\$234,940	\$0	\$234,940
Professor James Buchan	Provision of Support to Health Workforce Initiatives	13-Aug-14	30-Sep-14	\$20,350	\$20,350	\$0
Talbot Shaw Pty Ltd	Information Management Framework and Data Delivery	20-Oct-14	15-Nov-14	\$134,159	\$134,159	\$0
Alice Joanne Crowe	Research into Specific Topics in Respect to Health Systems	29-Sep-14	16-Feb-15	\$10,000	\$10,000	\$0
Talbot Shaw Pty Ltd	Planning Services for Data and Information LED System-Wide Transformation	13-Apr-15	18-Dec-15	\$149,743	\$8,573	\$141,170
Health Informatics Society of Australia	Advice on Directions in Participatory Medicine	14-Nov-14	9-Jan-15	\$11,818	\$11,818	\$0
Rod Glover Consulting	Advice on Emerging Projects and Initiatives	20-Mar-15	13-Jun-15	\$90,763	\$68,073	\$22,690
Health Outcomes Australia Pty Ltd	Accountable Care Framework Development Agreement	8-Oct-14	3-Dec-14	\$98,000	\$98,000	\$0
Pickford Resources Pty Ltd	Review of Asbestos Sampling Analysis Results	15-May-15	2-Nov-15	\$15,120	\$15,120	\$0
Monash University	Advice on Antimony in Relation to Costerfield Mine	19-Aug-14	31-Oct-14	\$37,909	\$37,909	\$0
UoM Commercial Ltd	Evaluation of Victorian Trial of Safewards	31-Oct-14	30-Jun-15	\$181,246	\$108,748	\$72,498

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excl. GST)	Expenditure 2014–15 (excl. GST)	Future expenditure (excl. GST)
Huddle Pty Ltd	Redesign of Victorian Health System	28-Aug-14	31-Dec-14	\$63,750	\$63,750	\$0
Brewerton and Associates	Rapid Review – Therapeutic Benefits of Medicinal Cannabis in Young Children	20-Oct-14	15-Dec-14	\$26,700	\$26,700	\$0
Australian Catholic University	Evaluation of Variance Reporting Tool	13-May-15	30-Jun-15	\$72,012	\$22,524	\$49,488
The University of Melbourne	Review of Mortality Data re Hazelwood Coal Mine Fire	26-Feb-15	26-Mar-15	\$18,480	\$18,480	\$0
Monash University	Literature Review of Rises in Mortality (No Change in Morbidity) re Hazelwood Coal Mine Fire	6-May-15	5-Jul-15	\$19,000	\$19,000	\$0
Advisian Pty Ltd	Sustainability of Simulation in Victoria	24-Apr-15	3-Jun-15	\$78,181	\$78,181	\$0
Australian Centre for Posttraumatic Mental Health	Trauma Informed Care for Mental Health Service Staff	23-Jun-15	30-Oct-15	\$45,444	\$0	\$45,444
Alan Rogers OHandS Pty Ltd	Advice re Asbestos Sampling Analysis Results	25-May-15	25-Nov-15	\$42,818	\$10,600	\$32,218
GQI Consulting Pty Ltd	Analysis of Tech Savvy Seniors Starter Bundle Plan	28-May-15	30-Jun-15	\$10,980	\$0	\$10,980
Pacific Environment Operations Pty Ltd	Review of Carbon Monoxide and Fine Particles PM2.5 Protocols	23-Jun-15	30-Sep-15	\$18,182	\$0	\$18,182
Health Science Planning Consultants MHT	Plan Assessment, Site Inspection and Compliance Report – Private Hospitals and Day Procedure Centres	21-Jul-14	20-Jul-15	\$14,182	\$1,105	\$13,077
Australian Centre for Posttraumatic Mental health Inc	Trauma Informed Care Capabilities for Mental Health Front Line Staff	23-Jun-15	30-Oct-15	\$45,444	\$0	\$45,444
KPMG	Victorian Cardiac Service Plan-Stakeholder Consultation Agreement	26-Jun-15	1-Sep-15	\$182,950	\$0	\$182,950

Details of government advertising expenditure for 2014–15
(campaigns with a media spend of \$150,000 or greater)

Name of campaign	Campaign summary	Start/end date	Advertising (media) expenditure (excl. GST)	Creative and campaign development expenditure (excl. GST)	Research and evaluation expenditure (excl. GST)	Print and collateral expenditure (excl. GST)	Other campaign expenditure (excl. GST)	Total
What are you doing on ice?	Raise awareness of the harms and risks associate with using the drug ice	Sept 14 to Nov 14	\$1,485,899	\$323,465	\$91,550	\$1,092	N/A	\$1,902,000
Building a healthier Victoria	Inform Victorians of the investment in health services	Aug 14 to Nov 14	\$1,896,623	\$55,722	\$22,250	N/A	N/A	\$1,974,595
Smoking ban: <i>Tobacco Amendment Act 2014</i>	Promote education and awareness of new smoking bans	Apr 15 to Apr 15	\$246,147	\$3,832	N/A	\$138,069	\$2,209	\$390,139

Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Department.

In 2014–15, the Department received 1,146 freedom of information requests. Of these requests, 17 were from Members of Parliament, 40 were from the media and the remainder from the general public. Of the requests received by the Department, the majority were granted in part.

In 2014–15, 34 decisions were reviewed by the Freedom of Information Commissioner and 11 appeals were made to the Victorian Civil and Administrative Tribunal.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act 1982*.

In summary the requirements for making a request are:

- > it must be in writing
- > it should identify as clearly as possible the document being requested
- > it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Department of Health and Human Services should be addressed to:

Manager, Freedom of Information
Department of Health and Human Services
GPO Box 4057
Melbourne Victoria 3001

Requests and payment of the application fee can also be lodged online at www.foi.vic.gov.au

Telephone enquiries can be made by calling 03 9096 8449.

Access charges for photocopying and search retrieval may also apply once the request has been finalised.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au

Compliance

In 2014–15, the Department processed 95.5 per cent of requests within statutory requirements, 4.3 per cent of requests within 46 to 90 days and 0.2 per cent of requests in over 90 days. The average time taken to finalise requests was 32 days which is within the 45 day statutory time limit.

Protected Disclosure Act 2012 (formerly the Whistleblowers Protection Act 2001)

The *Protected Disclosure Act 2012* encourages and facilitates disclosures of improper conduct by public officers, public bodies and other persons, and provides protection from detrimental action taken against a person making a disclosure, witnesses and persons subject to an investigation.

The Department does not tolerate improper conduct by employees, or the taking of reprisals against those who disclose improper conduct. The Department will support officers who disclose conduct involving the dishonest performance of public functions, knowingly or recklessly breaching public trust, misusing information obtained in an official capacity, substantially mismanaging public resources, or substantially risking public health, safety or the environment.

The Department will take all reasonable steps to ensure that any person involved in a disclosure is not subjected to detrimental action. It will also afford natural justice to a person who is the subject of a disclosure.

Disclosures under the <i>Protected Disclosure Act 2012</i>	2014–15 number	2013–14 number
The number of disclosures notified to the Independent Broad-based Anti-corruption Commission	1	0

Reporting procedures

Disclosures of improper conduct or detrimental action by the Department or its employees may be made to the following officers:

- > Protected Disclosure Coordinator
- > Manager, Corporate Integrity
- > the discloser's manager or supervisor
- > the manager or supervisor of the person who is the subject of the disclosure
- > the Secretary
- > or by calling 1300 131 431 (toll free 24-hour answering service).

Alternatively, a person may make a disclosure of improper conduct or detrimental action by the Department or its employees directly to the Independent Broad-based Anti-corruption Commission:

Independent Broad-based Anti-corruption
Commission
Level 1, 459 Collins Street (North Tower)
Melbourne Victoria 3000

Telephone: (03) 9613 6222

Toll free: 1300 735 135

Internet: www.ibac.vic.gov.au

Email: submit@ibac.vic.gov.au

Written guidelines outlining the system for reporting disclosures of improper conduct or detrimental action by the Department, its officers or other persons are available on the Department's website and from the Protected Disclosure Coordinator.

Building Act 1993

The Department requires that appropriately qualified consultants and contractors are engaged for all proposed works on land controlled by the Department or a health service agency, and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*.

National Competition Policy

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

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

The Department continues to comply with the requirements of the National Competition Policy.

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

The Department is working to ensure that Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the national reform agenda.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* promotes the role of people in care relationships, and formally recognises the contribution that carers and people in care relationships make to the social and economic fabric of the Victorian community.

During 2014–15, in line with its obligations under the Act, the Department has continued to promote the principles in the act through:

- > training programs for new staff on the Act and its statement of principles
- > ensuring the Department's employment policies include flexible working and leave arrangements comply with the statement of principles in the Act

- > interactive external web sites such as the Healthy Ageing Network (HANet)
- > the *Financial support guide for home-based carers* and the *Kinship Carers Handbook*
- > the provision of training and professional development opportunities to kinship and foster carers and relevant community service organisation staff
- > integrating the principles of the Act and articulating the role of carers in the *Mental Health Act 2014*
- > the development, revision and implementation of new and existing policy guidelines and initiatives such as the Reducing Restrictive Interventions in Mental Health project.

The Department has continued to reflect the care relationship principles in support and services for those in care relationships including:

- > the Confident Connected Carers initiative which supported carers' transition to the National Disability Insurance Scheme (NDIS) in the Barwon trial site
- > developing a new approach to recruitment and retention of carers who care for children subject to child protection involvement
- > implementing new sections of *the Children, Youth and Families Act 2005* enabling the authorisation of carers to make decisions on specified issues about the children in their care
- > a suite of carer outcomes measures to measure the impact on carers of the active service model approach in the joint Commonwealth–state funded Home and Community Care service provision
- > the revised *Support for Carers Program guidelines* that include annual reporting of service providers and surveys to improve outcomes of services for carers
- > screening for carers' needs as a key element of the Mental Health Community Service System to sustain supportive care relationships
- > maintaining the Carer Support Fund which provides targeted brokerage to mental health carers to assist them in their care role
- > establishing formal processes to garner the experiences of carers of people with mental health issues through the Mental Health Carer Partnership Dialogues to inform policy and program development.

Drugs, Poisons and Controlled Substances (Volatile Substances) Act 2003

Section 60S of the *Drugs, Poisons and Controlled Substances (Volatile Substances) Act 2003* states that the Chief Commissioner must report on actions under this division, and must provide a report for inclusion in the annual report of operations under Part 7 of the *Financial Management Act 1994* a report for the financial year containing the following items:

(a) Number of searches without warrant under s. 60E

Persons under 18 years searched	4
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(b) Number of searches of persons irrespective of age without warrant under s.60F conducted

Persons searched irrespective of age	7
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(c) Number and type of volatile substances and items used to inhale a volatile substance seized as a result of conducting those searches

Aerosol	7
Solvent (glue)	0
Plastic bag	5
Paper bag	2
Gases	0
Other	1

(d) Number and type of volatile substances and items used to inhale a volatile substance receive by members of the police force when produced in accordance with a request under s. 60H(1)(b)

None	0
Some	0
All	15
Unknown	0

(e) Number and type of volatile substances and items used to inhale a volatile substance returned to persons under s. 60N

None	15
Some	0
All	0
Unknown	0

(f) Number and type of volatile substances and items used to inhale a volatile substance disposed of or made safe under s. 60O	
None	0
Some	0
All	15
Unknown	0
(g) Number and type of volatile substances and items used to inhale a volatile substance forfeited to the Crown under s. 60P	
None	0
Some	0
All	15
Unknown	0
(h) Number of persons apprehended and detained without warrant under s. 60L	
Persons (under 18 years) apprehended and detained	4
Persons (irrespective of age) apprehended and detained	7
Total persons apprehended and detained	11
Male	8
Female	3
Indigenous	0
Non-indigenous	11

Cemeteries and Crematoria Act 2003

In 2009 the *Cemeteries and Crematoria Act 2003* was amended to require Class A cemetery trusts to pay a levy. The levy is intended to: assist in defraying the cost of administering the Act, make improvements to cemetery trust governance and administration and to provide services to the community.

The levy is set at three per cent, or a rate determined by the Minister for Health up to a maximum of five per cent, of each Class A cemetery trust's gross earnings from the previous financial year. The following table details the amount paid as levy, the amount appropriated and the matters on which the appropriated money was expended.

Collection of levy	2014–15
Metropolitan trusts	\$3,673,000
Rural trusts	\$285,099
Total amount collected	\$3,958,099

Departmental expenditure (category)	2014–15
Sector reform initiatives	\$6,637
Governance support	\$1,503,797
Sector grants	\$1,384,183
Sector policy, development and coordination	\$182,934
Insurance premiums and claims	\$1,466,555
Total expenditure	\$4,544,106

Public Health and Wellbeing Act 2008

The *Public Health and Wellbeing Act 2008* (the Act) and the Public Health and Wellbeing Regulations 2009 came into effect on 1 January 2010.

The Act protects public health through the prevention and control of communicable diseases.

Under s. 21 of the Act the Chief Health Officer has a number of functions and powers.

These include:

- > to develop and implement strategies to promote and protect public health and wellbeing
- > to provide advice to the Minister for Health or the Secretary on matters relating to public health and wellbeing
- > to publish on a biennial basis and make available in an accessible manner to members of the public a comprehensive report on public health and wellbeing in Victoria
- > to perform any other functions or exercise any powers specified under this Act or any other Act or under any regulations made under this or any other Act.

Under the Act, the Chief Health Officer is also empowered to make certain orders that may impact on individuals in order to protect the community. These include orders to compel a person to be examined or tested or to refrain from certain activities that may pose a serious risk to public health.

The limited circumstances in which these orders may be made are clearly set out in the legislation and there are extensive human rights protections including rights to internal and external review.

The following table reports the numbers of orders made, and reasons for making them, as outlined in s. 143 of the Act.

Orders made by the Chief Health Officer from 1 July 2014 – 30 June 2015

Section	Order type	Number	Reason
113	Examination and testing order	0	
117	Public health order	1	
118	Extension of public health order	2	To eliminate or reduce the risk of a person causing a serious risk to public health due to a combination of the presence or likely presence of an infectious disease and the likely behaviour of that person
134	Orders for tests if an incident has occurred	0	

Ministerial Statement of Expectations

Ministerial Statements of Expectations aim to improve regulatory governance and performance. These statements articulate the Victorian Government's priorities and objectives for regulatory functions within each department.

Ministerial Statements of Expectations apply for 2014–15 and 2015–16. The former Department of Health Ministerial Statement was issued to that department in June 2014. The former Department of Human Services' Ministerial Statements were issued to that department in September 2014.

The Department's regulatory functions to which they apply relate to areas such as drugs and poisons, food safety, tobacco control, safe drinking water and services provided and registered under the *Children, Youth and Families Act 2005* and the *Disability Act 2006*. The Department's response to the Statement of Expectations letters incorporates proposed regulatory initiatives and performance targets relating to these areas. The Ministerial Statement of Expectations letters and the Department's responses, including the tables of actions are available on the Department's websites:

www.health.vic.gov.au/legislation.htm

www.dhs.vic.gov.au/about-the-department/documents-and-resources/reports-publications/statement-of-expectations

In relation to reporting requirements, the Secretary has committed to report on progress to achieve regulatory improvements and targets in the Departmental annual report, or through annual reports published by some individual regulators. As part of the reporting process, the table below details intended regulatory improvements for 2014–15 and 2015–16, associated performance targets, and progress in achieving performance targets, for 2014–15.

Department of Health and Human Services' Statement of Expectations Initiatives for 2014–15 and 2015–16, and progress as at 30 June 2015

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Drugs and poisons regulation 1,2,3,6	Reduce the administrative burden and cost relating to licences and permits for regulated activities under the Drugs, Poisons and Controlled Substances Act that present a low risk to the public health.	<p>The previous annual expiry date on low-risk permits to patients on low doses of opioids with no history of drug dependence has been removed.</p> <p>The length of treatment permits for stimulants issued to psychiatrists for treatment of ADHD and to sleep specialists for narcolepsy has been increased from one year to three years.</p> <p>In certain circumstances, applications for specific changes to licences and permits that present a low risk of harm to the public (such as change of business name) will no longer require an inspection visit.</p>	<p>Reduced number of permit applications required to be lodged by prescribers.</p> <p>Reduced number of permit applications required to be lodged by psychiatrists.</p> <p>Reduced fees and compliance costs for business.</p>	<p>There were 4,125 fewer permit applications (a 20 per cent reduction) of this type in the six months to June 2015, compared with the six months to June 2014.</p> <p>The number of permit applications submitted by psychiatrists remained stable from January to June 2015. The effect of this measure is expected to become evident from the second year of the change, as existing one-year permits expire and are progressively replaced with three-year permits.</p> <p>Over 40 previously required inspection visits have been waived since this change, with compliance savings to permit holders.</p>
Drugs and poisons regulation 1,4,8	Implementation of electronic smartforms to streamline and expedite the issuing of drug treatment permits.	The introduction of electronic smartforms in 2014–15 has made it possible to submit permit applications over the internet by accessing online smartforms. Prior to the introduction of electronic smartforms, medication-prescribing practitioners were required to send manually completed permit applications and permit-related notifications to the Department, either by fax or through the mail.	<p>Steady increase of the number of online forms received by prescribers over 2014–15 and 2015–16.</p> <p>Reduction in the time it takes for medical practitioners to receive permits in 2015–16 compared to 2013–14.</p>	<p>Comparing the six months to June 2014 and the six months to June 2015, the number of online submissions has increased to 3,986 from 3,625 (a 10 per cent increase).</p> <p>Target not met at this stage, in part due to a separate policy decision relating to the scheduling of alprazolam. The decision to reschedule alprazolam from Schedule 4 (permit not required) to 8 (permit required) in Feb 2014 has significantly increased the number of permit applications and the backlog of applications. The department is currently developing a strategy to reduce this backlog.</p>

² Please note for brevity, the 'Description of Improvement' column in the above table has been summarised. The complete table of actions, including the wording for the Description of Improvement can be found at: www.health.vic.gov.au/legislation.htm and www.dhs.vic.gov.au/about-the-department/documents-and-resources/reports-publications/statement-of-expectations

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Drugs and poisons regulation 1,2,3,4	Drugs and Poisons Information System (DAPIS) upgrade project.	<p>The DAPIS upgrade will eliminate the need for manual data manipulation. The outcomes will be:</p> <ul style="list-style-type: none"> • faster applications for licences and permits • reduction in information processing. • reduced risk of processing error • more accurate drugs and poisons database. 	Reduction in the time it takes for licences and permits to be received in 2015–16 compared to 2013–14.	There have been some delays in the DAPIS upgrade due to unexpected vendor and software issues. However, the upgraded DAPIS will be operational by the end of 2015.
Food safety and regulation 1,2,6,8	Review of the Victorian Food Regulators' memorandum of understanding.	<p>The Victorian Food Regulators forum oversees a memorandum of understanding (MOU) between the Victorian agencies involved in food safety administration and enforcement of the <i>Food Act 1984</i>, <i>Meat Industry Act 1993</i>, <i>Seafood Safety Act 2003</i> and the <i>Dairy Act 2000</i>. The current parties to the MOU are:</p> <ul style="list-style-type: none"> • Department of Health and Human Services • Municipal Association of Victoria (representing councils) • Dairy Food Safety Victoria • PrimeSafe. 	<p>Data sharing and cross referrals supported through the MOU.</p> <p>Inclusion of the Department of in the MOU in relation to egg production.</p> <p>Improved clarity about who regulates in different situations.</p>	<p>Information sharing and cross referrals is occurring and is supported by MOU.</p> <p>The MOU is being reviewed to include the Department of Economic Development, Jobs, Transport, and Resources as the regulator responsible for egg and sprouts production and processing.</p> <p>The review is clarifying the statutory roles and responsibilities of each party where food for sale poses a threat to public health. To uphold the 'single regulator per premises' policy the review is being used to clarify examples where there may be uncertainty about which party is the regulator.</p>

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Food safety and regulation 4,8	Ongoing enhancements to the Streatrader online registration system.	<p>Local government is the regulator of food premises under the <i>Food Act 1984</i>.</p> <p>Streatrader is a statewide system allowing traders to register food stalls, food vans and water transport vehicles under the Act with their council. This single registration enables them to trade anywhere in Victoria. The system also automatically alerts traders to their regulatory obligations, and puts them in touch with their registering council.</p> <p>In 2014–15, the department will continue to improve and streamline Streatrader to reduce the time traders take to comply with the Food Act.</p>	<p>The streamlining of processes to improve useability for food traders.</p> <p>Measures include:</p> <ul style="list-style-type: none"> • establishment of <i>single-point login</i> for first-time users • a reduction in the time taken to renew registrations. 	<p>Implementation of responsive design initiatives, for example improving usability for food traders via smart phones and tablets). Target for completion: March 2016. Progress is on track.</p> <p>Establishment of single-point login for first-time users. Completed.</p> <p>A reduction in the time taken to renew registrations has been achieved.</p> <p>Streamlining of processes to improve usability for food traders:</p> <ul style="list-style-type: none"> • Reduction in call time by 30 per cent by 30 June 2015. Target achieved. • Transition of Streatrader support service from DHHS to local government by 30 June 2015. Target achieved April 2015.
Food Safety and Regulation 7,8	Development of National food standards	<p>The Legislative and Governance Forum on Food Regulation comprises food ministers from each Australian jurisdiction and New Zealand. One of its roles is to decide whether to adopt, amend or reject standards developed by FSANZ, or to request that a standard be reviewed.</p> <p>The Department coordinates the whole-of-Victorian Government response to proposals raised by FSANZ to amend the Code. It also advises the Minister for Health (as Victoria's lead minister at the Forum) about these proposals.</p> <p>This work is ongoing.</p>	The department encourages consideration of principles of good regulatory practice in the design of proposals by FSANZ to amend the Code	Victoria is leading work through the Food Regulation Standing Committee's Strategic Planning Working Group to refocus how standards are developed or amended by applying the principles of good regulatory practice into problem identification, and the identification of regulatory and non-regulatory solutions to problems. This work is continuing.

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Pest control 1,2,6	The development of a communication strategy.	<p>The <i>Public Health and Wellbeing Act 2008</i> requires the Department to licence individuals who apply pesticides in the business of pest control.</p> <p>The number of unlicensed pest control operators advertising on online classified websites is increasing. These advertisements have been monitored as a result of complaints to the department.</p> <p>A communication strategy will be developed to provide information to consumers about pest control, its risks and licencing requirements of operators in Victoria.</p>	Development and implementation of a communication strategy by December 2014.	Strategy developed, and implementation has commenced with a focus on consumers. Resource constraints have contributed to a lag in completion of this initiative.
Pest Control 1,2,6,8	Review of the memorandum of understanding (MOU) between the Department and the Department of Environment and Primary Industries (DEPI).	<p>The object of this agreement is to avoid duplication of licensing requirements by defining the scope of terms used within the <i>Public Health and Wellbeing Act 2008</i> and the <i>Agricultural and Veterinary Chemicals (control of Use) Act 1992</i>.</p> <p>A review of the MOU is required to address legislative changes. This review will be undertaken in conjunction with DEPI to ensure continued efficient operation of licensing processes.</p>	Revised MOU signed off by both parties by December 2014.	Drafted but not yet finalised due to machinery of government changes. Resource constraints have also contributed to a lag in completion of this initiative.
Pest Control 1,2,3,4,5,6	Development of an infringement policy.	Under the <i>Public Health and Wellbeing Act 2008</i> , infringement notices, or on-the-spot fines, may be issued for certain offences. Infringement notices can provide an alternative to prosecution for lesser, clear cut breaches and avoid the time and costs involved in going to court.	Development of a risk-based infringement policy by December 2014.	Policy and procedure has been drafted but not yet finalised due to resource constraints.

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Radiation safety/Pest control/Cooling towers 2,4	Piloting a new smartforms platform compatible with variety of technologies such as tablets, PCs, Macs and smartphones.	<p>The smartforms platform will be used by the Seniors Card Program, Drugs and Poisons Regulation, Communicable Diseases, Radiation Safety, Pest Control and Legionella programs to address a range of business requirements including:</p> <ul style="list-style-type: none"> • device-agnostic forms (work across any device or browser) • integration with Customer Relationship Management products and other systems • ability for business users to create and design forms • smart fields and form logic that enables the form to change dynamically based on the applicant's selections and verify data against external services. 	<p>A reduction in time spent by licence holders in providing information to the Department.</p> <p>Steady uptake of the use of the smartforms by businesses.</p>	The original project was replaced to take advantage of the Commonwealth Government AusIndustry Smart Forms. The Department has signed a memorandum of understanding with the Commonwealth and expects to be able to start development using the new forms platform in the second quarter of 2015–16. This technology will greatly improve the experience and useability for the Department's business customers/regulated entities by allowing use on multiple platforms, such as iPads, PCs and smart phones. It will also allow the Department to make faster changes to improve forms once feedback has been received.
Radiation safety	New online smartforms for Radiation Safety to streamline licence applications and notifications under the <i>Radiation Act 2005</i> .	The online smartforms have been implemented with a number of enhancements to streamline the application and notification process under the Radiation Act to reduce time spent by licence holders processing information manually.	Steady increase of the use of online smartforms by licence holders over 2014–15 and 2015–16.	All categories of applications and notifications have seen an increase in numbers over the financial year including a 36 per cent increase between June 2014 and June 2015.

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Radiation safety	Radioactive material incident response exercises and review of standard operating procedures.	The department, in conjunction with the CFA, routinely conduct field exercises to test processes, establish clear roles and support sound decision making. All radioactive material incident response standard operating procedures are also being reviewed to incorporate the informed practices learnt from field exercises and to reflect changes in legislation to improve system response, increase capacity and potentially reduce the cost impacts of incident and emergency responses.	Minimum of three exercises conducted per annum. Review of existing standard operating procedures concluded by 2016.	Only one exercise was conducted in the 2014–15 year due to a need to allocate resources to other regulatory priorities. A review has commenced of standard operating procedures for incident response. It is planned to be completed by the end of 2016.
Radiation safety	Under the <i>Radiation Act 2005</i> the department issues licences and approves testers associated with radiation practices.	The ongoing update of the radiation licensing system and full implementation of an electronic filing system has streamlined specific activities associated with processing of licence applications.	A reduction by 10 per cent in the average processing time for 90 per cent of licence applications.	Initial data analysis for 2014–15 appears to show an improvement over 2013–14 however data validation is still being undertaken.
Legionella	The <i>Public Health and Wellbeing Act 2008</i> and Public Health and Wellbeing Regulations 2009 require that the risks of legionella are managed in healthcare facilities.	Participate in a national project to develop Guidelines for the control of Legionella in Health Care Facilities. The Department provides technical advice around these issues and participates in the development of the national guidelines for water delivery systems in hospitals.	Inform the development of a consistent approach to national guidance for the control of legionella in healthcare facilities across Australia.	Draft guidelines have been released and are available on the department's web site. The Department will work with other jurisdictions to resolve outstanding issues with the aim of publishing the national guidance during 2015–16.
Tobacco Policy 4	Implementing an online ordering system for tobacco retailers' signage and automatic inclusion of information to clarify placement requirements.	Currently, tobacco retailers obtain signage required under the <i>Tobacco Act 1987</i> by calling the Tobacco Information Line and requesting signs be mailed out to them. Unless specifically requested, no information is provided on placement requirements for the signs. The Department will implement an online ordering system, and automatically include information with each delivery to help clarify placement requirements.	Implement system by 1 January 2015.	The Department has worked with a third party logistics supplier to establish an online ordering system for some tobacco control resources. Further technical development is necessary to enable tobacco retailer signage orders. The current review of the Department's website will provide an opportunity to finalise this work.

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Water Program 1,2,3,7,8	A review of the Safe Drinking Water Regulations 2005 is to be undertaken.	<p>The Department ensures drinking water is delivered to Victorians by state water corporations in accordance with the requirements of the <i>Safe Drinking Water Act 2003</i> and the Safe Drinking Water Regulations 2005 (the Regulations). The Regulations are due to sunset in July 2015 and are therefore subject to review.</p> <p>The first stage of the review involves publication of a discussion paper that evaluates how the Regulations are working and what changes could be made to improve them. Written feedback on the discussion paper will be used to develop a revised set of draft Regulations and a Regulatory Impact Statement (RIS) during the 2014–15 financial year.</p>	<p>Consultation undertaken on the discussion paper in June 2014.</p> <p>RIS and draft regulations released for consultation in early 2015.</p> <p>New regulations in force July 2015.</p>	<p>Discussion paper released 22 May 2014. Written submissions sought by 27 June 2014.</p> <p>RIS and draft regulations released 4 March 2015. Period for comment closed 2 April 2015.</p> <p>The review has identified a number of opportunities to explore regulatory efficiencies, while ensuring the safety, affordability and good reputation of drinking water is retained.</p> <p>Minister's decision to make new regulations published 5 June 2015.</p>
Supported residential services 1,2,3,4,5,6	A review of monitoring and enforcement procedures.	<p>Reducing regulatory burden has been addressed as part of the new regulatory practices under the <i>Supported Residential Services (Private Proprietors) Act 2010</i> including implementation of :</p> <ul style="list-style-type: none"> • a new streamlined registration processes • a new monitoring and enforcement framework. <p>As part of the review of supported residential services regulatory framework, the Department is undertaking a review of the registration processes to help streamline registration forms, reduce times for processing and costs to potential proprietors.</p>	<p>Implementation of a new streamlined registration process.</p> <p>Implementation of a new risk based monitoring and enforcement framework. A reduction of processing times for registration in 2015–16 compared to 2013–14.</p>	<p>A review of registration processes against provisions in the legislation was conducted in 2014–15 by external consultants. The Department is currently working through the recommendations which advise on definitional and privacy issues; pre lodgement processes; and sufficiency of evidence to assess applicants against the registration criteria set out in the legislation.</p> <p>A risk-based monitoring and enforcement framework has been in place since 2012. The framework is due for three yearly review.</p> <p>Internal business analysis expertise is being deployed to assist with the implementation of these recommendations to streamline the application assessment processes without compromising risk management. Recommendations are expected in December 2015.</p>

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Standards and regulation n/a	Develop monitoring and assurance regime	Have in place a monitoring and assurance regime to ensure that its regulatory objectives are being met, including the number of organisations being registered, having registration renewed or having registration revoked. The process should be transparent.	<p>Publish a list of organisations that have had their registration revoked along with the revocation date. This is in addition to the current listing of organisations registered under the <i>Children, Youth and Families Act 2005</i> and the <i>Disability Act 2006</i> on the department's website.</p> <p>Publish data regarding the number of organisations that have registered, re-registered or had registration revoked in the department's annual report.</p>	<p>September 2014 – revocation details are now being added to the registers in a separate spreadsheet.</p> <p>Published in 2013–14 annual report in September 2014.</p>
Standards and regulation n/a	Develop instruments to clarify regulatory roles.	Ensure formal instruments exist that clarify regulator roles where there are shared accountabilities. These should promote coordination between the unit and other regulators and be publicly available.	<p>Establish protocols with the Housing Registrar and the National Disability Insurance Agency (NDIA) that allow information sharing and reduce the regulatory reporting burden for jointly funded organisations. The protocol with the NDIA allowed the use of Victoria's quality and safeguards during the launch of the National Disability Insurance Scheme in Barwon.</p> <p>Work with other regulatory bodies to develop information sharing protocols to reduce the regulatory reporting burden.</p>	<p>In place with Housing Registrar.</p> <p>In place with NDIA for trial period 2013–16. Currently in negotiation for transition period 2016–19.</p> <p>Discussions continue.</p>
Standards and regulation n/a	Promote additional liaison and engagement with other regulators	Where formal instruments exist, the unit should meet with the other regulators to identify good practice and share lessons.	Meet at least twice per year with regulatory bodies where formal information sharing protocols exist.	Regular meetings continue.

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Standards and regulation n/a	Enhance communication with funded organisations.	Provide and receive feedback from funded organisations in relation to regulation activities.	<p>Hold at least one quality forum per year and quarterly quality reference group meetings with representatives of the funded sectors and quarterly moderation forums with representatives of the endorsed independent review bodies.</p> <p>Provide written information updates to the sectors at least twice per year.</p> <p>Publish feedback from the quality forums on the department's website.</p>	<p>Quarterly forums and reference groups continue: Quality forums held 10 June 2014 and to be held 20 October 2015.</p> <p>Email updates sent October 2014, February, April 2015.</p> <p>Will commence June 2015.</p>
Standards and regulation n/a	Continue to improve documentation of processes and activities.	Document the administrative and compliance processes and activities.	<p>Publish policies and processes regarding the Department of Human Services Standards and registration under the applicable Acts (including separate information for organisations operating under the National Disability Insurance Scheme) on the department's website.</p> <p>Implement a process for monitoring self-assessment reports and quality improvements place.</p> <p>Document process maps for the decision making process regarding registration, registration revocation and service agreement termination or breaches to build on existing policies and documentation.</p>	<p>In place and updated as required.</p> <p>Consultations commenced prior to January 2014.</p> <p>Process maps finalised for feedback from November 2014 and in process of being updated to reflect current process.</p>

Unit responsible, SOE reference	Initiative	Description of improvement ²	Performance targets	Progress as at 30 June 2015
Standards and regulation n/a	Risk-based approach to monitoring.	Develop and implement a risk-based approach to monitoring.	<p>Develop a risk-based approach to monitoring funded organisations to build on existing independent regulatory functions and to incorporate risk-based regulation.</p> <p>Implement the Department of Human Services Standards quality framework with a provision to exempt organisations from independent review or self-assessment based on funding threshold and organisation characteristics. This is documented in the Department of Human Services Standards policy.</p> <p>Publish, on the Department's website, a factsheet that details the process for how issues that put a client or other person at significant risk are identified and managed by independent review bodies.</p> <p>Monitor the approach to addressing notifiable issues to ensure each issues is rectified to the Department's satisfaction. That is, higher scrutiny is put on particular risk issues.</p>	<p>Risk-based approach developed and unannounced audits commenced April 2015.</p> <p>In place, with annual indexation applied.</p> <p>In place and updated as required. An internal process document was developed in December 2014 regarding the process for managing notifiable issues.</p> <p>In place – notifiable issues and outcomes tracked.</p>
Standards and regulation n/a	Promote clear written communication with funded agencies.	Ensure information for funded organisations is easy to understand, current, timely and readily available.	Publish an easy English booklet outlining the Department of Human Services Standards.	Draft booklets have been finalised, publication process to commence shortly.

Disability Action Plan

The *Disability Act 2006* requires Victorian public sector bodies to develop a disability action plan to help reduce barriers and enhance opportunities for people with a disability. The Department of Human Services' *Delivering for all: access and equity framework 2013–2017* and the Department of Health's *Working together: disability action plan* were in place to meet these requirements.

During 2014–15 the Department progressed a number of initiatives to help remove barriers for people with a disability under four outcome areas.

Reducing barriers to accessing goods, services and facilities

The Department collaborated with local Aboriginal community organisations in the Barwon region to engage with Aboriginal people with a disability and their families to contribute to the development of the National Disability Insurance Agency and strengthen the capacity of local Aboriginal community organisations to delivery disability services under the National Disability Insurance Scheme.

Through Sport and Recreation Victoria, an online resource called Access for All Abilities Play was developed, which links people with a disability to participation opportunities. Over 1,200 individual users per month are now accessing information directly from the Access for All Abilities Play portal.

The Department collaborated with Creative Victoria to jointly fund the development of ARTFinder. ARTFinder is a community capacity building project to improve the planning, sourcing and delivery of arts programs for Victorians with a disability through:

- > an online directory of existing art programs for people with a disability
- > a series of arts and disability community planning forums
- > disability awareness training programs to be delivered in eight local government areas across Victoria.

Reducing barriers to gaining and maintaining employment

A range of initiatives took place with the aim of improving recruitment outcomes for people with a disability, including:

- > partnering with the Australian Network on Disability to offer three 'Stepping Into' internships for university students with a disability providing them with valuable insight career opportunities in the Victorian Public Service
- > promoting increased participation in employment of vulnerable young people including those with a disability through the Youth Employment Scheme
- > coordinating a cross-government network sharing best practice and advice on recruiting and retaining employees with a disability.

Promoting inclusion and participation in the community

A number of initiatives took place during 2014–15 to promote the inclusion and participation of people with a disability in the community including:

- > providing funding to encourage journalists and aspiring journalists to positively and sensitively represent people with a disability. The Report it Right and WIN! competition is open to media and communications students enrolled in a Victorian tertiary institution and encourages students to produce a news story or feature article that relates to people with disability within their local community. In addition, the Victorian Government recognises the work of established journalists in this area through funding for a Quill Award for Excellence entitled 'the Victorian Government Quill for Reporting on Disability Issues'.
- > embedding and promoting universal design principles to encourage inclusive practices and increased participation for people with a disability. For example:
 - Sport and Recreation Victoria incorporated universal design principles into funding and services agreements. Additionally, major projects and state and community facilities funded by Sport and Recreation Victoria have the opportunity to access workshops on universal design principles

- Sport and Recreation Victoria worked with Camp Manyung in Mt Eliza to embed principles of universal design into its activities, including the Camp Manyung Universal High Challenge Ropes Course, the first of its kind in Australia
- > funding the Access for All Abilities Program, which helps build the capacity of the sport and recreation sector to provide sustainable sport and recreation opportunities for people with a disability. In 2014–15 funded organisations worked through their clubs and associations to create participation opportunities for over 50,000 people with a disability, a 100 per cent increase on the previous financial year.

Achieving tangible changes in attitudes and practices that discriminate against people with a disability

Discrimination against people with a disability is actively discouraged through a number of initiatives. Some activities working towards this aim during 2014–15 included:

- > jointly funding the Victorian Disability Sector Awards which champion the human rights of people with a disability and promote their inclusion in the community
- > hosting a whole-of-government event to celebrate International Day of People with a Disability in December 2014. The event brought together staff from across government to demonstrate the benefits of employing people with a disability and to hear from a panel of speakers about breaking down barriers to participation

Registered disability service providers

Registration of disability service providers under the *Disability Act 2006* and the *Children, Youth and Families Act 2005* is managed by the Department's Standards and Regulation Unit which acts as an independent regulator within the Department.

The launch of the National Disability Insurance Scheme has seen an agreement between the Commonwealth and Victorian Government for the existing quality assurance and safeguards of the State of Victoria to remain in place during the launch, until a nationally consistent risk-based quality assurance approach is developed. Some

organisations providing services for the National Disability Insurance Agency are also required to be registered with the Department and operate in accordance with the *Disability Act 2006*. This includes complying with the *Human Services Standards* (gazetted as *the Department of Health and Human Services Standards*) and providing reports to the Disability Services Commissioner, Community Visitors, Office of the Public Advocate and the Senior Practitioner.

Register of disability service providers

Section 46 of the *Disability Act 2006* requires the Secretary of the Department of Health and Human Services to keep a register and make available for public inspection a list of disability service providers. Funded organisations that deliver disability services are required to be registered and comply with the Human Services Standards.

The register can be found on the Department's website at www.dhs.vic.gov.au (see For Service Providers > Disability > Service Quality and Improvement).

Register of community services

The *Children Youth and Families Act 2005* provides a strong focus on the quality of services delivered to children, young people and families. Funded organisations that deliver family and out-of-home care services are required to be registered and comply with the Human Services Standards.

Section 54 of the Act, requires the Secretary of the Department of Health and Human Services to keep a register of community services. Section 57 of the Act requires that the Secretary must make a copy of the register of community services available for inspection on the Department's internet site.

The register can be found on the Department's website at <http://www.dhs.vic.gov.au> (see For Service Providers > Children, Youth and Families > Community Service Organisations > Registration requirements for community services).

During 2014–15, the Department refused to register two organisations under the *Disability Act 2006* on the grounds that they were unable to demonstrate their capacity to meet the Human Services Standards. The following registration activities occurred:

Registration type	New registrations processed 2014–15	Renewals processed 2014–15	Registrations lapsed/revoked 2014–15	Total number registered as at 30 June 2015
Registration under the <i>Children, Youth and Families Act 2005</i>	5	10	1	137
Registration under the <i>Disability Act 2006</i> ¹	23	54	5	313

¹ Includes organisations registered for National Disability Insurance Agency purposes.

Department of Health and Human Services standards

On 1 July 2012, the *Department of Human Services Standards* were implemented. Since the formation of the Department of Health and Human Services on 1 January 2015, the Standards were re-gazetted as the Department of Health and Human Services Standards (Standards). Given these Standards apply to the direct-client contact human services activities (children, youth and families, disability services, homelessness services, family violence and sexual assault services), they are known as the Human Services Standards.

Compliance with the Standards is an obligation of the service agreement with the Department, as well as a requirement of registration for those organisations registered under the *Children, Youth and Families Act 2005*, the *Disability Act 2006*, or both. The approach adopted is determined based on the scope of services provided and level of funding relationship with the Department.

- Organisations that receive less than \$21,224 for funded activities are generally exempt.
- Organisations that receive up to \$106,121 for funded activities may provide a self-assessment or be independently reviewed.
- Organisations that receive more than \$106,121 for funded activities are required to be independently reviewed.

The implementation of the Standards involves a range of assurance activities including self-assessment, independent review and external accreditation/certification processes.

To assure compliance with the Standards, service providers need to:

- > demonstrate compliance with the Standards and the governance and management standards of an approved independent review body
- > be independently reviewed by a department-endorsed independent review body once in every three year service agreement period
- > gain and maintain their accreditation/certification with their independent review body.

The determination of which assurance activity will be required to assess service provider compliance with the Standards, includes provision for the Department to approve a self-assessment process be undertaken instead of an independent review, with consideration to whether the benefits of the review process outweigh the costs of the review.

Number of service providers

Type	Number
Organisations exempt from independent review and self-assessment due to funding	6
Organisations required to complete a self-assessment	47
Organisations required to undertake an independent review	440

Reviews completed 2014–15

Type	Number
Number of independent reviews successfully completed	240
Number of independent reviews not successfully completed or certification withdrawn	2

Environmental impacts

Office-based environmental impacts

In 2014–15 the Department has continued its commitment to monitoring and improving its environmental performance and managing climate change risks to our clients and assets by integrating considerations of environmental sustainability into all business operations.

Progress has been made towards environmental sustainability goals with the implementation of a number of initiatives during the year. Four initiatives of note are:

- > securing a \$13.385 million Department of Treasury and Finance loan for public housing high rise energy efficiency works
 - > facilitating a \$6.2 million investment in upgrades to a central engineering plant and the installation of 7,200 energy efficient lights and 289 kilowatts of solar panels at the West Gippsland Healthcare Group and Austin Health
 - > implementing a comprehensive on-line environmental data management system to enable 87 public health services and Ambulance Victoria to better manage and report environmental impacts and improve environmental performance
 - > completing the expansion of the Department's energy management systems to over 3,500 utility accounts by mapping, monitoring and reporting social housing electricity and gas to improve the management of procurement and environmental performance.
- > commenced through Health Purchasing Victoria three year state-wide electricity and gas contracts for Victoria's public health services
 - > developed provisions for residential gas customers within the existing gas state purchase contract in conjunction with Department of Treasury and Finance. This has resulted in notable economic savings for our disability homes and has enabled the efficient measurement of energy use and associated greenhouse gas emissions
 - > upgraded the energy star rating of 253 public housing high-rise apartments from average 3.4 star to 6.8 star ratings, with better wall insulation and window replacements. This has achieved a greater energy efficiency and thermal comfort dwelling for our clients. The 2014–15 target of 310 upgrades was not achieved, as some projects were withheld from proceeding due to site constraints
 - > changed the lighting specification for all disability and out of home care facilities to energy efficient LED lighting
 - > completed the expansion of energy management systems project, which mapped electricity and gas procurement and measured energy usage across the entire department
 - > participated in the World Wildlife Fund's worldwide environmental awareness Earth Hour initiative by turning off all office lighting over the 28–29 March 2015 weekend
 - > maintained a 4.5 star NABERS energy rating for the central office at 50 Lonsdale Street Melbourne.

Energy

The Department is committed to reducing its energy use and assisting clients to reduce their energy consumption. In 2014–15, the Department:

- > completed a Detailed Facility Study to deliver energy savings to 14 high-rise public housing buildings under the Efficient Government Buildings Program

The 2015–16 environmental management system target³ is:

- > to undertake the work required to progress the Efficient Government Building Program detailed facility study of 14 high-rise buildings to contract stage by 2016.

³ An environmental management system is the management of an organisation's environmental programs and performance in a comprehensive, systematic, planned and documented manner.

Water

The Department continues its aim to reduce water consumption across its facilities.

During the year, the Department:

- > made substantial departmental cost savings by utilising the environmental water data monitoring of our multi apartment dwellings
- > completed the installation and connection of 33 fire testing water recycling tanks at Public Housing high rise apartment sites with a total capacity of 863,000 litres water. This is expected to save large volumes of drinking water.
- > installed 3-star rated showerheads and dual-flush toilets in 269 public housing apartments
- > saved an estimated 12,500,000 litres of water this year, by utilising the black water recycling system for toilet flushing at 50 Lonsdale Street Melbourne. This is equivalent in volume to five Olympic swimming pools.
- > installed 58 kilolitre capacity of underground water storage tanks to supplement the toilet flushing of three secure services residential buildings and the central administration building as well as providing turf irrigation.

The 2015–16 environmental management system target is:

- > to implement a water usage monitoring device in two Public Housing High Rise Towers

Procurement

The Department continued to drive the efficient use of multi-function devices and printers through a limited replacement program and the building of capacity to better understand and manage the Department's current device fleet. Paper and ink efficiencies continue to be driven through default settings of devices and oversight of the device-to-computer ratio.

The policies and advice relating to replacement of electrical equipment such as computers, laptops and white goods continue to require staff to consider energy efficiency ratings at time of purchase, as well as the environmental disposal of old equipment.

The Department also initiated a project to investigate options to implement the Department of Premier and Cabinet new State Purchase Contract for the provision of a managed service for multifunction devices and printers. The implementation of this project in 2015–16

is expected to continue to drive the communal printer-to-computer ratios to 1:20 by 2016.

The Department achieved:

- > social housing energy procurement realised cost savings of \$1,294,000 in 2013–14 and \$2,294,000 in 2014–15
- > expanded monitoring and reporting to additional aspects of office and stationery procurement in relation to environmental considerations in purchasing goods
- > continued implementation of the Department's Paper and Printing Policy
- > continued monitoring of paper purchasing patterns and monthly review reports to verify recycled content of purchased paper.

The 2015–16 environmental management system target is:

- > to decrease communal printer-to-computer ratios to 1:20 by 2016.

Waste

The Department is committed to the effective management of waste to reduce operational costs and environmental impacts, as well as potential public health risks to staff, health system users and the broader Victorian community. The Department's office waste management system provides separate waste streams for landfill, recycling, compost and paper.

In 2014–15, the Department:

- > collaborated with stakeholders to improve on-site organics management across the Parkville Precinct with a view to diverting 375 tonnes of organics from landfill each year
- > commenced through Health Purchasing Victoria a three year statewide waste contract covering clinical, general and recycling streams, for Victoria's public health services
- > conducted 20 waste audits of departmental offices to monitor and better understand waste management practices
- > maintained advanced plastics and polystyrene recycling at the Department's Box Hill and Ringwood offices and a reusable items storage system at 50 Lonsdale Street so staff can reuse stationery and office products

The 2015–16 environmental management system target is:

- > to undertake a waste audit at a public housing high rise facility.

Sustainable transport

The Efficient Fleet Procurement Policy was finalised and approved in 2014.

The 2013–14 target to check its efficacy has found that there is opportunity for improvement in the implementation of the policy to ensure the potential life-cycle cost and greenhouse gas emission savings are realised for our fleet vehicles. A reduction in kilometres travelled can be attributed to the Vehicle Use Review, including the 20 per cent of eight-seat buses leased in the current financial year are located in car pools across the state to compound efficient group travel.

Ride to Work Day activities were coordinated on 15 October 2014 at our central office, including a breakfast for staff which was supported by local cafes.

The 2015–16 environmental management system target is:

- > to reduce the average emissions per 100 km of new vehicles purchased.

Climate change adaptation

The Department is committed to managing climate change risks for its clients, assets and services as part of the Victorian climate change adaptation plan.

In 2014–15, the Department:

- > completed the North West Housing Adaptation project, which designed and costed housing able to stay cool in heatwave conditions in the north-west region of Victoria
- > gained co-funding from the Natural Disaster Resilience Grants Scheme for a disaster risk and resilience program for community health and human service agencies
- > planned the roll out of the disaster risk and resilience program for community health and human service agencies in 2015–16.

The 2015–16 environmental management system target is:

- > to implement the disaster risk and resilience program for community health and human service agencies.

Environmental performance reporting

The following information has been prepared in accordance with Financial Reporting Direction (FRD) 24C and the Global Reporting Initiative (G4) environmental category. The environmental dimension of sustainability concerns the Department's impact on living and non-living natural systems, including land, air, water and ecosystems. FRD24 covers impacts related to inputs (such as energy and water) and outputs (such as emissions and waste). In addition, it covers procurement, transport, and product and service-related impacts, as well as environmental compliance and expenditures. G4 environmental aspects are partially reported including the indicators for materials (EN1, EN2), energy (EN3, EN5), water (EN8), emissions (EN15, EN18), waste (EN23), products and services (EN27) and transport (EN30). All dollar figures include GST.

In 2014–15, the environmental performance reporting data include property and assets utilised in the delivery of the Department's core functions, including corporate offices, secure services, residential housing and healthcare. This report includes disability accommodation clients' residential energy usage and shared base building energy and water in offices and public housing facilities. All data is based on best available information at the time of preparation. Where data was not available or estimated in 2013–14 but has since become available, the data has been adjusted to reflect actual figures representing the reported building portfolio as at 30 June 2015.

At 30 June 2015, the Department provided its administrative services from 43 office locations across the state. In addition, the Department operates from operational centres providing secure services and disability residential services. Public housing energy data is representative of community facilities, general lighting, and bulk hot water equipment from high-rise multi apartment tower blocks, low rise apartment blocks and general rental public housing stock, while water data is representative of the high-rise public housing locations under the environmental management system.

The public health service energy and water data represents a summation of data reported by Victoria's 87 public hospitals and health services, excluding Ambulance Victoria. Not all data for small healthcare facilities is reported to the Department and data has not been externally verified. Bed days include occupied bed days (OBD) and public sector residential aged care bed days. It represents 2012–13 and 2013–14 as is not possible to provide 2014–15 data due to the method in which the Department collects environmental data from health services. The Department will report public

health services environmental data for 2014–15 at www.health.vic.gov.au/sustainability as soon as it is available.

The Health and Human Services reporting scope was determined over the three recent financial years of environmental performance for the Human Services' existing building portfolio as occupied on 30 June 2015. The Health reporting scope was determined over the two financial years of environmental performance for Health's existing building portfolio as occupied on 30 June 2014.

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO₂-e) associated with:	2012–13	2013–14	2014–15
Public hospitals energy use	722,443	718,613	718,613
Social housing energy use	69,555	69,757	67,648
Office-based energy use	17,077	17,176	17,100
Public hospitals nitrous oxide	15,594	16,116	16,116
Vehicle fleet and air travel	10,555	11,100	10,213
Paper and office-based waste production	500	378	443
Total	835,724	833,140	830,133

Figures have been adjusted to include the most up-to-date data from combined data presented in the Department of Human Services and Department of Health Annual Report 2013–14.

Greenhouse gas emissions for energy and vehicle fleet are based on the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Schedule 1).

Greenhouse gas emissions for the public hospital portfolio are estimated based on 2013–14 actual data as 2014–15 data was not available at the time of printing.

Greenhouse gas emissions for waste and paper were calculated based on Financial Reporting Directive 24C and its accompanying greenhouse gas emission reporting template. Greenhouse gas emissions for air travel are based on FCM Travel Solutions methodology.

Staff and building reference data

Description	Government-owned buildings	Leased buildings	Total
Office-based FTE	689	5,836	6,525
Operational FTE	4,660		4,660
Total FTE			11,185
Number of office-based sites	8	35	43
Number high-rise public housing sites	44		44
Office-based area (m ²)	11,877	124,714	136,591

Energy use

Office based

Description	2012–13 estimate		2013–14 estimate		2014–15 estimate	
	Megajoules	Cost (\$M)	Megajoules	Cost (\$M)	Megajoules	Cost (\$M)
Total energy usage segmented by primary source						
Electricity	49,642,263	\$2.62	50,332,448	\$2.64	50,026,496	\$2.33
Green power	792,015	\$0.01	376,346	\$0.00	5,184	\$0.00
Natural gas	15,691,729	\$0.22	13,682,559	\$0.20	13,682,559	\$0.21
Total	66,126,007	\$2.85	64,391,353	\$2.85	63,714,239	\$2.54

Description	2012–13	2013–14	2014–15
	Tonnes CO ₂ -e	Tonnes CO ₂ -e	Tonnes CO ₂ -e
Total greenhouse gas emissions by primary source			
Electricity	16,272	16,498	16,398
Natural gas	805	678	702
Total	17,077	17,176	17,100

Description	2012–13	2013–14	2014–15
Energy used per FTE (megajoules/FTE)	9,569	9,501	9,793
Energy intensity (megajoules/m ²)	486	473	468
Green power purchased	1.6%	0.7%	0.0%

This data represents 99.7 per cent of office-based FTE and 97.7 per cent of office locations.

Green power relates to electricity use only.

Greenhouse gas emissions are based on scope 2 emissions from the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Schedule 1)

Differences between the 2014–15 data reported in this report and the annual report 2013–14 are due to consolidation between Department of Health and Department of Human Services annual reports.

Social Housing

Description	2012–13 estimate		2013–14 estimate		2014–15 estimate	
	Megajoules	Cost (\$M)	Megajoules	Cost (\$M)	Megajoules	Cost (\$M)
Total energy usage segmented by primary source						
High-rise and public housing electricity use	90,872,622	\$4.07	90,167,933	\$4.04	87,338,899	\$3.62
Disability and secure housing electricity use	52,916,233	\$2.93	56,465,812	\$2.94	52,272,075	\$2.31
Total electricity	143,788,855	\$7.00	146,633,745	\$6.98	139,610,974	\$5.93
High-rise and public housing natural gas use	342,499,000	\$3.72	333,229,241	\$3.56	339,426,269	\$3.28
Disability and secure housing natural gas use	91,000,489	\$1.25	86,015,668	\$1.26	84,097,832	\$1.28
Liquefied natural gas	3,372,288	\$0.14	3,385,494	\$0.16	2,876,003	\$0.10
Total Natural Gas	436,871,776	\$5.12	422,630,403	\$4.98	426,400,103	\$4.66

Description	2012–13 estimate	2013–14 estimate	2014–15 estimate
Total greenhouse gas emissions	Tonnes CO₂-e	Tonnes CO₂-e	Tonnes CO₂-e
Electricity	47,131	48,063	45,761
Natural gas	22,425	21,694	21,887
Total	69,555	69,757	67,648

Human Services property portfolio energy data combines electricity and gas from 12 large operational locations, 44 high-rise housing facilities and other disability and social housing accommodation facilities.

This data represents 2,407 electricity meters and 899 gas metered accounts from the property portfolio program.

Figures have been adjusted to include the most up-to-date data and may differ from those estimated for the same period in the Department of Human Services annual report 2013–14 to reflect our expanded monitoring portfolio.

Greenhouse gas emissions are based on scope 2 emissions from the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Schedule 1).

Public health services

Description	2012–13		2013–14	
Total energy usage segmented by primary source	Terajoules	Cost (\$M)	Terajoules	Cost (\$M)
Electricity	1,896	\$82.0	1,895	\$82.0
Natural gas	2,030	\$16.9	1,981	\$17.1
Co-generation steam	483	\$3.8	489	\$3.8
LPG	118	\$3.6	110	\$3.6
Diesel	3	na	3	na
Total	4,530	\$106.4	4,478	\$106.5

Description	2012–13	2013–14
Energy used per separation (gigajoules/ separation)	3.07	2.87
Energy used per bed day (gigajoules/ bed day)	0.69	0.68
Energy used per unit of floor space (gigajoules/m ²)	1.73	1.70
Greenhouse gas emissions per separation (tonnes CO ₂ -e/separation)	0.50	0.47
Greenhouse gas emissions per bed day (tonnes CO ₂ -e/bed day)	0.11	0.11
Greenhouse gas emissions per unit of floor space (tonnes CO ₂ -e/m ²)	0.28	0.28

1 terajoule equates to 1,000,000 megajoules and 1 gigajoule equates to 1,000 megajoules.

Differences between the 2012–13 data reported in this report and the 2013–14 Annual Report are due to more accurate data becoming available during 2013–14 and a more refined methodology to estimate carbon emissions from co-generation systems.

Greenhouse gas emission indicators include emissions associated with the use of nitrous oxide in public hospitals.

Water use

Office based

Description	2013–14 estimate	2014–15 estimate
Total water used (kilolitres)	52,393	51,585
Total water usage charge (dollars)	\$125,000	\$125,000
Water used per FTE – leased offices (litres/FTE)	8,837	8,892
Water used per FTE – Government owned offices (litres/FTE)	6,779	7,597
Total Water used per FTE (litres/FTE)	8,597	8,741
Water used per unit of office space (litres/m ²)	414	408

Water data represents 35 administrative office locations.

This data represents 90 per cent of office based FTE and 81 per cent of office locations.

Differences between the 2014–15 data reported in this report and the 2013–14 Annual report are due to consolidation between Department of Health and Department of Human Services annual reports.

Disability and secure housing

Description	2013–14 estimate	2014–15 estimate
Total water used (kilolitres)	87,282	85,691
Total water usage charge (dollars)	\$209,000	\$206,000

Water data represents the 14 properties which includes the larger secure services and disability operational facilities.

High-rise public housing

Description	2013–14 estimate	2014–15 estimate
Total water used (kilolitres)	1,320,952	1,357,187
Total water usage and sewage charge (dollars)	\$5,300,000	\$5,510,000

Water data represents the 44 public housing high rise sites under 36 accounts based on available data.

Public health services

Description	2012–13	2013–14
Total water used (megalitres)	3,815	4,013
Total water usage charge (\$ million)	\$13.4	\$16.1
Water used per separation (kilolitres/ separation)	2.58	2.58
Water used per bed day (kilolitres/ bed day)	0.59	0.61
Water used per unit of floor space (kilolitres/m ²)	1.46	1.52

Waste production

Office based

Description	2012–13 estimate	2013–14 estimate	2014–15 estimate
Total units of waste disposed of by destination	Kilograms/year	Kilograms/year	Kilograms/year
Landfill	195,226	163,288	1,219,547
Recycling	304,810	298,738	951,627
Compost	5,751	8,987	687
Total	505,787	471,013	2,171,861

Description	2012–13 estimate	2013–14 estimate	2014–15 estimate
Total units of waste disposed of per FTE by destination	Kilograms/FTE/year	Kilograms/FTE/year	Kilograms/FTE/year
Landfill	17	19	26
Recycling	94	49	40
Compost	5	7	0.1
Total	116	74	66

Description	2012–13 estimate	2013–14 estimate	2014–15 estimate
Recycling rate (per cent)	85%	75%	60%
Greenhouse gas emissions associated with waste to landfill (tonnes of CO ₂ -e)	132	146	209

Waste data is based on one-day waste audits conducted at 20 selected Department of Health and Human Services offices then extrapolated for estimating annual production data.

Factors used to calculate greenhouse gas emissions are based on the Financial Reporting Directive 24C and its accompanying greenhouse gas emission reporting template.

This data has been extrapolated to represent 100 per cent of office based FTE and 100 per cent of office locations.

Transportation

Vehicle fleet

Description	Size of vehicle fleet as of 30 June 2015						
	LPG	Dual fuel	Hybrid	1–3 cylinder unleaded petrol	4 cylinder unleaded petrol	6 cylinder unleaded petrol	Diesel
Commercial	12	0	0	0	2	0	26
Executive	0	0	18	0	23	80	14
Passenger bus	0	0	0	0	368	0	141
Passenger car	263	18	407	0	63	127	171
Total (1733 vehicles)	275	18	425	0	456	207	352

Description	Operational (per cent)	Executive (per cent)
LPG	17	0
Dual fuel	1	0
Hybrid	26	13
1–4 cylinder unleaded petrol	27	17
6 cylinder unleaded petrol	8	60
Diesel	21	10

Description	2012–13 estimate	2013–14 estimate	2014–15 estimate
Total energy consumption	Megajoules	Megajoules	Megajoules
LPG	13,466,222	18,198,735	19,672,728
Dual fuel	16,923,736	8,710,388	2,449,269
Hybrid	21,186,701	21,208,090	18,770,516
Unleaded petrol	54,166,358	58,039,464	59,197,243
Diesel	32,655,161	37,634,275	31,513,114
Total	138,398,178	143,790,952	131,602,870

Description	2012–13 estimate	2013–14 estimate	2014–15 estimate
Total vehicle travel	Kilometres	Kilometres	Kilometres
LPG	3,886,666	5,304,290	6,049,039
Dual fuel	4,813,204	2,379,138	623,356
Hybrid	9,250,075	9,378,487	8,959,794
Unleaded petrol	14,508,429	13,707,478	14,978,683
Diesel	9,019,840	10,168,545	8,845,691
State Government Vehicle Pool	937,116	698,036	589,708
Total	42,415,331	41,635,973	40,046,271

Description	2012–13	2013–14	2014–15
Total greenhouse gas emissions	Tonnes CO₂-e	Tonnes CO₂-e	Tonnes CO₂-e
LPG	819	1,106	1,196
Dual fuel	1,039	534	150
Hybrid	1,475	1,476	1,306
Unleaded petrol	3,770	4,040	4,120
Diesel	2,283	2,631	2,203
State Government Vehicle Pool	172	124	104
Total	9,558	9,912	9,079

Description	2012–13	2013–14	2014–15
Greenhouse gas emissions efficiency	Tonnes of CO₂-e per 1,000 kilometres	Tonnes of CO₂-e per 1,000 kilometres	Tonnes of CO₂-e per 1,000 kilometres
LPG	0.211	0.209	0.198
Dual fuel	0.216	0.225	0.241
Hybrid	0.159	0.157	0.146
Unleaded petrol	0.26	0.295	0.275
Diesel	0.253	0.259	0.249
State Government Vehicle Pool	0.190	0.178	0.176
Total	0.23	0.24	0.23

These data represent all operational FTE.

Energy use, distance travelled and greenhouse gas emissions transport data for 2013–14 and 2014–15 is based on a 1 April to 31 March fringe benefit year.

Greenhouse gas emissions are based on National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Schedule 1).

All emission factors incorporate relevant oxidation factors (sourced from the Department of the Environment National Inventory Report).

Air travel

Description	2012–13 actual	2013–14 actual	2014–15 actual
Total distance travelled (kilometres)	3,539,830	4,335,352	4,151,774
Base fare cost (dollars)	\$1,141,000	\$1,335,000	\$1,250,000
Greenhouse gas emissions (tonnes of CO ₂ -e)	997	1,188	1,134

Figures have been adjusted to include the most up-to-date data from combined data presented in the Department of Human Services and Department of Health Annual Report 2013–14.

This data represents all operational FTE.

Factors used to calculate greenhouse gas emissions are based on FCM Travel Solutions methodology.

Calculations for emissions are based on three categories; short haul flights (less than 500 kilometres), medium haul flights (between 500–3,700 kilometres) and long-haul flights (more than 3,700 kilometres).

Commuter travel

Percentage of employees regularly using sustainable travel (public transport, cycling, walking, car-pooling or working from home) to commute	2013–14 estimate	2014–15 estimate
Central business district	86%	93%
Metropolitan	45%	43%
Regional/rural	28%	31%
Total	72%	82%

Sustainable transport data was obtained from the Department's travel survey conducted in May 2015. Results exclude responses from surveyed staff who were on leave or did not travel to work during the survey period.

In 2013–14, Department of Health reported travel survey results as a total figure only.

For comparability, it was assumed 100 per cent of 2013–14 Health staff surveyed worked in the CBD where 85 per cent of Health staff were estimated to be located.

Procurement and paper

Procurement of office products and stationery with environmental considerations from departmental operations

Description	2013–14 actual	2014–15 actual
Furniture	0%	16%
Kitchen	17%	14%
Facilities solutions	2%	22%
Office products	42%	40%
Total	37%	34%

Office products and stationery data is obtained from the Department's state purchase contract. Environmental considerations are based on the supplier's earthsaver category criteria.

Results include expenditure on office furniture, coffee and catering supplies, janitorial products, packaging, workplace safety supplies, educational supplies, computer hardware, office technology products, computer consumables, general office products, office filing and storage, office machines and electronics, office paper products and writing instruments.

Paper use from departmental operations

Description	2012–13 actual	2013–14 actual	2014–15 actual
Total units of paper used – A4 equivalent (reams)	112,773	104,567	104,524
Units of paper used per FTE (reams/FTE)	10.3	9.5	9.3
Total cost of paper used (dollars)	\$560,000	\$558,000	\$557,000
Greenhouse gas emissions associated with paper use (tonnes of CO ₂ -e)	368	232	234

Percentage recycled content copy paper purchased	2012–13 actual	2013–14 actual	2014–15 actual
75–100 per cent recycled	27%	32%	32%
50–75 per cent recycled	60%	64%	64%
0–50 per cent recycled	13%	4%	3%

These data represent all operational FTE.

Greenhouse gas emissions are based on the Financial Reporting Directive 24C and its accompanying greenhouse gas emission reporting template, which calculates both Australian made and imported emissions.

Figures have been adjusted to include the most up-to-date data from combined data presented in the Department of Health and the Department of Human Services Annual Report 2013–14.

Public health services paper use

Description	2012–13	2013–14
Total units of paper used – A4 equivalent (reams)	501,287	518,795
Total cost of paper used (\$ millions)	\$2.4	\$2.3
Units of paper used per FTE (reams/FTE)	7.3	7.5
Contains recycled content (per cent)	3.8%	2.3%
Certification in regard to fibre sourcing (per cent)	45%	51%
Elemental chlorine-free bleaching (ECF) or processed chlorine-free (PCF) manufacture (per cent)	45%	100%
Carbon-neutral offset standard (CNOS) (per cent)	26%	10%

One ream is 500 sheets of paper. One A3 ream of paper is equivalent to two A4 reams. Paper data is sourced from the statewide stationery contract managed by Health Purchasing Victoria.

FTE is the full-time equivalent staff employed by a public health service as of 30 June for the financial year. Differences between the 2012–13 data reported in this report and the 2013–14 Annual report are due to more accurate data becoming available during 2014–15.

National pollutant inventory

The Commonwealth National Pollutant Inventory (NPI) provides the community, industry and government with information on substances emitted to the air, land and water. The inventory tracks the amount of substances emitted by organisations that trigger the reporting threshold. The table below is an aggregation of substances reported by Victorian public health services through the NPI.

Pollutant	2012–13 kilograms	2013–14 kilograms
Carbon monoxide	62,781	79,438
Oxides of nitrogen	64,187	67,908
Particulate matter (2.5 µm and 10 µm)	11,031	5,561
Total volatile organic compounds	4,158	5,288
Sulfur dioxide	789	801
Other substances	2	27

Other substances in 2012–13 includes: arsenic and compounds, cadmium and compounds, chromium (III) compounds, copper and compounds, lead and compounds, mercury and compounds, nickel and compounds, and polycyclic aromatic hydrocarbons. In 2013–14 other substances also includes Cumene (1-methylethylbenzene), cyclohexane, ethylbenzene, formaldehyde (methyl aldehyde) and n-Hexane.

Additional departmental information available on request

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

- > a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- > details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- > details of publications produced by the entity about the entity, and how these can be obtained
- > details of changes in prices, fees, charges, rates and levies charged by the entity
- > details of any major external reviews carried out on the entity
- > details of major research and development activities undertaken by the entity
- > details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- > details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- > details of assessments and measures undertaken to improve the occupational health and safety of employees
- > general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- > list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- > details of all consultancies and contractors engaged.

Requests for additional information may be made in writing to the following:

Director
Communications and Media
GPO Box 4057
Melbourne Victoria 3001

Disclosure index

The annual report of the Department of Human Services is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

Report of operations

Ministerial directions	Requirement	Page
Chapter and purpose		
FRD 22F	Manner of establishment and the relevant ministers	70–75
FRD 22F	Objectives, functions, powers and duties	7–8
FRD 22F	Nature and range of services provided	7–8
Management and structure		
FRD 22F	Organisational structure	75
Financial and other information		
FRD 8B	Budget portfolio outcomes	63–69
FRD 10	Disclosure index	134
FRD 12A	Disclosure of major contracts	93–102
FRD 15B, FRD 22F	Executive officer data	81
FRD 22F, SD 4.2 (k)	Operational and budgetary objectives and performance against objectives	9–57
FRD 22F	Employment and conduct principles	76
FRD 22F	Occupational health and safety management measures	87
FRD 22F	Summary of the financial results for the year	62
FRD 22F	Significant changes in financial position during the year	62
FRD 22F	Major changes or factors affecting performance	62
FRD 22F	Subsequent events	232 & 218
FRD 22F	Application and operation of <i>Freedom of Information Act 1982</i>	103
FRD 22F	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	104
FRD 22F	Statement on National Competition Policy	104
FRD 22F	Application and operation of the <i>Protected Disclosures Act 2012</i>	103
FRD 22F	Application and operation of the <i>Carers Recognition Act 2012</i>	104
FRD 22F	Details of consultancies over \$10,000	94–101
FRD 22F	Details of consultancies under \$10,000	93
FRD 22F	Statement of availability of other information on request	133
FRD 24C	Reporting of office-based environmental impacts	121
FRD 25B	Victorian Industry Participation Policy disclosures	92
FRD 29, FRD 22F	Workforce data disclosures	79–80
SD 4.5.5	Risk management compliance attestation	90
SD 4.5.5.1	Attestation for compliance with Ministerial Standing Direction 4.5.5.1–Insurance	91
SD 4.2(g)	Specific information requirements	5–36 & 72–74
SD 4.2(j)	Sign-off requirements	3

Financial report

Ministerial directions	Requirement	Page
Financial statements required under Part 7 of the <i>Financial Management Act 1994</i>		
SD 4.2(a)	Statement of changes in equity	143 & 242
SD 4.2(b)	Operating statement	141 & 240
SD 4.2(b)	Balance sheet	142 & 241
SD 4.2(b)	Cash flow statement	144 & 243
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	138 & 237 139 & 238
SD 4.2(c)	Compliance with ministerial directions	138 & 237 139 & 238
SD 4.2(d)	Rounding of amounts	150 & 248
SD 4.2(c)	Accountable Officer's declaration	138 & 237
SD 4.2(f)	Compliance with model financial report	145 & 244
Other disclosures in notes to the financial statements		
FRD 9A	Departmental disclosure of administered assets and liabilities by activity	225 & 314
FRD 11A	Disclosure of ex-gratia payments	226 & 315
FRD 13	Disclosure of parliamentary appropriations	178 & 276
FRD 21B	Disclosures of responsible persons, executive officers and other personnel (contactors with significant management responsibilities) in the financial report	212 & 214 307 & 309
FRD 102	Inventories	188 & 196 307 & 309
FRD 103D	Non-current physical assets	284 & 291
FRD 104	Foreign currency	NA
FRD 106	Impairment of assets	155 & 159 254 & 257
FRD 109	Intangible assets	196 & 291
FRD 107	Investment properties	NA
FRD 110	Cash flow statements	144 & 243
FRD 112D	Defined benefit superannuation obligations	153 & 251
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	NA
FRD 114A	Financial instruments – general government entities and public non-financial corporations	157 & 255
FRD 119A	Transfers through contributed capital	165 & 203 263 & 298

Note: FRD = Financial reporting direction

Full report

Legislation	Page
<i>Administrative Arrangements Act 1983</i>	146 & 245
<i>Audit Act 1994</i>	139 & 238
<i>Building Act 1993</i>	104
<i>Carers Recognition Act 2012</i>	104
<i>Children, Youth and Families Act 2005</i>	61
<i>Cemeteries and Crematoria Amendment Act 2003</i>	106
<i>Disability Act 2006</i>	118
<i>Drugs, Poisons and Controlled Substances (Volatile Substances) Act 2003</i>	105
<i>Financial Management Act 1994</i>	145 & 244
<i>Freedom of Information Act 1982</i>	103
<i>Gambling Regulation Act 2003</i>	180 & 230 277 & 316
<i>Housing Act 1983</i>	246
<i>Mental Health Act 1986</i>	230 & 316
<i>Protected Disclosure Act 2012</i>	103
<i>Public Administration Act 2004</i>	76
<i>Public Health and Wellbeing Act 2008</i>	106
<i>Victorian Industry Participation Policy Act 2003</i>	92
<i>Whistleblowers Protection Act 2001</i>	103

Department of Health and Human Services: Financial statements for the financial year ended 30 June 2015

Accountable officer's and chief finance and accounting officer's declaration.....	138
Independent auditor's report.....	139
Comprehensive operating statement for the financial year ended 30 June 2015	141
Balance sheet as at 30 June 2015	142
Statement of changes in equity for the financial year ended 30 June 2015	143
Cash flow statement for the financial year ended 30 June 2015.....	144
Notes to and forming part of the financial statements 30 June 2015	145
Note 1. Summary of significant accounting policies	145
Note 2. Departmental (controlled) outputs	174
Note 3. Summary of compliance with annual parliamentary and special appropriations	178
Note 4. Income from transactions	181
Note 5. Expenses from transactions	182
Note 6. Other economic flows included in net result	185
Note 7. Cash and deposits	186
Note 8. Receivables	186
Note 9. Loans	187
Note 10. Non-financial physical assets classified as held for sale	188
Note 11. Property, plant and equipment – carrying amounts – classification by purpose group.....	189
Note 12. Intangible assets.....	196
Note 13. Payables	197
Note 14. Borrowings.....	198
Note 15. Provisions	200
Note 16. Equity.....	203
Note 17. Financial instruments.....	204
Note 18. Responsible persons	212
Note 19. Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities)	214
Note 20. Remuneration of auditors	215
Note 21. Contingent assets and contingent liabilities.....	216
Note 22. Commitments for expenditure.....	217
Note 23. Administered (non-controlled) items	221
Note 24. Administered assets and liabilities.....	225
Note 25. Reconciliation of net result for the year to net cash flows from operating activities.....	226
Note 26. Ex-gratia expenses	226
Note 27. Annotated income agreements.....	227
Note 28. Trust account balances relating to trust accounts controlled and/or administered by the department	229
Note 29. Subsequent events	232
Note 30. Restructuring of administrative arrangements	233
Note 31. Investments accounted for using the equity method	235

Accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Department of Health and Human Services for the financial year ended 30 June 2015, including the Director of Housing, Mental Health Complaints Commissioner and the Mental Health Tribunal, have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards 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 the notes forming part of the financial statements, presents fairly the financial transactions of the Department of Health and Human Services during the financial year ended 30 June 2015 and the financial position of the Department at 30 June 2015.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 18 September 2015.



Dr Pradeep Philip
Secretary
Department of Health and Human Services
Melbourne
18 September 2015



Greg Stenton
Chief Finance Officer
Department of Health and Human Services
Melbourne
18 September 2015

Independent auditor's report

The logo for the Victorian Auditor-General's Office (VAGO) consists of the letters 'VAGO' in a bold, blue, sans-serif font. A thin blue horizontal line is positioned below the letters.

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Secretary, Department of Health and Human Services

The Financial Report

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

The Secretary's Responsibility for the Financial Report

The Secretary of the Department of Health and Human Services 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.

Independent Auditor’s Report (continued)

Independence

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

Opinion

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



Dr Peter Frost
Acting Auditor-General

MELBOURNE
29 September 2015

Comprehensive operating statement for the financial year ended 30 June 2015

	Note	2015 \$M	2014 \$M
Income from transactions			
Output appropriations	3(a)	9,968.2	8,069.8
Special appropriations	3(b)	1,272.5	1,280.8
Interest income	4(a)	5.1	–
Rental income and income from services	4(b)	235.0	–
Grants and other income transfers	4(c)	652.8	616.8
Other income	4(d)	81.2	60.8
Fair value of assets and services received free of charge or for nominal consideration	4(e)	0.5	17.3
Total income from transactions		12,215.3	10,045.5
Expenses from transactions			
Employee expenses	5(a)	662.3	162.3
Depreciation and amortisation	5(b)	150.2	18.6
Interest expense	5(c)	10.7	2.7
Rates to local authorities		56.4	–
Maintenance		117.1	–
Rental property lease expenses		5.5	–
Tenant utilities and other expenses		39.2	–
Home finance operating costs		0.9	–
Fair value of assets and services provided free of charge or for nominal consideration	5(d)	0.2	10.5
Other operating expenses	5(e)	396.5	231.2
Grants and other expense transfers	5(f)	9,831.7	8,682.6
Capital asset charge		909.6	814.6
Total expenses from transactions		12,180.3	9,922.5
Net result from transactions (net operating balance)		35.0	123.0
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	6(a)	(6.4)	(6.5)
Net gain/(loss) on financial instruments	6(b)	1.8	1.7
Other gains/(losses) from other economic flows	6(c)	(27.4)	19.0
Total other economic flows included in net result		(32.0)	14.2
Net result for the year		3.0	137.2
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation reserve	16(b)	59.4	17.0
Remeasurement of superannuation defined benefit plans	15(d)	3.3	–
Total other economic flows – other comprehensive income		62.7	17.0
Comprehensive result		65.7	154.2

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

Balance sheet as at 30 June 2015

	Note	2015 \$M	2014 \$M
Assets			
Financial assets			
Cash and deposits	7	369.4	77.9
Receivables	8	2,080.4	1,349.9
Loans	9	80.0	21.0
Short term investments – term deposits		121.7	–
Total financial assets		2,651.5	1,448.8
Non-financial assets			
Inventories		0.6	–
Non-financial physical assets classified as held for sale	10	1.0	0.1
Property, plant and equipment	11	22,347.5	656.4
Intangible assets	12	81.0	9.8
Investments accounted for using the equity method	31	35.0	–
Prepayments		21.6	3.5
Total non-financial assets		22,486.7	669.8
Total assets		25,138.2	2,118.6
Liabilities			
Payables	13	1,026.7	335.3
Borrowings	14	103.3	26.5
Provisions	15	434.0	85.2
Income in advance		38.0	–
Total liabilities		1,602.0	447.0
Net assets		23,536.2	1,671.6
Equity			
Accumulated surplus / (deficit)	16(a)	1,094.8	1,088.5
Physical asset revaluation reserve	16(b)	76.4	17.0
Contributed capital	16(c)	22,365.0	566.1
Net worth		23,536.2	1,671.6
Contingent assets and contingent liabilities	21		
Commitments for expenditure	22		

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

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

	Note	Physical asset revaluation reserve \$M	Accumulated surplus/ (deficit) \$M	Contributed capital \$M	Total \$M
Balance at 1 July 2013		–	951.4	566.1	1,517.5
Net result for the year	16(a)	–	137.1	–	137.1
Revaluation of land and buildings	16(b)	17.0	–	–	17.0
Balance at 30 June 2014		17.0	1,088.5	566.1	1,671.6
Machinery of Government transfer in	30	–	–	21,728.8	21,728.8
Net result for the year	16(a)	–	3.0	–	3.0
Remeasurement of superannuation defined benefit plans	16(a)	–	3.3	–	3.3
Revaluation of land and buildings	16(b)	59.4	–	–	59.4
Capital contribution by Victorian State Government	16(c)	–	–	295.9	295.9
Capital contribution to health agencies	16(c)	–	–	(225.8)	(225.8)
Balance at 30 June 2015		76.4	1,094.8	22,365.0	23,536.2

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

Cash flow statement for the financial year ended 30 June 2015

	Note	2015 \$M	2014 \$M
Cash flows from operating activities			
Receipts			
Receipts of output appropriations		9,559.6	8,056.2
Receipts of special appropriations		1,272.5	1,280.8
Receipts of funds from other authorities		746.4	620.8
Rent received		225.5	–
User charges received – rental properties		2.4	–
Interest received		5.5	–
Other receipts		66.6	15.6
GST recovered from Australian Taxation Office ⁽ⁱ⁾		499.1	232.9
Total receipts		12,377.6	10,206.3
Payments			
Payments of grants and other expense transfers		(10,095.1)	(8,875.7)
Payments for employee benefits		(649.9)	(157.7)
Payments for supplies and services		(362.4)	(237.3)
Interest and other costs of finance paid		(13.0)	(0.6)
Capital asset charge payments		(909.9)	(814.6)
Rates to local authorities		(70.8)	–
Maintenance		(144.9)	–
Rental property lease expenses		(6.8)	–
Tenant utilities and other expenses		(49.2)	–
Home finance operating payments		(0.9)	–
Other payments		(0.3)	–
Total payments		(12,303.2)	(10,086.0)
Net cash flows from/(used in) operating activities	25	74.4	120.3
Cash flows from investing activities			
Proceeds from the sale of non-financial assets		56.0	0.7
Purchase of short term investments – term deposits		(53.3)	–
Client loans repaid		2.7	0.2
Payment for non-financial assets		(135.9)	(72.6)
Client loans granted		(14.7)	(20.1)
Net cash flows from/(used in) investing activities		(145.2)	(91.9)
Cash flows from financing activities			
Advances received		12.1	–
Repayment of advances		(0.6)	(20.1)
Cash received from activity transferred in – MoG changes		347.2	–
Owner contributions by Victorian Government – appropriation for capital expenditure purposes		7.0	–
Repayment of finance leases and borrowings		(3.4)	(3.0)
Net cash flows from/(used in) financing activities		362.3	(23.0)
Net increase/(decrease) in cash and cash equivalents		291.5	5.4
Cash and deposits at beginning of financial year		77.9	72.4
Cash and deposits at the end of the financial year	7	369.4	77.9

The cash flow statement should be read in conjunction with the notes to the financial statements.

Note:

- (i) Goods and services tax (GST) recovered from / paid to the Australian Taxation Office is presented on a net basis.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies

These annual financial statements represent the general purpose financial statements for the Department of Health and Human Services (the department) for the year ended 30 June 2015.

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 1(y).

(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 (AAS), 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* and the *Financial Reporting Directions (FRD)*. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

The annual financial statements were authorised for issue by the Secretary of the Department of Health and Human Services on 18 September 2015.

(b) Basis of accounting preparation and measurement

These financial statements are presented in Australian dollars, the functional and presentation currency of the department.

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.

In the application of AAS, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AAS that have significant effect on the financial statements and estimates, relate to:

- > the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1(m));
- > superannuation expense, (refer to Note 1(h));
- > assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(n)); and
- > liability for outstanding insurance claims (refer to Note 1(n)).

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

These financial statements have been prepared on the historical cost basis except for:

- > the revaluation of certain non-financial assets (subsequent to acquisition, non-financial assets are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses); and
- > financial instruments which are measured at fair value with changes reflected in the comprehensive operating statement.

Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value. Historical cost is based on the fair values of the consideration given in exchange for these assets.

Consistent with AASB 13 *Fair Value Measurement* and relevant FRDs, the department determines the policies and procedures for recurring fair value measurements such as property, plant and equipment, financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale.

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

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

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

In addition, the department determines whether transfers have occurred between levels in the hierarchy by 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 the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented for year ended 30 June 2014.

(c) Reporting entity

The financial statements cover the Department of Health and Human Services as an individual reporting entity. The department is a government department of the State of Victoria, established pursuant to an order made by the Premier under the *Administrative Arrangements Act (No. 202) 2009*. The Department of Health and Human Services is the administrative agency acting on behalf of the Crown. These financial statements include all controlled activities and entities of the department.

The principal address of the Department of Health and Human Services is:

50 Lonsdale Street
Melbourne, Victoria 3000.

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

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Administrative restructure

Following the 2014 State election, the new Victorian Government announced machinery of government changes on 4 December 2014. On 24 December 2014, via Administrative Arrangements Order No. 460 (issued under the Administrative Arrangements Act 1983), the Government renamed the Department of Health to the Department of Health and Human Services, which integrates health and social care policies, programs and services to improve the well-being of all Victorians. As a consequence of this announcement, the Department of Human Services ceased to exist as at midnight on 31 December 2014. All assets, liabilities, equity and programs of the Department of Human Services were assumed by the Department of Health and Human Services from 1 January 2015. The Director of Housing was previously consolidated into the Department of Human Services under a Section 53 determination. Following the Machinery of Government change, this Section 53 determination was rolled over to the new Department of Health and Human Services, allowing the Director of Housing to continue to be consolidated into the new department.

As a result of the Machinery of Government changes, outputs relating to Sports and Recreation Victoria from the former Department of Transport, Planning and Local Infrastructure were assumed by the Department of Health and Human Services on 1 January 2015, and net assets relating to an unincorporated joint venture between Monash University and the Department of Economic Development, Jobs, Transport and Resources (named the Australian Regenerative Medical Institute) were assumed by the Department of Health and Human Services at 30 June 2015.

The Office for Women was transferred from the former Department of Human Services to the Department of Premier and Cabinet on 1 January 2015.

Objectives and funding

The department's objectives are to achieve the best health and wellbeing for all Victorians and to improve people's lives and reduce their experience of disadvantage by integrating health and social policies, programs and services. The department works with the community to provide better access to health, aged care, mental health and drug services, while also providing housing and community services to support and protect Victorians most in need.

The department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs that are further described in Note 2.

Outputs of the department

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

As a result of machinery of government administrative changes announced on 4 December 2014, the financial statements of the department reflect the actual period of responsibility for the outputs, being outputs related to the former Department of Health for the financial year outputs transferred relating to the former Department of Human Services and outputs relating to Sports and Recreation Victoria from the former Department of Transport, Planning and Local Infrastructure, both for the period 1 January 2015 to 30 June 2015.

Comparative amounts for the prior year reflect the former Department of Health only. Details of assets and liabilities transferred into the Department of Health and Human Services are disclosed in Note 30.

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 (refer to Notes 23 and 24).

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

(d) Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- > the financial statements of the department incorporate assets and liabilities of all reporting entities controlled by the department as at 30 June 2015, and their income and expenses for the reporting period in which control existed; and
- > the financial statements exclude bodies within the department's portfolio that are not controlled by the department and therefore are not consolidated. Bodies and activities that are administered are not controlled and not consolidated.

Where control of an entity is obtained during the financial year, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during the financial year, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing the financial statements for the department, all material transactions and balances between entities are eliminated.

Pursuant to section 53(1) (b) of the *Financial Management Act 1994*, the Minister for Finance granted approval for the Department of Health and Human Services to prepare financial statements incorporating the following entities which form part of the Department of Health and Human Services reporting entity:

- > Mental Health Complaints Commissioner;
- > Mental Health Tribunal; and
- > the Director of Housing.

Consistent with the requirements of AASB 1004, *Contributions by owners* (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the department.

Administered items

The department administers but does not control certain resources on behalf of the State. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for its own benefit or for achievement of the department's objectives. For these resources, the department acts only on behalf of the State. Administered resources are accounted for using the accrual basis of accounting.

Administered income includes taxes, fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid.

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 in Notes 23 and 24. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items in the financial statements. Both the controlled and administered items of the department are consolidated in the financial statements of the state.

National Health Reform

Under the National Health Reform Agreement states and territories have moved towards a nationally consistent approach to activity-based funding for public health services. The Victorian State Pool Account, which forms part of the National Health Funding Pool, receives all Commonwealth and state activity-based funding ('ABF'), ensuring greater transparency and accountability in funding to health services. Payments

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

out of the Victorian State Pool Account are made on instruction by the State. The department records these transactions and balances as administered items as they are not controlled.

The State pays health services (including small rural hospitals) directly for block funded services.

Funds held in trust – other trust activities on behalf of parties external to the Victorian Government

The department has responsibility for transactions and balances relating to trust funds on behalf of third parties external to the Victorian Government. Income, expenses, assets and liabilities managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore are not controlled by the department or the Victorian Government. These transactions and balances are reported in Note 28 together with transactions and balances relating to trust accounts controlled by the department.

(e) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result' as well as 'other economic flows – other comprehensive income'. The sum of the former two represents the net result. The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market remeasurements. They include:

- > gains and losses from disposal of non-financial assets;
- > revaluation and impairment of non-financial physical and intangible assets; and
- > remeasurement arising from defined benefit superannuation plans.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101.

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 (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts recognised in 'other economic flows – other movements in equity' related to 'transactions with owner in its capacity as owner'.

Cash flow statement

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings in the balance sheet.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Rounding of amounts

Amounts in the financial statements have been rounded to the nearest one hundred thousand dollars unless otherwise stated. Please refer to the end of Note 1(y) for a style convention for explanations of minor discrepancies resulting from rounding.

(f) Changes in accounting policies

Subsequent to the 2013–14 reporting period, the following new and revised standards have been adopted in the current period, with financial impact detailed below.

AASB 10 Consolidated Financial Statements

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

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

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

AASB 11 Joint Arrangements

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

The department has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11, and concludes that the existing classification with regards to its joint venture interest with Monash University in the Australian Regenerative Medical Institute is appropriate (refer to Note 31).

AASB 12 Disclosure of Interests in Other Entities

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

The department has disclosed information about its interests in associates and joint ventures including any significant judgement and assumptions used in determining the type of joint arrangement in which it has an interest.

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

(g) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the department and the income can be reliably measured at fair value.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Appropriation income

Appropriated income becomes controlled and is recognised by the department when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant Appropriations Act. Additionally, the department is permitted under Section 29 of the *Financial Management Act 1994* to have certain income annotated to the annual appropriation. The income which forms part of a Section 29 agreement is recognised by the department and the receipts paid into the consolidated fund as an administered item. At the point of income recognition, Section 29 provides for an equivalent amount to be added to the annual appropriation. Examples of receipts which can form part of a Section 29 agreement are Commonwealth specific purpose grants and the proceeds from the sale of assets (refer to Note 27).

Where applicable, amounts disclosed as income are net of returns, allowances, and taxes. All amounts of income over which the department does not have control are disclosed as administered income in the schedule of administered income and expenses (refer to Note 23). Income is recognised for each of the department's major activities as follows:

Output appropriations

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

Special appropriations

Under Sections 4.4.11 and 4.6.8 of the *Gambling Regulation Act No. 114 of 2003*, Section 5.4.6 of *Gambling Regulation Act No. 114 of 2003*, Section 114 of the *Casino Control Act No. 47 of 1991*, Section 114B of the *Casino Control Act No. 47 of 1991*, Section 6.3.3 of *Gambling Regulation Act No. 114 of 2003*, Section 3.6.11 of *Gambling Regulation Act No. 114 of 2003*, Section 3.6.4 of *Gambling Regulation Act No. 114 of 2003* and Section 6A.4.4 of *Gambling Regulation Act No 114 of 2003*, income related to the Hospital and Charities Fund are recognised when the amounts appropriated for that purpose are due and payable by the department. The department also receives special appropriations for various purposes approved under Section 10 of the *Financial Management Act 1994* (refer to Note 3(b)).

Interest income

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

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

Rental income and income from services

Rental income

Rental income arising from tenancy operating agreements is recognised on a straight-line basis over the terms of the ongoing agreements which are subject to annual review. Rental rebates or subsidies provided to tenants are recognised on a straight-line basis over the term of the agreements which are subject to biannual review.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Income from the supply of services

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

- > the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- > it is probable that the economic benefits associated with the transaction will flow to the department.

Under the stage of completion method, income is recognised by reference to labour hours supplied or to labour hours supplied as a percentage of total services to be performed in each annual reporting period.

Grants and other income transfers

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

Where such grants are payable into the consolidated fund, they are reported as administered income (refer to Note 1(d) and (j)). For reciprocal grants (i.e. equal value is given back by the department to the provider), the department is deemed to have assumed control when the department has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, the department is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

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

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the department obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer is recognised at its carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Other income

Other income includes income received from departmental controlled trust funds and is recognised when the department gains control over the funds.

Other income includes income received from treasury trust and from services provided to interstate patients. Other income from services provided to interstate patients is recognised as per agreements for cost reimbursements established between the states on a state by state basis.

Where income is received, but services are yet to be provided, it is disclosed as income in advance in the balance sheet. When the services are provided, the balance sheet amount is recorded as revenue.

(h) Expenses from transactions

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

Employee expenses

Employee expenses include all costs related to employment including salaries and wages, leave entitlements, fringe benefits tax, redundancy payments, WorkCover premiums and superannuation contributions. These are recognised when incurred, except for contributions in respect to defined benefit superannuation plans.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Superannuation

Employees of the department are entitled to receive superannuation benefits and the department contributes to both defined benefit and defined contribution plans. The amount expensed is the employer contribution for members of both of these plans that are paid or payable during the reporting period.

The defined benefit plans provide benefits based on years of service and final average salary. The amount expensed in relation to employer contributions for members of defined benefit superannuation plans represents the accrual of benefits during the reporting period. The level of these contributions will vary depending upon the relevant rules of each plan, and is based upon actuarial advice.

Excluding former employees of the Director of Housing, the Department of Treasury and Finance (DTF) in their annual financial statements recognises, on behalf of the State as the sponsoring employer, the net defined benefit liability related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans. Note 15(d) also provides further details.

Depreciation and amortisation

All buildings, plant, equipment and vehicles and other non-current physical assets that have finite useful lives are depreciated, except for items under operating leases, assets held for sale and land. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

Land, which is considered to have an indefinite useful life, is not depreciated. Depreciation is not recognised in respect of land because service potential has not, in any material sense, been consumed during the financial year.

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

The following estimated useful lives are used in the calculation of depreciation for the current and prior years:

Asset class	Useful life
Buildings	
Structure shell building fabric	45 to 60 years
Site engineering services and central plant	20 to 30 years
Central plant	
Fit out	20 to 30 years
Trunk reticulated building systems	30 to 40 years
Plant, equipment and vehicles	3 to 10 years
Leasehold improvements	5 to 10 years
Intangible assets	4 to 8 years
Assets under lease	3 years

Intangible assets with finite useful lives are amortised as an expense from transactions, on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

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

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

Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually.

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of terms and style convention* in Note 1(y) for an explanation of interest expense items.

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies and other transfer payments to public and denominational hospitals, other state government agencies, local councils and non-government agencies and individuals and the State contribution to the National Health Funding Pool. Refer to *Glossary of terms and style conventions* in Note 1(y) for an explanation of grants and other transfers.

State funding for Activity Based Funding initiatives is paid to the National Health Funding Pool for payment to health agencies. There are, however, a range of grant payments that remain out of scope for National Health Reform, such as aged care subsidies, home and community care payments and community based drug and alcohol services, that continue to be paid directly to health agencies.

Capital asset charge

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

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations and include:

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Rental operating costs

Rental operating costs include maintenance, rates and charges, tenant utilities and operating expenses. These costs are expensed in the period in which they are incurred.

Home finance operating costs

Home finance operating costs represent fees payable to external providers for such items as repayment collection, loan portfolio management, technical assistance under the Group Self Build program, provision of the Home Renovation Inspection Service and administration of the Shared Home Ownership Scheme. These costs are expensed in the period in which they are incurred.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

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

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

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

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

(i) Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Revaluation gain/(losses) of non-financial physical assets

Refer to Note 1(m).

Net gain/(loss) on 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 the difference between the proceeds and the carrying value of the asset at the time.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

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

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

- > inventories (refer to Note 1(m)); and
- > non-financial assets classified as held for sale (refer to Note 1(m)).

If there is an indication of impairment, the asset concerned is tested as to whether its carrying value exceeds its possible 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 a physical asset revaluation reserve 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.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

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

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

Net actuarial gains/(losses) on superannuation defined benefit plans

Net actuarial gains or losses reflect the change in superannuation liability that arises due to differences between the assumptions used to calculate the superannuation expense from transactions and actual outcomes. The effect of any change in actuarial assumptions during the period is also included.

Net actuarial gains or losses are recognised in the period in which they occur.

Net gain/(loss) on financial instruments and statutory receivables / payables

Net gain/(loss) on financial instruments and statutory receivables/payables includes:

- > realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- > impairment and reversal of impairment for financial instruments at amortised cost; and
- > disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

Refer to Note 1(k).

Other gains/(losses) from other economic flows

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

- > reclassifications of amounts from reserves to accumulated surplus or net result due to disposal or derecognition or reclassification;
- > the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and the effects of changes in actuarial assumptions; and
- > other revaluations on the value of outstanding insurance claims and liabilities.

Bad and doubtful debts

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Those written off unilaterally and the allowance for doubtful receivables are classified as 'other economic flows'.

(j) Administered income

Taxes, fines and regulatory fees

The department does not gain control over assets arising from taxes, fines and regulatory fees, consequently no income is recognised in the department's financial statements.

The department collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income in the schedule of administered items (refer to Note 23).

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Grants from Commonwealth Government

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

Grants are recognised as income when the department gains control of the underlying assets. Where such grants are payable into the consolidated fund, they are reported as administered income. For reciprocal grants, the department is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the department is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Commonwealth grants are disclosed as income in the schedule of administered items (refer to Note 23).

(k) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the department's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

The effective interest method calculates the amortised cost of a financial asset and allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Loans and receivables include cash and deposits (refer to Note 1(l)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at 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.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

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 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.

(l) Financial assets

Cash and deposits

Cash and deposits recognised in the balance sheet, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with a maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings in the balance sheet.

Receivables

Receivables consist of:

- > contractual receivables, which include mainly debtors in relation to goods and services, loans to health agencies and accrued investment income; and
- > 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 and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables owing from the Victorian Government are held by the Department of Treasury and Finance and accrue no interest. Other receivables have normal credit terms, which are generally 30 days.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(k).

Investments and other financial assets

The department classifies its investments as loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Investments accounted for using the equity method

An associate is an entity over which the department exercises significant influence, but not control.

The investment in the associate is accounted for in the financial statements using the equity method. Under this method, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise the department's share of the profits or losses of the associate after the date of acquisition. The department's share of the profits or losses is recognised in the department's net result as other economic flows. The share of post-acquisition movements in revaluation surpluses and any other reserves is recognised in both the comprehensive

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

operating statement and the statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, including dividends received or receivable from the associate.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint ventures are joint arrangements whereby the department, via its joint control of the arrangements, has rights to the net assets of the arrangement.

Interests in joint ventures are accounted for in the financial statements using the equity method, as applied to investments in associates and are disclosed as required by AASB 12.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- > the rights to receive cash flows from the asset have expired; or
- > the department retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- > the department has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the department's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, the department assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. All financial instrument assets are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are classified as 'other economic flows' in the net result (refer to Note 1(i)). The majority of debts are housing rental debtors. Due to the nature of the debt, long term payment plans have been implemented.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the department applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 *Impairment of Assets*.

(m) Non-financial assets

Inventories

Inventories include goods held for distribution and are measured at the lower of cost and net realisable value.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Non-financial assets classified as held for sale, including disposal group assets

Non-financial physical assets (including disposal group assets), are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- > the asset is available for immediate use in the current condition; and
- > the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within twelve months from the date of classification.

Non-financial assets (including disposal groups), and related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal consideration, the cost is the asset's fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11.

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

Non-financial physical assets such as Crown land and buildings (including those owned by the Director of Housing) are measured at fair value with regard to the property's highest and best use after due consideration is made of any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Certain assets are acquired under finance leases, which may form part of a service concession arrangement. Refer to Notes 1(o), 1(r) and 1(q) for more information.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(i).

Leasehold improvements

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) 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 generally used to conduct these

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs.

An independent valuation of the department's land and buildings relating to the youth justice purpose group was performed by the Victorian Valuer-General to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2015.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income' and accumulated in equity under the physical asset revaluation reserve. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the physical asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the physical asset revaluation reserve.

Revaluation increases and decreases relating to individual assets within the same class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. The physical asset revaluation reserve is not transferred to accumulated surplus / (deficit) on derecognition of the relevant asset.

The written down replacement cost has been considered as fair value for plant and equipment as at 30 June 2015.

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.

Intangible assets

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

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

Refer to Note 1(h) and Note 1(i).

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;

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

- > the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- > the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(n) Liabilities

Payables

Payables consist predominantly of contractual payables, such as accounts payable, and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the department prior to the end of the reporting period that are unpaid, and arise when the department becomes obliged to make future payments in respect of the purchase of those goods and services.

Other liabilities included in payables mainly consist of unearned/deferred income, GST and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(k)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in financial liabilities at amortised cost, because they do not arise from a contract.

Borrowings

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs (refer to Note 1(o)).

The measurement basis subsequent to initial recognition depends on whether the department has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss or financial liabilities at amortised cost (refer to Note 1(k)). Any difference between the initially recognised amount and the redemption value is recognised in the net result over the period of the borrowings using the effective interest rate method.

The classification depends on the nature and purpose of the interest bearing liabilities. The department determines the classification of interest bearing liabilities at initial recognition.

Provisions

Provisions are recognised when the department has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured.

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 discount rates that reflect the time value of money and risks specific to the provision.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Other provisions mainly include a liability for outstanding insurance claims (refer to Note 15), which is independently assessed by an actuary appointed by the Department of Treasury and Finance.

Employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave for services rendered to the reporting date.

Salaries and wages, and annual leave

Liabilities for salaries and wages, including non-monetary benefits and annual leave are recognised in the provision for employee benefits as 'current liabilities' because the department does not have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for salaries and wages and annual leave are measured at:

- > nominal value – if the department expects to wholly settle within twelve months; or
- > present value – if the department does not expect to wholly settle within twelve months.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional long service leave

Unconditional LSL is disclosed as a current liability even where the department does not expect to settle the liability within twelve months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within twelve months.

The components of this current LSL liability are measured at:

- > nominal value – if the department expects to wholly settle within twelve months; or
- > present value – if the department does not expect to wholly settle within twelve months.

Non-current liability – conditional long service leave

Conditional LSL is disclosed as a non-current liability because there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept voluntary redundancy in exchange for these benefits. The department recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the reporting period are discounted to present value.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Superannuation

The department, in respect to former employees of the Director of Housing, is required to pay into the Consolidated Fund an amount to cover the government's contribution to the Government Superannuation Office for the shortfall of superannuation benefits paid to staff who retired or resigned on or before 14 December 1987 or were employed by the Director of Housing as at 14 December 1987 and retired or resigned prior to or on 30 June 1994. The present value of the unfunded superannuation relates to the Director of Housing's obligation as calculated by the government appointed actuary. The amount expensed in respect of unfunded superannuation represents the contributions made by the department to the superannuation fund, adjusted by the movement in the liability or asset (refer to Note 15(d)).

Employee benefits on-costs

Employee benefits on-costs (such as payroll tax, workers compensation and superannuation) are recognised separately from the provision for employee benefits.

Make-good provisions

Make-good provisions are recognised when the department has contractual obligations to remove leasehold improvements from leased properties and restore the leased premises to their original condition at the end of the lease term. The related expenses of making good such properties are recognised when the leasehold improvements are made.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

(o) Leases

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

Finance Leases

Department as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

If there is certainty that the department will obtain ownership of the leased asset by the end of the lease term, the asset will be depreciated over the useful life of the asset.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability, and the periodic finance expense calculated using the interest rate implicit in the lease. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating Leases

Department as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of the payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

Department as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Equity

Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the department.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

(q) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a disclosure note (refer to Note 22) at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

(r) Service concession arrangements

The department sometimes enters into certain arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either Public Private Partnerships (PPPs) or Service Concession Arrangements (SCAs).

SCAs usually take one of two main forms. In the more common form, the department pays the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease policy (refer to Note 1(o)). The remaining components are accounted for as commitments for operating costs which are expensed as they are incurred. Refer to Note 22 for information of significant commitments of the department.

The department has entered into five outsourcing arrangements for public hospitals.

These arrangements are PPPs and relate to the building of new facilities for Casey Hospital, Royal Women's Hospital, Royal Children's Hospital, Victorian Comprehensive Cancer Centre and Bendigo Hospital. Each hospital is operated by the public sector. The arrangements are complex and require the department's private sector partners to finance, design, construct and maintain the new hospital buildings, as well as providing some ancillary services for a period of 25 years. In turn the department is required to make monthly or quarterly service payments which are subject to abatement should the services not meet the specified Key Performance Indicators. The general characteristics of these arrangements are comparable to a finance lease. The service payments are predominantly made up of a component for principal and interest related to the private financing of the construction of the hospital facility and a component for facilities maintenance and other services such as security and cleaning.

The department makes quarterly cash payments on behalf of the hospitals which it records as a grant expense to hospitals. The hospitals record and report all of the obligations (including the finance lease liability and operating payments) associated with the project. These arrangements are supported by documentation which records how the parties will collaborate and each party's respective rights and obligations in connection with the project.

There is currently no authoritative accounting guidance applicable to the grantor (the department) on the recognition and measurement of the right of the department to receive assets from such concession arrangements. In the absence of any guidance, there has been no change to existing policy and those assets are not currently recognised by the department. The completed assets and corresponding liabilities are recognised by the health agencies that are party to the agreements.

(s) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a disclosure note (refer to Note 21) and, if quantifiable, are stated at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(t) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

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

Commitments are presented inclusive of GST.

(u) Comparative information

Where necessary the previous year's figures have been reclassified to facilitate comparison. Adjustments were made to the comparatives. These are noted throughout the financial statements. The comparatives reflect the Department of Health's 30 June 2014 position.

(v) Events after the reporting period

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

(w) Accounting standards and interpretations

Certain accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Department of Treasury and Finance assesses the impact of these standards and advises departments of their applicability and early adoption where appropriate.

As at 30 June 2015, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the financial year ended 30 June 2015. The department has not, and does not intend to, adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening accumulated surplus/(deficit) if there are no former performance obligations outstanding.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018–19 reporting period in accordance with the transition requirements.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]</i>	Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to: <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i>	Amends AASB 127 <i>Separate Financial Statements</i> to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investment in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]</i>	AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates</i> to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: <ul style="list-style-type: none"> a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]</i>	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. Guidance has been included to assist the application of the standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the department's key management personnel (KMP), and the related party transactions.

(x) Accounting standards issued and adopted earlier

The Australian Accounting Standards Board issued an amending accounting standard AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value disclosures of Not-for-Profit Public Sector Entities* on 13 July 2015. Although it was not mandatory for the reporting period 30 June 2015, the Department of Health and Human Services elected to early adopt and apply AASB 2015-7 before its mandatory application date. The impact of the early adoption results in reduced disclosures relating to quantitative information of 'significant unobservable inputs' and the 'sensitivity analysis' in Note 11(d).

(y) Glossary of terms and style conventions**Comprehensive result**

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

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in applicable non-current physical assets used in the provision of outputs.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Commitments

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

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expense

Employee benefits expense includes all costs related to employment including salaries and wages, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex-gratia expenses

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

Financial 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 asset

A financial asset is any asset that is:

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

Financial liability

A financial liability is any liability that is:

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

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprise:

- (a) a balance sheet as at the end of the year;
- (b) a comprehensive operating statement for the year;
- (c) a statement of changes in equity for the year;
- (d) a cash flow statement for the year;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding year as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a balance sheet as at the beginning of the preceding year 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 and other expense transfers

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

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

Intangible assets

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

Interest expense

Costs incurred in connection with the borrowing of funds include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest components of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

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.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Net result from transactions (net operating balance)

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

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, buildings, plant and equipment, and intangible assets.

Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; and fair value changes of financial instruments. In simple terms, other economic flows 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 as required or permitted by other Australian Accounting Standards.

The components of other economic flows – other comprehensive income include:

- (a) changes in physical asset revaluation reserve; and
- (b) gains and losses on superannuation defined benefit plans.

Other operating expenses

Other operating expenses generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the department.

Payables

Includes short and long term accounts payable, grants, taxes and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term accounts receivable, accrued investment income, grants, taxes and interest receivable.

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 (for example, 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.

Notes to and forming part of the financial statements 30 June 2015

Note 1. Summary of significant accounting policies (continued)

Style conventions

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

The notation used in the tables is as follows:

–	zero, or rounded to zero
(xxx.x)	negative numbers
20xx	year end
20xx-xx	year period

The financial statements and notes are presented based on the illustration for a government department in the 2014–15 *Model Report for Victorian Government departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the department's annual reports.

Notes to and forming part of the financial statements 30 June 2015

Note 2. Departmental (controlled) outputs

The Department of Health and Human Services develops and delivers policies, programs and services that support and enhance the wellbeing of all Victorians.

The department achieves these objectives through its service partners and the community by providing services and support to:

- > help Victorians be as healthy as they can be by promoting good health, preventing disease and reducing health inequalities;
- > provide safe integrated patient centred health services for the treatment of illness and disease;
- > deliver best practice health care to all Victorians;
- > provide immediate support to people in crisis, and helping individuals and families to get their lives back on track;
- > improve the lives of individuals, young people, families and communities through building capabilities and resilience, and supporting participation in work, education and the community; and
- > improve the quality of life for Victorians in need through the provision of support services to support people in need to enjoy a positive life.

A description of each departmental output group and their contribution to achieving the department's objective is summarised below:

Output group 1: Acute Health Services

Acute Health Services outputs include a range of timely and high quality acute hospital inpatient, ambulatory, emergency, community-based and specialist services.

Output group 2: Ambulance Services

Ambulance Services outputs include emergency and non-emergency ambulance services.

Output group 3: Mental Health

Mental Health outputs include a range of inpatient, community-based residential and ambulatory services which treat and support people with a mental illness and their families and carers.

Output group 4: Ageing, Aged and Home Care

Ageing, Aged and Home Care outputs encompass leading and coordinating the whole of government policy on issues affecting our ageing community. It includes a range of in home, specialist geriatric, residential care and community based programs, such as Home and Community Care (HACC), that are targeted to older people, people with a disability, and their carers.

Output group 5: Primary, Community and Dental Health

Primary, Community and Dental Health outputs include a range of in home, community based, community, primary health and dental services designed to promote health and wellbeing and prevent the onset of more serious illnesses.

Output group 6: Small Rural Services

Small Rural Services includes a range of health and aged care services delivered in small rural towns. The funding and service delivery approach focuses on achieving a sustainable, flexible service mix that is responsive to local needs. Service providers include small rural hospitals, community health services, bush nursing centres, multi-purpose services and public sector residential aged care services.

Notes to and forming part of the financial statements 30 June 2015

Note 2. Departmental (controlled) outputs (continued)

Output group 7: Public Health

Public Health outputs encompass services and support, including screening for health conditions and safety inspections that promote and protect the health and wellbeing of all Victorians.

Output group 8: Drug Services

Drug Services outputs include programs and services aimed at promoting and protecting health by reducing death, disease and social harm caused by the use and misuse of licit and illicit drugs.

Output group 9: Disability Services

Disability Services outputs include provision of continuing care and support services for people with disabilities, their carers and their families, and aims to make a positive difference for Victorians experiencing disadvantage.

Output group 10: Child Protection and Family Services

Child Protection and Family Services outputs fund statutory child protection services, family support and parenting services, family violence and sexual assault services, adoption and placement care services and specialist support services to ensure the safety and wellbeing of adolescents and children at risk of harm, abuse and neglect.

Output group 11: Youth Services and Youth Justice

Youth Services and Youth Justice outputs fund a range of services including the provision of advice to courts, community-based and custodial supervision and youth services.

Output group 12: Concessions to Pensioners and Beneficiaries

Concessions to Pensioners and Beneficiaries outputs include the development and coordination of the delivery of concessions and relief grants to eligible consumers and concession card holders.

Output group 13: Empowering Individuals and Communities

Empowering Individuals and Communities outputs fund programs that support community participation including Neighbourhood Houses, Men's Sheds, community support projects and community sport and recreation and programs for youth and people with a disability

Output group 14: Housing Assistance

Housing Assistance outputs include the provision of homelessness services, crisis and transitional accommodation and long-term adequate, affordable and accessible housing assistance, coordinated with support services where required, home renovation assistance and the management of the home loan portfolio.

Output group 15: Shared Services

Shared services reflect the range of corporate services that the department provides to the Department of Education and Training.

Notes to and forming part of the financial statements 30 June 2015

Note 2. Departmental (controlled) outputs (continued)

Schedule A – Controlled income and expenses for the year ended 30 June 2015

Output group	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	8 \$M	9 \$M	10 \$M	11 \$M	12 \$M	13 \$M	14 \$M	15 \$M	Total ⁽ⁱ⁾ \$M
Income from transactions																
Output appropriations	5,075.3	428.9	711.1	962.7	382.0	301.0	268.5	76.6	768.0	447.4	65.5	244.1	51.1	185.9	–	9,968.2
Special appropriations	1,029.7	52.0	47.0	26.2	49.3	10.0	17.4	8.9	32.0	–	–	–	–	–	–	1,272.5
Interest income	–	–	–	–	–	–	–	–	–	–	–	–	–	5.1	–	5.1
Rental income and income from services	–	–	–	–	–	–	–	–	–	–	–	–	–	235.0	–	235.0
Grants and other income transfers	160.2	–	265.1	0.4	9.9	87.5	38.0	78.8	1.1	0.3	–	0.4	8.1	2.9	–	652.8
Other income	62.8	0.3	1.3	0.6	0.5	0.8	1.7	–	4.6	0.9	0.5	–	0.5	5.8	0.9	81.2
Fair value of assets and services received free of charge or for nominal consideration	0.1	–	–	–	–	–	–	–	0.2	–	–	–	–	1.1	–	1.3
Total income from transactions	6,328.1	481.2	1,024.5	989.9	441.7	399.3	325.6	164.4	805.9	448.5	66.0	244.5	59.7	435.7	0.9	12,216.1
Expenses from transactions																
Employee expenses	79.4	2.0	22.3	21.4	10.6	3.2	36.4	8.8	264.4	119.8	34.3	3.1	7.3	48.9	0.4	662.3
Depreciation and amortisation	15.5	–	3.3	2.3	3.9	–	1.1	0.1	10.1	5.4	1.6	0.1	0.3	106.5	–	150.2
Interest expense	–	–	–	–	–	–	–	–	0.3	0.2	–	–	–	10.2	–	10.7
Rates to local authorities	–	–	–	–	–	–	–	–	–	–	–	–	–	56.4	–	56.4
Maintenance	0.1	–	0.1	0.1	–	–	–	–	7.2	2.1	2.3	–	–	105.1	–	117.1
Rental property lease expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	5.4	–	5.5
Tenant utilities and other expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	39.2	–	39.2
Home finance operating costs	–	–	–	–	–	–	–	–	–	–	–	–	–	0.9	–	0.9
Fair value of assets and services provided free of charge or for nominal consideration	0.1	–	0.1	–	–	–	–	–	1.0	–	–	–	(0.1)	–	–	1.0
Other operating expenses	119.5	1.2	12.8	17.2	5.1	2.3	86.6	7.3	59.8	41.8	11.8	2.6	2.9	25.3	0.5	396.5
Grants and other transfers	5,319.7	437.1	907.0	835.9	375.9	322.4	202.6	145.8	490.4	284.3	14.4	307.7	54.5	134.0	–	9,831.7
Capital asset charge	680.4	17.7	63.1	50.8	26.4	35.8	2.5	2.3	18.6	6.3	5.2	–	0.8	–	–	909.6
Total expenses from transactions	6,214.7	458.0	1,008.6	927.7	421.9	363.7	329.2	164.3	851.8	459.9	69.6	313.5	65.7	531.9	0.9	12,181.1
Net result from transactions (net operating balance)	113.4	23.2	15.9	62.4	19.8	35.6	(3.6)	0.1	(44.1)	(11.4)	(3.6)	(69.0)	(6.0)	(96.2)	–	35.0
Other economic flows included in net result																
Net gain/(loss) on non-financial assets	–	–	–	–	–	(0.3)	–	–	0.5	0.4	0.1	–	–	(7.1)	–	(6.4)
Net gain/(loss) on financial instruments and statutory receivables/payables	1.3	–	0.2	0.1	0.1	0.1	–	–	–	–	–	–	–	–	–	1.8
Other gains/(losses) from other economic flows	(19.6)	(1.2)	(2.2)	(0.6)	(0.7)	(0.7)	(0.3)	(0.1)	1.2	0.4	0.2	–	–	(3.7)	–	(27.4)
Total other economic flows included in net result	(18.3)	(1.2)	(2.0)	(0.5)	(0.6)	(0.9)	(0.3)	(0.1)	1.8	0.8	0.3	–	–	(10.8)	–	(32.0)
Net result	95.1	22.0	13.9	61.7	19.2	34.7	(3.9)	–	(44.1)	(10.6)	(3.2)	(69.0)	(6.0)	(107.0)	–	3.0

Note:

(i) Total amount may not agree with comprehensive operating statement due to eliminations.

Notes to and forming part of the financial statements 30 June 2015

Note 2. Departmental (controlled) outputs (continued)

Schedule A – Controlled income and expenses for the year ended 30 June 2014

Output group	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	8 \$M	Total ⁽ⁱ⁾ \$M
Income from transactions									
Output appropriations	5,076.7	371.1	731.6	886.2	382.2	289.3	220.9	111.8	8,069.8
Special appropriations	1,081.7	45.8	40.7	22.1	54.6	15.2	11.3	9.3	1,280.7
Grants and other income transfers	171.6	–	236.3	0.8	0.2	90.6	87.5	29.8	616.8
Other income	56.4	0.3	1.7	0.7	0.5	1.0	0.3	–	60.9
Fair value of assets and services received free of charge or for nominal consideration	17.3	–	–	–	–	–	–	–	17.3
Total income from transactions	6,403.7	417.2	1,010.3	909.8	437.5	396.1	320.0	150.9	10,045.5
Expenses from transactions									
Employee expenses	73.0	1.4	16.8	18.2	9.1	3.5	32.5	7.8	162.3
Depreciation and amortisation	11.3	–	1.1	2.6	2.4	–	1.1	0.1	18.6
Interest expense	2.6	–	–	–	–	–	0.1	–	2.7
Fair value of assets and services provided free of charge or for nominal consideration	–	–	10.1	–	0.5	–	–	–	10.6
Other operating expenses	105.8	1.4	13.1	14.8	5.9	2.4	81.4	6.4	231.2
Maintenance	5,503.3	394.2	900.4	814.8	387.2	348.6	197.9	136.1	8,682.5
Capital asset charge	620.1	17.4	62.0	50.3	25.7	34.3	2.5	2.3	814.6
Total expenses from transactions	6,316.1	414.4	1,003.5	900.7	430.8	388.8	315.5	152.7	9,922.5
Net result from transactions (net operating balance)	87.6	2.8	6.8	9.1	6.7	7.3	4.5	(1.8)	123.0
Other economic flows included in net result									
Net gain/(loss) on non-financial assets	(1.2)	–	(3.0)	–	(2.5)	–	–	–	(6.7)
Net gain/(loss) on financial instruments and statutory receivables/payables	1.3	–	0.2	0.1	–	0.1	–	–	1.7
Other gains/(losses) from other economic flows	14.9	0.5	1.8	0.5	0.5	0.8	0.1	–	19.1
Total other economic flows included in net result	15.0	0.5	(1.0)	0.6	(2.0)	0.9	0.1	–	14.1
Net result	102.6	3.3	5.8	9.7	4.7	8.2	4.6	(1.8)	137.1

Note:

(i) Total amount may not agree with comprehensive operating statement due to eliminations.

Notes to and forming part of the financial statements 30 June 2015

Note 3. Summary of compliance with annual parliamentary and special appropriations

(a) Summary of compliance with annual parliamentary appropriations

The following tables disclose the details of the various annual parliamentary appropriations received by the department for the year. In accordance with accrual output-based management procedures 'provision of outputs' and 'additions to net assets' are disclosed as 'controlled' activities of the department.

	Appropriation Act			Financial Management Act 1994				Total parliamentary authority	Appropriation applied	Variance
	Annual appropriation	Advance from Treasurer	Section 3(2)	Section 29 ^(iv)	Section 30 ^(v)	Section 32	Section 35 advances			
2015	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Controlled										
Provision of outputs	9,292.5 ⁽ⁱ⁾	–	–	875.8	18.4	101.0	–	10,287.7	9,968.2	319.5 ⁽ⁱⁱ⁾
Additions to net assets	147.5 ⁽ⁱ⁾	–	–	140.2	(18.4)	128.2	–	397.5	278.7	118.8 ⁽ⁱⁱⁱ⁾
Total	9,440.0	–	–	1,016.0	–	229.2	–	10,685.2	10,246.9	438.3

Notes:

- (i) Significant annual appropriation was transferred to the new Department of Health and Human Services as a result of machinery of government changes effective 1 January 2015.
- (ii) The provision of outputs variance comprises \$159M relating to funding for services and projects that will be sought in 2015–16, and \$160.5M relating to output appropriation authority not applied in 2014–15.
- (iii) The additions to net assets variance of \$118.9M comprises \$73.8M relating to funding for capital projects that will be delivered in 2015–16 and onwards and \$45.1M appropriation authority not applied in 2014–15.
- (iv) Refer to Note 27 for further detail.
- (v) Transfer from the additions to net assets authority to appropriation for provision of outputs mainly relates to capital projects that are delivered via non-portfolio agencies and result in output appropriation costs to the Department of Health and Human Services.

Notes to and forming part of the financial statements 30 June 2015

Note 3. Summary of compliance with annual parliamentary and special appropriations (continued)

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

	Appropriation Act			Financial Management Act 1994				Total parliamentary authority \$M	Appropriation applied \$M	Variance \$M
	Annual appropriation \$M	Advance from Treasurer \$M	Section 3(2) \$M	Section 29 (iii) \$M	Section 30 (iv) \$M	Section 32 \$M	Section 35 advances \$M			
2014										
Controlled										
Provision of outputs	6,978.4	–	–	928.9	225.0	131.3	–	8,263.6	8,069.8	193.8 (i)
Additions to net assets	295.1	–	–	209.9	(225.0)	96.9	–	376.9	–	376.9 (ii)
Total	7,273.5	–	–	1,138.8	–	228.2	–	8,640.5	8,069.8	570.7

Notes:

- (i) The provision of outputs variance comprises \$98.3M relating to funding for services and projects that will be sought in 2014–15 for Commonwealth and related State funds tied for specific purposes. The remaining \$95.5M relates to output appropriation authority for estimated depreciation equivalent revenue not required in 2013–14.
- (ii) The additions to net assets variance comprises \$110.1M relating to funding for capital projects that will be delivered in 2014–15 and \$266.9M appropriation authority not required in 2013–14. Additions to net assets appropriation is used when sourced from Commonwealth funds or when there is insufficient depreciation equivalent revenue to meet portfolio capital costs in the reporting period.
- (iii) Refer to Note 27 for further detail.
- (iv) Transfer from additions to net assets authority to appropriation for provision of outputs to replace shortfall in gaming revenue hypothecations.

Notes to and forming part of the financial statements 30 June 2015

Note 3. Summary of compliance with annual parliamentary and special appropriations
(continued)

(b) Summary of compliance with special appropriations

Authority	Purpose	Appropriation applied	
		2015 \$M	2014 \$M
Section 4.4.11 and 4.6.8 of the <i>Gambling Regulation Act No. 114 of 2003</i>	Contribution to the Hospitals and Charities fund	59.0	57.6
Section 5.4.6 of <i>Gambling Regulation Act No. 114 of 2003</i>	Contribution to the Hospitals and Charities fund and Mental Hospitals Fund	369.4	326.8
Section 114 of the <i>Casino Control Act No. 47 1991</i>	Contribution to the Hospitals and Charities fund	18.7	15.7
Section 3.6.11 of <i>Gambling Regulation Act No. 114 of 2003</i>	Contribution to the Hospitals and Charities fund	816.8	727.7
Section 6A.4.4 of <i>Gambling Regulation Act No 114 of 2003</i>	Contribution to the Hospitals and Charities fund	4.1	3.6
Section 10 of the <i>Financial Management Act 1994</i>	Access to various Commonwealth grants – provision of outputs	4.5	149.4
Total special appropriations		1,272.5	1,280.8
Section 10 of the <i>Financial Management Act 1994</i>	Access to various Commonwealth grants – ATNAB	17.3	–
Total		1,289.8	1,280.8

Notes to and forming part of the financial statements 30 June 2015

Note 4. Income from transactions

	2015 \$M	2014 \$M
(a) Interest income		
Interest income	–	–
Interest from financial assets	–	–
– Interest on short term deposits	4.7	–
– Interest from loans	0.4	–
Total interest income	5.1	–
(b) Rental income and income from services		
Rental income raised	458.9	–
Rents not received through vacancy	(4.0)	–
Rental rebates	(219.3)	–
Rental subsidies – welfare organisations	(4.3)	–
Shared Home Ownership Scheme – rent raised	1.1	–
Total net rent receivable	232.4	–
Total user charges – rental properties	2.4	–
Rendering of services	0.2	–
Total rental income and income from services	235.0	–
(c) Grants and other income transfers		
Department of Treasury and Finance	43.8	30.0
Department of Economic Development, Jobs, Transport and Resources	2.0	–
Department of Environment Land Water and Planning	–	9.2
Department of Justice and Regulation	3.4	(0.1)
Department of Premier and Cabinet	0.2	–
Department of Human Services	3.2	1.5
Other state departments	6.1	5.4
Commonwealth Government	586.9	570.4
Victoria Police	0.1	–
Other public bodies	7.1	0.4
Total grants and other income transfers	652.8	616.8
(d) Other income		
State trust accounts	23.6	17.4
Interstate patients	51.6	43.4
Other	6.0	–
Total other income	81.2	60.8
(e) Fair value of assets and services received free of charge or for nominal consideration:		
Land received at fair value	0.3	12.1
Buildings received at fair value	–	5.2
Resources received free of charge	0.2	–
Total fair value of assets and services received free of charge or for nominal consideration	0.5	17.3

Notes to and forming part of the financial statements 30 June 2015

Note 5. Expenses from transactions

	2015 \$M	2014 \$M
(a) Employee expenses		
Post employment benefits		
– Defined contribution superannuation expense	41.7	9.7
– Defined benefit superannuation expense	10.2	1.8
	51.9	11.5
Termination benefits	0.5	0.1
Salaries and wages	609.9	150.7
Total employee expenses	662.3	162.3
(b) Depreciation and amortisation		
Buildings		
– Health and Welfare	27.9	11.4
– Public Administration	0.3	–
– Youth Justice	0.5	–
– Community Housing	97.6	–
Plant, equipment and vehicles		
– Health and Welfare	2.7	4.6
– Community Housing	0.1	–
Intangible assets		
– Health and Welfare	4.7	2.6
– Community Housing	8.8	–
Motor vehicles under finance lease		
– Health and Welfare	7.6	–
– Community Housing	–	–
Total depreciation and amortisation	150.2	18.6
(c) Interest expense		
Finance lease costs	0.5	0.1
Interest on borrowings	–	0.5
Other finance costs	–	2.1
DTF debt liability interest expense	10.2	–
Total interest expense	10.7	2.7
(d) Fair value of assets and services provided free of charge or for nominal consideration		
Land at fair value	–	4.1
Buildings at fair value	–	6.4
Resources given free of charge	0.2	–
Total fair value of assets and services provided free of charge or for nominal consideration	0.2	10.5
(e) Other operating expenses		
Accommodation and property services	50.3	21.9
Administrative costs	164.1	89.3
Information, communications and technology costs	91.3	37.2
Medicines and drugs / pharmacy supplies	58.7	61.1
Direct care operating costs	30.6	–
Other supplies and consumables	–	21.7
Ex-gratia expense	1.5	–
Total other operating expenses	396.5	231.2

Notes to and forming part of the financial statements 30 June 2015

Note 5. Expenses from transactions (continued)

	2015 \$M	2014 \$M
(f) Grants and other expense transfers		
State contributions to the Administrator of the Victorian Health Funding Pool	3,941.5	3,804.3
Public hospitals		
Monash Health	210.0	204.9
Dental Health Services Victoria	179.4	193.8
Eastern Health	175.6	327.5
Melbourne Health	171.0	226.1
Peter MacCallum Cancer Institute	154.6	181.0
Alfred Health	144.9	154.4
Barwon Health	130.3	147.4
Albury Wodonga Health	117.0	116.5
Peninsula Health	108.5	131.4
Austin Health	95.8	108.7
Ballarat Health Services	86.8	73.2
Bendigo Health Care Group	80.6	84.1
Western Health	66.3	70.2
The Royal Children's Hospital	55.3	43.8
Goulburn Valley Health	44.6	44.2
The Royal Women's Hospital	43.8	41.8
Latrobe Regional Hospital	41.9	51.7
Northern Health	40.3	47.6
The Royal Victorian Eye and Ear Hospital	30.8	10.4
South West Healthcare	27.9	33.0
West Wimmera Health Service	17.9	17.5
Kilmore and District Hospital	15.4	17.4
Seymour Health	15.3	13.1
East Wimmera Health Service	14.9	26.1
Alpine Health	13.9	13.4
Western District Health Service	13.1	16.4
Hepburn Health Service	12.6	12.8
Swan Hill District Health	12.2	7.8
Northeast Health Wangaratta	11.8	14.9
Djerriwarrh Health Services	11.1	9.2
Numurkah District Health Service	10.9	11.5
Rural Northwest Health	10.8	10.0
Bass Coast Health	10.7	7.8
Kerang District Health	10.5	15.0
Wimmera Health Care Group	10.4	18.1
Yarrawonga Health	10.4	10.7
Other public hospitals with payments totalling less than \$10M	256.3	299.3
	6,405.1	6,616.8
Denominational hospitals		
St Vincent's Hospital Melbourne Limited	102.0	111.8
Mercy Public Hospitals Incorporated	31.0	31.6
Other denominational hospitals with payments totalling less than \$10M	7.2	2.6
	140.2	146.0
Ambulance services		
Ambulance Victoria	469.0	415.1
	469.0	415.1

Notes to and forming part of the financial statements 2015

Note 5. Expenses from transactions (continued)

	2015 \$M	2014 \$M
Other state government agencies		
Victorian Institute of Forensic Mental Health	44.4	43.1
Victorian Health Promotion Foundation	37.3	38.1
Health Purchasing Victoria	13.0	9.5
Other state government agencies with payments totalling less than \$10M	20.2	36.0
	114.9	126.7
Local councils		
City of Greater Geelong	13.9	13.0
City of Kingston	13.8	13.1
Casey City Council	11.5	10.5
City of Greater Dandenong	10.5	9.6
Other local councils with payments totalling less than \$10M	243.1	221.3
	292.8	267.5
Commonwealth Government		
National Disability Insurance Agency	17.2	–
	17.2	–
Non-government agencies and individuals		
Royal District Nursing Service	97.1	94.1
National Blood Authority	89.1	91.5
Uniting Church in Australia Property Trust (Victoria)	51.1	19.0
CoHealth Ltd	45.0	6.2
Breastscreen Victoria Inc	41.6	38.5
Salvation Army Property Trust	41.5	12.5
Yooralla	36.6	–
Anglicare Victoria	35.4	–
Berry Street Victoria Incorporated	33.9	–
Moira Inc	30.7	–
Scope Vic Ltd	30.0	–
Eastern Access Community Health Inc	29.1	18.6
Wesley Mission Victoria	23.2	–
Latrobe Community Health Service	22.9	20.1
MacKillop Family Services Limited	21.0	–
Neami Limited	20.5	7.5
Isis Primary Care Ltd	20.5	19.6
Australian Community Support Organisation	20.2	11.0
Melbourne City Mission	19.2	–
Inner South Community Health Service	18.6	15.7
MIND Australia	18.3	22.5
The University of Melbourne	16.9	16.8
Victorian Cytology Service Inc	16.7	15.3
YSAS Pty Ltd	16.6	10.3
Merri Community Health Services Limited	15.1	15.0
Cancer Council Victoria	14.4	9.2
Villa Maria Society	13.9	–
Mecwacare	11.7	9.3
Bendigo Community Health Services Inc	11.2	6.8
Care Connect Limited	11.2	–
Client/Assistance payments to individuals	296.5	–
Other non-government agencies with payments totalling less than \$10M	1,222.8	651.0
	2,392.5	1,110.5
Total grants and other expense transfers	9831.7	8,682.6

Notes to and forming part of the financial statements 30 June 2015

Note 6. Other economic flows included in net result

	2015 \$M	2014 \$M
(a) Net gain/(loss) on non-financial assets		
Revenue from disposal of non-financial physical assets		
Land	32.6	–
Buildings	9.6	–
Shared home ownership scheme	1.0	–
Miscellaneous assets	6.4	0.7
Total revenue from disposal of non-financial physical assets	49.6	0.7
Costs on disposal of non-financial physical assets		
Land	26.5	1.6
Buildings	22.8	3.8
Shared home ownership scheme	0.9	–
Community services properties	0.4	–
Miscellaneous assets	5.6	1.8
Total costs on disposal of non-financial physical assets	56.2	7.2
Net gain/(loss) on non-financial assets	(6.4)	(6.5)
(b) Net gain/(loss) on financial instruments		
Net gain/(loss) on financial instruments and statutory receivables/payables	1.8	1.7
Total net gain/(loss) on financial instruments	1.8	1.7
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(27.4)	10.5
Revaluation and adjustments of insurance claims	3.9	8.6
Bad debt expenses	(3.9)	(0.1)
Total other gains/(losses) from other economic flows	(27.4)	19.0

Notes to and forming part of the financial statements 30 June 2015

Note 7. Cash and deposits

	2015 \$M	2014 \$M
Reconciliation of cash and deposits		
Short term deposits ⁽ⁱ⁾	193.2	–
Cash at bank	14.6	3.4
Funds held in trust	161.5	74.5
Cash advances	0.1	–
Balance as per cash flow statement	369.4	77.9

Note:

(i) Cash and short-term deposits are committed to a number of significant projects and are expected to be used in 2015–16 (as disclosed in Note 22).

Note 8. Receivables

	2015 \$M	2014 \$M
Current receivables		
<i>Contractual</i>		
Tenants in arrears	13.5	–
Other receivables	71.5	79.7
<i>Less provision for doubtful contractual receivables</i>	(6.2)	(0.1)
	78.8	79.6
<i>Statutory</i>		
Amounts owing from Victorian Government ⁽ⁱ⁾	591.5	356.4
GST input tax credit recoverable	42.1	20.2
	633.6	376.6
Total current receivables	712.4	456.2
Non-current receivables		
<i>Contractual</i>		
Tenants in arrears	1.1	–
<i>Less provision for doubtful contractual receivables</i>	(0.5)	–
	0.6	–
<i>Statutory</i>		
Amounts owing from Victorian Government ⁽ⁱ⁾	1,367.4	893.7
Total non-current receivables	1,368.0	893.7
Total receivables	2,080.4	1,349.9

Note:

(i) The amounts recognised from the Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due.

(a) Movement in the provision for doubtful contractual receivables

	2015 \$M	2014 \$M
Balance at beginning of the year	(0.1)	–
(Increase)/decrease in allowance recognised in net result	(6.6)	(0.1)
Balance at the end of the year	(6.7)	(0.1)

(b) Ageing analysis of contractual receivables

Refer to Note 17 for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Refer to Note 17 for the nature and extent of credit risk arising from contractual receivables.

Notes to and forming part of the financial statements 30 June 2015

Note 9. Loans

	2015 \$M	2014 \$M
Current loans		
<i>Contractual</i>		
Fixed interest home loans	2.1	–
Indexed interest home loans	9.8	–
Variable interest home loans	0.2	–
Other loans	3.6	1.0
Total current loans	15.7	1.0
Non-current loans		
<i>Contractual</i>		
Fixed interest home loans	1.5	–
Indexed interest home loans	11.8	–
Community housing loans	20.2	–
Other loans	31.3	20.0
Total non-current loans	64.8	20.0
Less provision for return of equity	(0.1)	–
Less provision for doubtful contractual loans		
Fixed interest home loans	(0.1)	–
Indexed interest home loans	(0.3)	–
Total loans	80.0	21.0

(a) Movement in the provision for doubtful contractual loans

	2015 \$M	2014 \$M
Balance at the beginning of the year	–	–
(Increase)/decrease in allowance recognised in net result	(0.4)	–
Balance at the end of the year	(0.4)	–

(b) Ageing analysis of contractual loans

Refer to Note 17 for the ageing analysis of contractual loans.

(c) Nature and extent of risk arising from contractual loans

Refer to Note 17 for the nature and extent of credit risk arising from contractual loans.

(d) Defaults and breaches

During the current and prior year, there were no defaults or breaches of any of the loans.

Notes to and forming part of the financial statements 30 June 2015

Note 10. Non-financial physical assets classified as held for sale

	2015 \$M	2014 \$M
Non-financial physical assets classified as held for sale		
Plant, equipment and vehicles	1.0	0.1
Total non-financial physical assets classified as held for sale	1.0	0.1
Movements in carrying amounts		
Balance at beginning of the year	0.1	0.7
Transfers from property, plant and equipment	1.0	0.1
Disposals	(0.1)	(0.7)
Balance at end of the year	1.0	0.1

(a) Fair value measurement of non-financial physical assets held for sale

	Carrying amount \$M	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
2015				
Motor vehicles held for sale				
Motor vehicles under finance lease	1.0	–	–	1.0
Total motor vehicles held for sale	1.0	–	–	1.0
2014				
Motor vehicles held for sale				
Motor vehicles under finance lease	0.1	–	–	0.1
Total motor vehicles held for sale	0.1	–	–	0.1

Note:

(i) Classified in accordance with the fair value hierarchy, see Note 1(b).

There have been no transfers between levels during the period.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment – carrying amounts – classification by purpose group

	Health and Welfare		Youth Justice		Community Housing		Public Administration		Total	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Sub-classification by nature ⁽ⁱ⁾										
Land at fair value										
Rental property	–	–	–	–	12,007.2	–	–	–	12,007.2	–
Community services	673.4	312.6	86.0	–	–	–	6.5	–	765.9	312.6
<i>Less allowance for Shared Home Ownership Scheme equity conversion</i>	–	–	–	–	(3.8)	–	–	–	(3.8)	–
Total land at fair value	673.4	312.6	86.0	–	12,003.4	–	6.5	–	12,769.3	312.6
Buildings at fair value										
Rental property	–	–	–	–	8,739.2	–	–	–	8,739.2	–
Other property – regional offices	–	–	–	–	3.5	–	–	–	3.5	–
Community services	721.9	352.4	123.6	–	–	–	14.6	–	860.1	352.4
<i>Less accumulated depreciation</i>	(53.0)	(25.1)	(0.1)	–	(96.3)	–	(0.3)	–	(149.7)	(25.1)
<i>Less allowance for Shared Home Ownership Scheme equity conversion</i>	–	–	–	–	(1.9)	–	–	–	(1.9)	–
Total buildings at fair value	668.9	327.3	123.5	–	8,644.5	–	14.3	–	9,451.2	327.3
Plant, equipment and vehicles at fair value										
Plant, equipment and vehicles	31.0	36.1	0.7	–	0.5	–	–	–	32.2	36.1
<i>Less accumulated depreciation</i>	(22.2)	(31.0)	–	–	(0.1)	–	–	–	(22.3)	(31.0)
	8.8	5.1	0.7	–	0.4	–	–	–	9.9	5.1
Motor vehicles under finance lease	48.9	3.7	–	–	–	–	–	–	48.9	3.7
<i>Less accumulated depreciation</i>	(2.1)	(1.2)	–	–	–	–	–	–	(2.1)	(1.2)
	46.8	2.5	–	–	–	–	–	–	46.8	2.5
Total plant, equipment and vehicles at fair value	55.6	7.6	0.7	–	0.4	–	–	–	56.7	7.6
Assets under construction at cost										
Rental property	–	–	–	–	54.5	–	–	–	54.5	–
Other property	15.7	8.9	–	–	–	–	0.1	–	15.8	8.9
Total assets under construction at cost	15.7	8.9	–	–	54.5	–	0.1	–	70.3	8.9
Net carrying amount of property, plant and equipment	1,413.6	656.4	210.2	–	20,702.8	–	20.9	–	22,347.5	656.4

Note:

- (i) Property, plant and equipment are classified primarily by the purpose for which the assets are used, according to one of six purpose groups based upon Government Purpose Classifications. All assets within a purpose group are further sub-categorised according to the assets' nature (for example, buildings, plant and equipment, etc), with each sub-category being classified as a separate class of asset for financial reporting purposes.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(a) Reconciliations of the movement in carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below.

Movements in carrying amounts – Health and Welfare purpose group

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under construction at cost \$M	Total \$M
Balance at 1 July 2013	298.0	258.6	8.6	17.5	582.8
Additions	–	8.4	4.9	59.1	72.4
Disposals	(1.5)	(3.7)	(1.3)	–	(6.5)
Net revaluation increments/(decrements)	6.1	10.9	–	–	17.0
Depreciation and amortisation	–	(11.4)	(4.7)	–	(16.1)
Assets received free of charge	8.0	–	–	–	8.0
Assets given free of charge	–	(1.2)	–	–	(1.2)
Transfer between classes	2.0	65.7	–	(67.7)	–
Balance at 1 July 2014	312.6	327.3	7.6	8.9	656.4
Machinery of Government transfer in ⁽ⁱ⁾	356.6	339.4	49.2	13.9	759.1
Additions	5.1	0.4	15.5	28.0	49.0
Disposals	(0.4)	–	(5.6)	–	(6.0)
Depreciation and amortisation	–	(27.9)	(10.3)	–	(38.2)
Assets received free of charge	–	–	0.2	–	0.2
Assets given free of charge	(0.5)	(0.3)	(0.1)	–	(0.9)
Transfers to assets held for sale	–	–	(0.9)	–	(0.9)
Transfer between classes	–	30.0	–	(35.1)	(5.1)
Balance at 30 June 2015	673.4	668.9	55.6	15.7	1,413.6

Movements in carrying amounts – Youth Justice purpose group

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under construction at cost \$M	Total \$M
Balance at 1 July 2014	–	–	–	–	–
Machinery of Government transfer in ⁽ⁱ⁾	58.1	38.8	0.6	50.9	148.4
Additions	–	–	0.1	7.5	7.6
Net revaluation increments/(decrements) ⁽ⁱⁱ⁾	27.9	26.8	–	–	54.7
Depreciation and amortisation	–	(0.5)	–	–	(0.5)
Transfers between classes	–	58.4	–	(58.4)	–
Balance at 30 June 2015	86.0	123.5	0.7	–	210.2

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(a) Reconciliations of the movement in carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below. (continued)

Movements in carrying amounts – Community Housing purpose group

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under construction at cost \$M	Total \$M
Balance at 1 July 2014	–	–	–	–	–
Machinery of Government transfer in ⁽ⁱ⁾	12,024.2	8,613.6	0.5	112.9	20,751.2
Additions	–	–	–	93.5	93.5
Disposals	(26.9)	(23.1)	–	–	(50.0)
Net revaluation increments/(decrements)	5.5	(0.8)	–	–	4.7
Depreciation and amortisation	–	(97.6)	(0.1)	–	(97.7)
Transfers between classes	(0.1)	152.0	–	(151.9)	–
Assets received free of charge	0.7	0.4	–	–	1.1
Balance at 30 June 2015	12,003.4	8,644.5	0.4	54.5	20,702.8

Movements in carrying amounts – Public Administration purpose group

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under construction at cost \$M	Total \$M
Balance at 1 July 2014	–	–	–	–	–
Machinery of Government transfer in ⁽ⁱ⁾	6.5	14.6	–	0.1	21.2
Depreciation and amortisation	–	(0.3)	–	–	(0.3)
Balance at 30 June 2015	6.5	14.3	–	0.1	20.9

Note:

- (i) The Machinery of Government transfer in represents the carrying amounts of assets transferred to the department from the Department of Human Services and the carrying amounts of assets relating to Sports and Recreation Victoria from the Department of Transport, Planning and Local Infrastructure as at 1 January 2015.
- (ii) A fair valuation has taken place as at 30 June 2015 for the youth justice purpose group in accordance with AASB 13. The department has engaged the Valuer-General of Victoria as its independent valuation agency.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(b)(i) Fair value measurement for assets as at 30 June 2015

	Carrying amount \$M	Fair value measurement at end of the reporting period using:		
		Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
Land at fair value				
Non-specialised land	12,290.2	–	12,286.6	3.6
Specialised land	479.0	–	49.1	429.9
Total land at fair value	12,769.2	–	12,335.7	433.5
Buildings at fair value				
Non-specialised building	8,871.7	–	8,871.2	0.5
Specialised building	556.3	–	1.1	555.2
Total buildings at fair value	9,428.0	–	8,872.3	555.7
Plant, equipment and vehicles at fair value				
Plant and equipment	8.6	–	–	8.6
Motor vehicles	1.3	–	–	1.3
Total plant, equipment and vehicles at fair value	9.9	–	–	9.9

(b)(ii) Fair value measurement for assets as at 30 June 2014

	Carrying amount \$M	Fair value measurement at end of the reporting period using:		
		Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
Land at fair value				
Non-specialised land	17.4	–	13.8	3.6
Specialised land	295.2	–	49.1	246.1
Total land at fair value	312.6	–	62.9	249.7
Buildings at fair value				
Non-specialised building	8.5	–	8.0	0.5
Specialised building	308.4	–	1.1	307.3
Total buildings at fair value	316.9	–	9.1	307.8
Plant, equipment and vehicles at fair value				
Plant and equipment	4.9	–	–	4.9
Motor vehicles	0.2	–	–	0.2
Total plant, equipment and vehicles at fair value	5.1	–	–	5.1

Note:

- (i) Classified in accordance with the fair value hierarchy, see Note 1(b). The department, in conjunction with Victorian Valuer-General, monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

There have been no transfers between levels during the period.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(b) Fair value measurement for assets

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are generally valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. Non-specialised buildings, where there was no active market, have been valued using the depreciated replacement cost (DRC) approach.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value. Where the market approach was used, valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation was 30 June 2014. To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2.

Director of Housing land and buildings are held in Level 2 for the purpose of assessing fair value for the period ended 30 June 2015 as it is considered that each residential dwelling assessed has an active and liquid market, if not for its ownership and on-going use by the Department of Health and Human Services for housing purposes. As such, the market value of each residential asset has been determined by having regard to its highest and best use.

Specialised land and specialised buildings

The market approach is used for specialised land, although may be adjusted for a community service obligation (CSO). The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land with a CSO adjustment would be classified as Level 3 assets.

For the majority of the department's specialised buildings, the DRC method is used. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings using the DRC valuation method are classified as Level 3 fair value measurements. Where the valuer has used a market approach to value specialised buildings, these are classified as Level 2 fair value measurements.

An independent valuation of the departments' specialised land and specialised buildings was performed by the Valuer-General Victoria.

The valuation was performed using either the market approach or the DRC approach. The effective date of the valuation was 30 June 2014.

Vehicles

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 predominantly managed by experienced fleet managers in the department who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2015.

For all assets measured at fair value, the current use is considered the highest and best use.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(c) Reconciliation of Level 3 fair value as at 30 June 2015

	Non-specialised land \$M	Specialised land \$M	Non-specialised buildings \$M	Specialised buildings \$M	Plant and equipment \$M	Motor vehicle \$M	Total \$M
Balance at 1 July 2014	3.6	246.1	0.5	307.3	4.9	0.2	562.6
Machinery of Government transfer in ⁽ⁱ⁾	–	155.5	–	167.1	4.0	1.4	328.0
Additions	–	0.8	–	–	2.3	–	3.1
Disposals	–	(0.4)	–	–	–	–	(0.4)
Transfer between asset classes	–	–	–	73.6	–	–	73.6
Gains or losses recognised in net result							
Depreciation	–	–	–	(18.7)	(2.6)	(0.3)	(21.6)
Impairment loss	–	–	–	(0.9)	–	–	(0.9)
Subtotal	–	–	–	(19.6)	(2.6)	(0.3)	(22.5)
Gains or losses recognised in other economic flows – other comprehensive income							
Net revaluation increments/(decrements)	–	27.9	–	26.8	–	–	54.7
Subtotal	–	27.9	–	26.8	–	–	54.7
	–	–	–	–	–	–	–
Balance at 30 June 2015	3.6	429.9	0.5	555.2	8.6	1.3	999.1

Note:

- (i) The Machinery of Government transfer in represents the carrying amounts of assets transferred to the department from the Department of Human Services and the carrying amounts relating to Sports and Recreation Victoria transferred from the Department of Transport Planning and Local Infrastructure as at 1 January 2015.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(c) Reconciliation of Level 3 fair value as at 30 June 2014

	Non- specialised land \$M	Specialised land \$M	Non- specialised buildings \$M	Specialised buildings ⁽ⁱ⁾ \$M	Plant and equipment \$M	Motor vehicles \$M	Total \$M
Balance at 1 July 2013	3.0	237.2	0.5	241.8	5.7	–	488.2
Additions	–	2.0	–	72.6	3.5	0.3	78.4
Disposals	–	(1.4)	–	(10.0)	(0.7)	–	(12.1)
Depreciation	–	–	–	(7.5)	(3.6)	(0.1)	(11.2)
Assets received free of charge	0.6	10.6	–	4.0	–	–	15.2
Assets given free of charge	–	(1.6)	–	–	–	–	(1.6)
Subtotal	0.6	9.0	–	(3.5)	(3.6)	(0.1)	(2.4)
Gains or losses recognised in other economic flows – other comprehensive income							
Net revaluation increments/(decrements)	–	(0.7)	–	6.4	–	–	5.7
Subtotal	–	(0.7)	–	6.4	–	–	5.7
Balance at 30 June 2014	3.6	246.1	0.5	307.3	4.9	0.2	562.6

Note:

(i) The measurement and disclosure requirements of AASB 13 do not apply to leased property, plant and equipment. Therefore the comparatives for the year ended 30 June 2014 have been adjusted to remove these assets.

Notes to and forming part of the financial statements 30 June 2015

Note 11. Property, plant and equipment (continued)

(d) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Non-specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Non-specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of non-specialised buildings
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment	Depreciated replacement cost	Useful life of equipment
Vehicles	Depreciated replacement cost	Useful life of vehicles

Note 12. Intangible assets

	2015 \$M	2014 \$M
Software at cost	106.6	29.7
Software – development in progress	12.0	3.4
<i>Less accumulated amortisation</i>	(37.6)	(23.3)
Total intangible assets	81.0	9.8
Movement in carrying amounts		
Opening balance	9.8	12.3
Machinery of Government transfer in ⁽ⁱ⁾	79.7	–
Additions from internal developments	4.1	0.1
Additions	0.9	–
<i>Less depreciation of intangible produced assets ⁽ⁱⁱ⁾</i>	(13.5)	(2.6)
Closing balance	81.0	9.8

Note:

- (i) The Machinery of Government transfer in represents the carrying amounts of assets transferred to the department from the Department of Human Services and the carrying amounts relating to Sports and Recreation Victoria transferred from the Department of Transport Planning and Local Infrastructure as at 1 January 2015.
- (ii) The consumption of intangible produced assets is included in 'depreciation and amortisation' line item, where the consumption of intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement.

Notes to and forming part of the financial statements 30 June 2015

Note 13. Payables

	2015 \$M	2014 \$M
Current payables		
<i>Statutory</i>		
FBT Payable	1.3	–
<i>Contractual</i>		
Employee benefits payable	14.6	1.3
Supplies and services ⁽ⁱ⁾	64.3	17.3
Amounts payable to government agencies ⁽ⁱⁱ⁾	104.1	36.1
Concession payments to pensioners	93.0	–
Tenants in advance	16.9	–
Capital works	21.8	0.1
Housing debt liability to the Department of Treasury and Finance ⁽ⁱⁱⁱ⁾	31.9	–
Other	29.7	–
Total current payables	377.6	54.8
Non-current payables		
<i>Contractual</i>		
Amounts payable to government agencies ⁽ⁱⁱ⁾	365.4	280.5
Housing debt liability to the Department of Treasury and Finance ⁽ⁱⁱⁱ⁾	282.9	–
Other	0.8	–
Total non-current payables	649.1	280.5
Total payables	1,026.7	335.3

Notes:

- (i) The average credit period is 30 days. No interest is charged on these payables.
- (ii) Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.
- (iii) In 1997–98, the Treasurer centralised the Housing's debt portfolio through a Deed of Assumption that required Housing to pay \$50.50M per annum to the Treasurer until 2042. This payment was discretionary and determinable each year through consultation with the Minister for Housing. This arrangement was varied in 2011–12 to remove the discretionary nature of the payment until 2022–23. The financial impact of this variation was the recognition of a payable and an expense in Department of Health and Human Services and a corresponding receivable and revenue in Department of Treasury and Finance.

From 2023–24, debt repayments from the Director of Housing will revert to the conditions of the original Deed of Assumption and continue until 2041–42. These conditions stipulate that payments beyond 2023 will be determined annually by the Treasurer in consultation with the Director and Minister for Housing. Accordingly a liability (and corresponding expense) for payments that may possibly arise after 2023 have not been included within these financial statements as a present obligation does not currently exist.

(a) Maturity analysis of contractual payables

Refer to Note 17 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Refer to Note 17 for the nature and extent of risk arising from payables.

Notes to and forming part of the financial statements 30 June 2015

Note 14. Borrowings

	Note	2015 \$M	2014 \$M
Current borrowings			
<i>Statutory</i>			
Advances from Victorian Government ⁽ⁱ⁾		40.3	19.3
<i>Contractual</i>			
Other borrowings		1.0	3.6
Finance lease liabilities ⁽ⁱⁱ⁾	14(d)	24.1	1.3
Total current borrowings		65.4	24.2
Non-current borrowings			
<i>Statutory</i>			
Advances from Victorian Government ⁽ⁱ⁾		13.4	–
<i>Contractual</i>			
Other borrowings		–	1.0
Finance lease liabilities ⁽ⁱⁱ⁾	14(d)	24.5	1.3
Total non-current borrowings		37.9	2.3
Total borrowings ⁽ⁱⁱⁱ⁾		103.3	26.5

Notes:

- (i) Advances from Victorian Government are advances from the Department of Treasury and Finance. These advances are non-interest bearing.
(ii) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.
(iii) No assets are pledged as security for these borrowings.

(a) Maturity analysis of contractual borrowings

Refer to Note 17 for the maturity analysis of contractual borrowings.

(b) Nature and extent of risk arising from contractual borrowings

Refer to Note 17 for the nature and extent of risk arising from contractual borrowings.

(c) Defaults and breaches

During the current and previous financial year, there were no defaults or breaches of required conditions, in relation to any of the borrowings.

Notes to and forming part of the financial statements 30 June 2015

Note 14. Borrowings (continued)

(d) Leases**Finance lease liabilities – lessees**

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Finance lease liabilities payable ⁽ⁱⁱ⁾				
Not longer than one year	25.8	1.5	24.5	1.3
Longer than one year but not longer than five years	25.5	1.3	24.2	1.3
Longer than five years	–	–	–	–
Minimum future lease liabilities payable	51.3	2.8	48.6	2.6
Less future finance charges	(2.7)	(0.2)	–	–
Present value of minimum lease payments	48.6	2.6	48.6	2.6
Included in the financial statements as:				
Current borrowings lease liabilities (Note 14)	–	–	24.1	1.3
Non-current borrowings lease liabilities (Note 14)	–	–	24.5	1.3
	–	–	48.6	2.6

Notes:

- (i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
- (ii) Finance lease liabilities include obligations that are recognised in the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 22.

(e) Operating leases – lessees

Refer to Note 22 (a).

(f) Operating leases – lessors

The Department of Health and Human Services provides rental accommodation for a range of clients. There are approximately 74,000 public rental units that are owned and operated by the Director of Housing which have week to week tenancy agreements.

These agreements are subject to the Residential Tenancy Act provisions which allow termination of a lease under certain circumstances, accordingly the future revenue streams from the lease agreements are not required to be reported under AASB 117(a).

Notes to and forming part of the financial statements 30 June 2015

Note 15. Provisions

	Note	2015 \$M	2014 \$M
Current provisions			
Employee benefits ⁽ⁱ⁾	15(a)	256.9	35.7
Employee benefit on-costs	15(b)	43.8	5.3
Other ^{(iii) (iv)}	15(c)	19.6	11.6
Total current provisions		320.3	52.6
Non-current provisions			
Employee benefits ⁽ⁱ⁾	15(a)	61.8	5.1
Employee benefit on-costs	15(b)	4.2	0.8
Other ^{(iii) (iv)}	15(c)	47.7	26.7
Total non-current provisions		113.7	32.6
Total provisions		434.0	85.2
(a) Employee benefits ⁽ⁱ⁾			
Current employee benefits:			
Salaries and wages		8.5	0.7
Annual leave		–	13.3
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		63.8	9.8
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾		31.0	3.5
Long service leave		–	21.7
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		13.2	2.6
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾		135.5	19.1
Superannuation		–	–
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	15(d)	4.9	–
Total current employee benefits		256.9	35.7
Non-current employee benefits:			
Conditional long service leave entitlements ⁽ⁱⁱ⁾		23.7	5.1
Superannuation	15(d)	38.1	–
Total non-current employee benefits		61.8	5.1
Total employee benefits		318.7	40.8
(b) Provisions related to employee benefit on-costs			
Current on-costs			
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		14.0	2.0
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾		29.8	3.3
Total current on-costs		43.8	5.3
Non-current on-costs ⁽ⁱⁱ⁾		4.2	0.8
Total on-costs		48.0	6.1
Total employee benefits and on-costs		366.7	46.9

Notes:

- (i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.
- (ii) The amounts are measured at nominal values.
- (iii) The department engaged the Victorian Managed Insurance Authority (VMIA) under a claims administration agreement to manage the runoff of public healthcare claims liabilities resulting from non-medical indemnity incidents occurring before 1 July 2005. The departmental liabilities relate to non-medical indemnity claims resulting from public healthcare incidents occurring on or after 1 July 2005, these principally being public liability claims involving third party asbestos exposure. These claims are managed by VMIA on behalf of the department under a service level agreement. VMIA has engaged an independent actuary to determine these liability provisions in accordance with the Institute of Actuaries of Australia's professional standard PS300. The outstanding claims liabilities are predominantly long tail in nature. The estimation of outstanding claims liabilities is based on actuarial modelling including analysis of claims experience, loss trends, risk exposure data and industry data.
- (iv) The Health claims provision is being reflected in 'other provisions' for 2014–15. The comparative has been adjusted accordingly.

Notes to and forming part of the financial statements 30 June 2015

Note 15. Provisions (continued)

(c) Movement in other provisions

Other provisions include provisions to restore leased premises to their original condition at the end of the lease term and departmental funds reserved against the outstanding liability estimates on various insurance arrangements in respect of which the department retains a high level of self insurance per insured event.

	Make-good	Insurance	Total
	2015	2015	2015
	\$M	\$M	\$M
Opening balance ⁽ⁱ⁾	0.2	38.1	38.3
Machinery of Government transfer in	1.4	21.3	22.7
Reductions arising from payments/claims handling expenses	–	(16.7)	(16.7)
Actuarial revaluations of insurance claims liability inclusive of risk margin	–	24.1	24.1
Unwind of discount and effect of changes in the discount rate	–	(1.1)	(1.1)
Closing balance	1.6	65.7	67.3

Note:

- (i) The opening balance of insurance for 2015 reflects the closing balance of health-related outstanding claims provision for the former Department of Health as at 30 June 2014.

Notes to and forming part of the financial statements 30 June 2015

Note 15. Provisions (continued)

(d) 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.

Other than for the former employees of the Director of Housing, 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 discloses the State's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the department.

The liability with respect to superannuation funds for former Director of Housing employees represents the shortfall between the total net assets of the superannuation fund at 30 June 2015 and the total benefits that members have accrued up to that date, determined by an actuarial assessment. Information relating to the fund based on the latest actuarial assessment for 30 June 2015 is set out below. The department reports a liability for unfunded superannuation in respect of former employees of the Director of Housing for the shortfall of superannuation benefits paid to certain former housing staff (refer Note 1(n)).

	2015 \$M	2014 \$M
Reconciliation of the superannuation liability in the balance sheet		
Defined benefit obligation	41.3	–
Net liability/(asset)	41.3	–
Less plan assets	1.7	–
Total obligation and liability in the balance sheet	43.0	–
Represented by:		
Current liability	4.9	–
Non-current liability	38.1	–
Total liability	43.0	–
Principal actuarial assumptions		
Discount rate	3.2%	–
Expected rate of salary increase	3.7%	–
Inflation	2.2%	–
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Movements in the present value of the defined benefit obligations in the current period were as follows:		
Opening balance of defined benefit obligation	45.4	
Interest cost	0.9	–
Actuarial losses/(gains)	(3.3)	–
Benefits paid	(1.7)	–
Closing balance of defined benefit obligation	41.3	–
Reconciliation of opening and closing balances of the fair value of plan assets		
Movements in the present value of the plan assets in the current period were as follows:		
Opening balance of plan assets	–	–
Contributions from the employer	–	–
Benefits paid	(1.7)	–
Closing balance of plan assets	(1.7)	–
Superannuation expense recognised in the comprehensive operating statement		
Interest cost	0.9	–
Actuarial losses/(gains)	(3.3)	–
Total expense recognised in respect of defined benefit plans	(2.4)	–

Notes to and forming part of the financial statements 30 June 2015

Note 16. Equity

	Note	2015 \$M	2014 \$M
(a) Accumulated surplus/(deficit)			
Balance at beginning of financial year		1,088.5	951.4
Net result for the year		3.0	137.1
Remeasurement of superannuation defined benefit plans		3.3	–
Balance at the end of financial year		1,094.8	1,088.5
(b) Physical asset revaluation reserve			
Balance at beginning of financial year		17.0	–
Revaluation of land and buildings		59.4	17.0
Balance at the end of financial year		76.4	17.0
(c) Contributed capital			
Balance at beginning of financial year		566.1	566.1
Machinery of Government transfer in	30	21,728.8	–
Capital contributions to health agencies		(225.8)	–
Capital contributions by Victorian State Government		295.9	–
Balance at the end of financial year		22,365.0	566.1

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments

(a) Financial risk management objectives and policies

The department's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- loans receivable;
- payables (excluding statutory payables);
- borrowings; and
- finance lease payables.

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 and financial liability are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the department's financial risks within government policy parameters.

The department's main financial risks include credit risk, liquidity risk and interest rate risk. The department manages these financial risks in accordance with its financial risk management policy.

The department uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the audit and risk management committee of the department.

The carrying amounts of the department's contractual financial assets and financial liabilities by category are disclosed in Note 17(b) below.

(b) Categorisation of financial instruments

	Note	Contractual financial assets – loans and receivables \$M	Contractual financial liabilities at amortised cost \$M	Total \$M
2015				
Contractual financial assets				
Cash and deposits	7	369.4	–	369.4
Receivables ⁽ⁱ⁾	8	86.1	–	86.1
Loans	9	80.4	–	80.4
Short term investments – term deposits		121.7		121.7
Total contractual financial assets		657.6	–	657.6
Contractual financial liabilities				
Payables ⁽ⁱ⁾	13	–	1,025.4	1,025.4
Borrowings ⁽ⁱ⁾	14	–	49.6	49.6
Total contractual financial liabilities		–	1075.0	1075.0
2014				
Contractual financial assets				
Cash and deposits	7	77.9	–	77.9
Receivables ⁽ⁱ⁾	8	79.7	–	79.7
Loans	9	21.0	–	21.0
Total contractual financial assets		178.6	–	178.6
Contractual financial liabilities				
Payables ⁽ⁱ⁾	13	–	335.3	335.3
Borrowings ⁽ⁱ⁾	14	–	7.2	7.2
Total contractual financial liabilities		–	342.5	342.5

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credits recoverable and other taxes payable.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

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

The net holding gains or losses are determined as follows:

- For cash and deposits and loans or receivables, the net gain or loss is calculated by taking the movement in fair value of the asset, interest income, minus any impairment recognised in the net result; and
- For financial liabilities measured at amortised cost, the net gain or loss is the interest expense on financial liabilities.

	Note	Total interest income / (expense) \$M	Total \$M
2015			
Contractual financial assets			
Cash and deposits	4(a)	–	–
Loans	4(a)	0.4	0.4
Short term investments – term deposits		4.7	4.7
Total contractual financial assets		5.1	5.1
Contractual financial liabilities			
Payables ⁽ⁱ⁾	5(c)	(10.2)	(10.2)
Borrowings ⁽ⁱ⁾	5(c)	(0.5)	(0.5)
Total contractual financial liabilities		(10.7)	(10.7)
2014			
Contractual financial assets			
Cash and deposits	4(a)	–	–
Loans		(2.1)	(2.1)
Investments and other financial assets		–	–
Total contractual financial assets		(2.1)	(2.1)
Contractual financial liabilities			
Payables ⁽ⁱ⁾	5(c)	–	–
Borrowings ⁽ⁱ⁾	5(c)	(0.6)	(0.6)
Total contractual financial liabilities		(0.6)	(0.6)

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credits recoverable and other taxes payable.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

(d) Credit risk

Credit risk arises from the contractual financial assets of the department, which comprise cash and deposits, non-statutory receivables and loans. The department's exposure to credit risk arises from the potential default of a counter party 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 cash and deposits is minimal because it is the department's policy to only deal with entities with high credit ratings.

Receivables are mainly with government organisations whose credit risks are considered insignificant and the remainder are from small non-government entities and individuals with immaterial amounts.

Allowance for impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings, or when there is objective evidence that the department will not be able to collect a receivable.

The carrying amount of financial assets recorded in the financial report, net of any allowances for losses, represents the department's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	Financial institutions Double-A credit rating Total \$M	Government agencies Triple-A credit rating Total \$M	Credit ratings not disclosed \$M	Total \$M
2015				
Contractual financial assets				
Cash and deposits	14.5	354.9	–	369.4
Receivables ⁽ⁱ⁾ ⁽ⁱⁱ⁾	–	–	86.1	86.1
Loans ⁽ⁱⁱ⁾	–	–	80.4	80.4
Short term investments – term deposits	–	121.7	–	121.7
Total contractual financial assets	14.5	476.6	166.5	657.6
2014				
Contractual financial assets				
Cash and deposits	3.4	74.5	–	77.9
Receivables ⁽ⁱ⁾ ⁽ⁱⁱ⁾	–	–	79.7	79.7
Loans ⁽ⁱⁱ⁾	–	–	21.0	21.0
Total contractual financial assets	3.4	74.5	100.7	178.6

Notes:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing from Victorian Government, GST input tax credits recoverable and other taxes payable.
- (ii) The carrying amounts consist of amounts due from numerous counterparties for which no credit ratings have been disclosed due to impracticability.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

(d) Credit Risk (continued)

Ageing analysis of contractual financial assets

Currently the department does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no material financial assets which are individually determined to be 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.

The following table discloses the ageing only of contractual financial assets that are past due but not impaired.

	Carrying amount \$M	Not past due and not impaired \$M	Past due but not impaired				Impaired financial assets \$M
			Less than 1 month \$M	1–3 months \$M	3 months – 1 year \$M	1–5 years \$M	
2015							
Contractual financial assets							
Cash and deposits	369.4	369.4	–	–	–	–	–
Receivables ⁽ⁱ⁾	86.1	10.5	3.0	18.6	40.4	6.9	6.7
Loans	80.4	48.5	–	–	4.2	27.3	0.4
Short term investments – term deposits	121.7	–	–	–	121.7	–	–
Total contractual financial assets	657.6	428.4	3.0	18.6	166.3	34.2	7.1
2014							
Contractual financial assets							
Cash and deposits	77.9	77.9	–	–	–	–	–
Receivables ⁽ⁱ⁾	79.7	11.8	2.6	0.7	64.2	0.3	0.1
Loans	21.0	–	–	–	1.0	20.0	–
Total contractual financial assets	178.6	89.7	2.6	0.7	65.2	20.3	0.1

Note:

(i) The carrying amounts disclosed here exclude statutory amounts, e.g. amounts owing from Victorian Government, GST input tax credits recoverable and other taxes payable.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

(e) Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as they fall due. The department operates under the government fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows; and maturities planning, to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets, and maintaining a high credit rating for the State of Victoria (Moody's Investor Services, Standard & Poor's triple-A), which assist in accessing debt market at a lower interest rate.

The department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The department's maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

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

Maturity analysis of contractual financial liabilities ⁽ⁱ⁾

	Carrying amount \$M	Nominal amount \$M	Maturity dates				
			Less than 1 month \$M	1–3 months \$M	3 months – 1 year \$M	1–5 years \$M	5+ years \$M
2015							
Contractual financial liabilities							
Payables ⁽ⁱⁱ⁾	1,025.4	1,025.4	231.3	65.1	113.8	480.1	135.1
Borrowings ⁽ⁱⁱ⁾	49.6	52.3	7.3	4.3	16.4	24.3	–
Total contractual financial liabilities	1,075.0	1,077.7	238.6	69.4	130.2	504.4	135.1
2014							
Contractual financial liabilities							
Payables ⁽ⁱⁱ⁾	335.3	335.3	25.9	14.4	12.2	282.8	–
Borrowings ⁽ⁱⁱ⁾	7.2	7.4	0.3	0.2	4.6	2.3	–
Total contractual financial liabilities	342.5	342.7	26.2	14.6	16.8	285.1	–

Notes:

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

(ii) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credits recoverable and other taxes payable.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

(f) Market risk

The department's exposure to market risk is primarily through interest rate risk. The department's exposure to other price risks is insignificant. Objectives, policies and processes used to manage each of these this risk are disclosed below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The department does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Exposure to interest rate risk is insignificant and might arise primarily through the department's interest bearing assets. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the department mainly incurs financial liabilities with relatively even maturity profiles.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out below.

Interest rate exposure of financial instruments

	Weighted average effective interest rate (%)	Carrying amount \$M	Interest rate exposure		
			Fixed interest rate \$M	Variable interest rate \$M	Non- interest bearing \$M
2015					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	1.6%	369.4	172.2	38.3	158.9
Receivables ^{(ii) (iii)}		86.1	–	–	86.1
Loans	3.5%	80.4	3.5	20.6	56.3
Short term investments – term deposits		121.7	121.7	–	–
Total		657.6	297.4	58.9	301.3
Contractual financial liabilities					
Payables ⁽ⁱⁱⁱ⁾		1,025.4	–	–	1,025.4
Borrowings ^{(iii) (iv)}	5.2%	49.6	49.6	–	–
Total		1,075.0	49.6	–	1,025.4
2014					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	2.5%	77.9	–	4.2	73.7
Receivables ^{(ii) (iii)}	0.0%	79.7	–	–	79.7
Loans ^{(iii) (v)}	0.0%	21.0	–	–	21.0
Total		178.6	–	4.2	174.4
Contractual financial liabilities					
Payables ⁽ⁱⁱⁱ⁾	0.0%	335.3	–	–	335.3
Borrowings ^{(iii) (iv)}	5.8%	7.2	7.2	–	–
Total		342.5	7.2	–	335.3

Notes:

- (i) All cash and deposits are held in Australian dollars and were held on deposits at fixed and variable interest rates. This item is not subject to any other identified risk sensitivities.
- (ii) The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (iii) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credit recoverable and other taxes payable.
- (iv) Borrowings are denominated in Australian dollars. \$49.6M (2014 – \$7.2M) relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease. This item is not subject to identified risk sensitivity.
- (v) The carrying amount is denominated in Australian dollars and is interest bearing. This item is subject to minimal identified risk sensitivities.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

(f) Market risk (continued)

Sensitivity disclosure analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the department believes the following movements are 'reasonably possible' over the next 12 months:

- A shift of +0.25% and -0.25% (2014: +0.75% and -0.25%) in market interest rates (AUD) from year end cash deposits. Several loan programs have loans with interest rates linked to movement in the consumer price index (CPI). The total balances outstanding under these programs have reduced to a level that any changes to the CPI have a limited impact on the amount of interest charged and no new lending is made under these programs.

The following table discloses the impact on the net operating result for each category of financial instrument held by the department at year-end as presented to key management personnel, if the above movements were to occur.

Interest rate risk sensitivity analysis

	Carrying amount \$M	Interest rate risk		Consumer Price Index (CPI)	
		-0.25%	+0.25%	-0.25%	3.00%
		Net result \$M	Net result \$M	Net result \$M	Net result \$M
2015					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	369.4	(0.5)	0.5	-	-
Receivables ^{(ii) (v)}	86.1	-	-	-	-
Loans ⁽ⁱⁱⁱ⁾	80.4	-	-	(0.1)	0.6
Short term investments – term deposits	121.7	(0.3)	(0.3)	-	-
Total impact	657.6	(0.8)	0.8	(0.1)	0.6
Contractual financial liabilities					
Payables ⁽ⁱⁱⁱ⁾	1,025.4	-	-	-	-
Borrowings ^{(iii) (iv)}	49.6	-	-	-	-
Total impact	1,075.0	-	-	-	-

	Carrying amount \$M	Interest rate risk		Consumer Price Index (CPI)	
		-0.25%	+0.75%	-1.25%	1.25%
		Net result \$M	Net result \$M	Net result \$M	Net result \$M
2014					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	77.9	-	-	-	-
Receivables ^{(ii) (iii)}	79.7	-	-	-	-
Loans ^{(ii) (v)}	21.0	-	-	-	-
Total impact	178.6	-	-	-	-
Contractual financial liabilities					
Payables ⁽ⁱⁱⁱ⁾	335.3	-	-	-	-
Borrowings ^{(iii) (iv)}	7.2	-	-	-	-
Total impact	342.5	-	-	-	-

Notes:

- All cash and deposits are held in Australian dollars and were held on deposits at fixed and variable interest rates. This item is not subject to any other identified risk sensitivities.
- The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credits recoverable and other taxes payable.
- Borrowings are denominated in Australian dollars. \$49.6M (2014 – \$7.2M) relates to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease.
- The carrying amount is denominated in Australian dollars and is interest bearing. This item is subject to minimal identified risk sensitivities.

Notes to and forming part of the financial statements 30 June 2015

Note 17. Financial instruments (continued)

(g) Fair value

The department considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they be paid in full.

Comparison between carrying amount and fair value

	Note	Carrying amount 2015 \$M	Fair value 2015 \$M	Carrying amount 2014 \$M	Fair value 2014 \$M
Contractual financial assets					
Cash and deposits	7	369.4	369.4	77.9	77.9
Receivables ⁽ⁱ⁾	8	86.1	79.4	79.7	79.6
Loans	9	80.4	80.0	21.0	21.0
Short term investments – term deposits		121.7	121.7	–	–
Total contractual financial assets		657.6	650.5	178.6	178.5
Contractual financial liabilities					
Payables	13	1,025.4	1,025.4	335.3	335.3
Borrowings ⁽ⁱ⁾	14	49.6	49.6	7.2	7.2
Total contractual financial liabilities		1,075.0	1,075.0	342.5	342.5

Note:

(i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credits recoverable and other taxes payable.

Notes to and forming part of the financial statements 30 June 2015

Note 18. Responsible persons

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994* the following disclosures are made for the responsible persons for the reporting period.

(a) Names

The persons who held the positions of ministers and accountable officers in the department are as follows:

Minister for Ageing	The Hon. David Davis MLC	1 July 2014 to 3 December 2014
Minister for Health	The Hon. David Davis MLC	1 July 2014 to 3 December 2014
Minister for Mental Health	The Hon. Mary Wooldridge MP	1 July 2014 to 3 December 2014
Minister for Ambulance Services	The Hon. Jill Hennessy MP	4 December 2014 to 30 June 2015
Minister for Health	The Hon. Jill Hennessy MP	4 December 2014 to 30 June 2015
Minister for Housing	The Hon. Martin Foley MP	4 December 2014 to 30 June 2015
Minister for Disability	The Hon. Martin Foley MP	4 December 2014 to 30 June 2015
Minister for Ageing	The Hon. Martin Foley MP	4 December 2014 to 30 June 2015
Minister for Mental Health	The Hon. Martin Foley MP	4 December 2014 to 30 June 2015
Minister for Families and Children	The Hon. Jenny Mikakos MLC	4 December 2014 to 30 June 2015
Minister for Youth Affairs	The Hon. Jenny Mikakos MLC	4 December 2014 to 30 June 2015
Minister for Sport	The Hon. John Eren MP	4 December 2014 to 30 June 2015
Secretary, Department of Health	Dr Pradeep Philip	1 July 2014 to 31 December 2014
Secretary, Department of Health and Human Services	Dr Pradeep Philip	1 January 2015 to 30 June 2015
Acting Secretary, Department of Health	Lance Wallace	12 October 2014 to 14 October 2014
Acting Secretary, Department of Health and Human Services	Lance Wallace	15 February 2015 to 19 February 2015
Director of Housing under the <i>Housing Act 1983</i>	Arthur Rogers	1 January 2015 to 30 June 2015

(b) Remuneration

Remuneration received by the accountable officers in connection with the management of the department during the reporting period was in the range:

Income band	Total remuneration ⁽ⁱⁱ⁾ ^(iv)		Base remuneration ⁽ⁱⁱⁱ⁾ ^(iv)	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
\$160,000–\$169,999	1	–	1	–
\$490,000–\$499,999	1	1	1	1
Total	2	1	2	1
Total remuneration	\$651,008		\$651,008	

Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet.

Notes:

- (i) On 1 January 2015, the Victorian Government established the Department of Health and Human Services, bringing together the former Department of Health, Department of Human Services and Sport and Recreation Victoria. One accountable officer from the former Department of Human Services is reported for the period of 1 January 2015 to 30 June 2015.
- (ii) Total remuneration includes base remuneration plus annual and long service leave payments, high class duties allowance payments and annual bonus payments. These bonus payments depend on the terms of individual employment contracts.
- (iii) Base remuneration excludes bonus payments, leave payments and high class duties.
- (iv) Remuneration amounts relating to acting Responsible Persons are included in Remuneration of executives note.

Notes to and forming part of the financial statements 30 June 2015

Note 18. Responsible persons (continued)

(c) Related party transactions included in the reconciliation amount

	2015 \$M	2014 \$M
Pradeep Philip		
During his term as Secretary, Pradeep Philip was ex-officio member of the Anti-Cancer Council Victoria. The department paid grants on normal commercial terms to the Anti-Cancer Council Victoria during his term.	14.4	9.2
During his term as Secretary, Pradeep Philip was a director of the National E-Health Transition Authority Limited. The department paid grants on normal commercial terms to the National E-Health Transition Authority Limited during his term.	8.5	8.3
Total	22.9	17.5

The relevant amounts relating to ministers are reported separately in the financial statements of the Department of Premier and Cabinet.

Notes to and forming part of the financial statements 30 June 2015

Note 19. Remuneration of executives and payments to other personnel
(i.e. contractors with significant management responsibilities)**(a) Remuneration of executives**

The numbers of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, annual and long-service leave payments, higher duties, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full-time equivalent executive officers over the reporting period.

Several factors have affected total remuneration payable to executives over the year. On 1 January 2015, the Victorian Government established the Department of Health and Human Services, bringing together the former Department of Health, Department of Human Services and Sport and Recreation Victoria. One accountable officer from the former Department of Human Services is reported for the period of 1 January 2015 to 30 June 2015.

A number of executive roles which were vacant in the previous reporting period were filled during the course of the year with pro-rata remuneration amounts being recorded. A number of executives received bonus payments during the year.

Income band	Total remuneration		Base remuneration	
	2015 ⁽ⁱ⁾ No.	2014 No.	2015 ⁽ⁱ⁾ No.	2014 No.
Under \$100,000	64	8	64	10
\$100,000–\$109,999	12	2	13	1
\$110,000–\$119,999	6	–	6	1
\$120,000–\$129,999	4	–	4	–
\$130,000–\$139,999	5	3	4	3
\$140,000–\$149,999	3	–	4	2
\$150,000–\$159,999	4	3	4	1
\$160,000–\$169,999	4	2	7	6
\$170,000–\$179,999	7	7	6	4
\$180,000–\$189,999	3	2	2	3
\$190,000–\$199,999	2	4	2	6
\$200,000–\$209,999	3	3	6	2
\$210,000–\$219,999	3	3	1	2
\$220,000–\$229,999	2	3	2	–
\$230,000–\$239,999	2	–	2	1
\$240,000–\$249,999	2	2	–	1
\$250,000–\$259,999	1	1	–	–
\$260,000–\$269,999	–	–	–	2
\$270,000–\$279,999	–	–	2	–
\$280,000–\$289,999	1	2	–	1
\$290,000–\$299,999	1	–	1	1
\$300,000–\$309,999	1	–	2	1
\$310,000–\$319,999	1	2	–	–
\$320,000–\$329,999	1	1	–	1
\$440,000–\$449,999	–	1	–	–
Total number of executives	132	49	132	49
Total annualised employee equivalent (AEE) ⁽ⁱⁱ⁾	80.93	40.41	80.93	40.41
Total remuneration	\$16,690,126	\$8,684,369	\$16,075,819	\$7,928,076

Notes:

- (i) The increase in remuneration and number of executives for 2015 is attributable to the Machinery of Government changes effective from 1 January 2015 with the inclusion of executives from the former Department of Human Services and Sport and Recreation Victoria.
- (ii) The total annualised employee equivalent represents the equivalent to all executive officers working 38 ordinary hours per week over the full reporting period.

Notes to and forming part of the financial statements 30 June 2015

Note 19. Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities) (continued)

(b) Payments to other personnel (i.e. contractors with significant management responsibilities)

The following disclosures are made in relation to contractors charged with significant management responsibilities.

Payments have been made to a number of contractors with significant management responsibilities. These contractors were responsible for planning, directing or controlling, directly or indirectly the department's activities in areas relating to Information Communications and Technology (ICT) and Capital programs.

The decrease in total expenses from 2014 to 2015 was mainly caused by the departure of one contractor at the beginning of the year and the engagement of two additional contractors midway through the 2014–15 year.

Income band	Total expenses (exclusive of GST)	
	2015	2014
Under \$150,000	2	–
\$270,000–\$279,999	1	–
\$290,000–\$299,999	–	1
\$300,000–\$309,999	1	1
\$340,000–\$349,999	1	–
\$350,000–\$359,000	–	1
\$370,000–\$379,000	–	1
\$380,000–\$389,999	1	–
\$400,000–\$409,999	–	1
\$410,000–\$419,999	1	–
\$420,000–\$429,999	–	1
\$470,000–\$479,000	1	1
Total number of contractors	8	7
Total expenses (exclusive of GST)	\$2,456,608	\$2,632,124

Note 20. Remuneration of auditors

	2015	2014
	\$	\$
Victorian Auditor-General's Office – audit of the financial report	481,925	277,300

Notes to and forming part of the financial statements 30 June 2015

Note 21. Contingent assets and contingent liabilities

	2015 \$M	2014 \$M
Contingent liabilities		
Details and estimates of contingent liabilities are as follows:		
(a) In response to the concerns of some health services, the department has undertaken to provide certain health services adequate cash flow support to enable these health services to meet their current and future obligations as and when they fall due for a period up to September 2016 should this be required. In line with processes already established by the department, it is expected that each health service that has been pledged this support will: <ul style="list-style-type: none"> • continue to provide monthly advice on its financial position, including the likelihood of any short-term liquidity issues; • commit to achieve the agreed budget targets, and all other requirements of their service agreements or statement of priorities in 2015–16. 		
(b) A defendant in a civil proceeding has brought the Secretary into the proceeding, seeking to recover from the Secretary the amount of any damages that the defendant may become liable to pay. Proceedings against the Secretary were withdrawn last financial year by all parties with no contribution required.		
(c) A contractual dispute arising from an alleged breach of contract resulting in the termination of the contract by the department.		
(d) There exists a building construction contractual dispute in which a Contractor claims to be entitled to a sum greater than the amount determined by the Superintendent (the independent assessor of claims under the contract) as being due to the Contractor under the contract with the department. The claim is being made against the department and the department denies liability for the amounts in excess of the amount determined by the Superintendent. The contract is otherwise complete. The dispute is being progressed in accordance with the procedures set out in the <i>Building and Construction Industry Security of Payment Act 2002</i> (the Act) for resolving such disputes. Under a construction contract, the Superintendent is the Principal's representative (the Department is the Principal). When there is a dispute as to amounts owing under a construction contract dealt with under the Act, as in this case, the Principal is required to set the sum demanded aside while the dispute is resolved. The purpose of this is to ensure that the funds are available if the dispute were to be resolved in favour of the contractor.	0.2	0.2
(e) The Department of Health and Human Services has estimated that potential liability exists in respect of a number of legal actions instigated by clients and their representatives, employees and others, and other contractual liabilities.	6.9	–
Contingent assets		
Details and estimates of contingent assets are as follows:		
(f) Bank guarantee held for: <ul style="list-style-type: none"> • satisfactory performance of IT Managed Services contract • liquidation of contractors • building contracts 	0.8 0.1 12.0	0.8 0.1 –
(g) Letter of comfort held for Community Chef recallable grant	2.9	1.6
(h) The department provided recallable capital grants to a number of hospitals and these are recallable by way of future cash flow adjustments. The department has not taken any decision in respect of the need for the recipient hospitals to bear those future cash flow adjustments at this time. Decisions about whether recallable grants are to be repaid are solely at the discretion of the department in consideration of the outcomes arising from the expenditure of the grant funds and other policy considerations. As such, hospitals at this time have no obligation to repay the recallable grant unless the department determines at some point in the future that a cash flow adjustment in respect of the recallable grant is warranted.	9.4	15.2

Notes to and forming part of the financial statements 30 June 2015

Note 22. Commitments for expenditure

(a) Commitments other than public private partnerships ⁽ⁱ⁾

	2015 \$M	2014 \$M
The following commitments have not been recognised as liabilities in the financial statements		
(a) Capital expenditure commitments		
Property, plant, equipment and intangibles	161.0	60.9
Total capital expenditure commitments	161.0	60.9
(b) Operating lease commitments		
Properties and equipment	239.2	18.6
Total operating lease commitments	239.2	18.6
(c) Other expenditure commitments		
Provision of services ⁽ⁱⁱ⁾	366.5	48.8
Total other expenditure commitments	366.5	48.8
Total commitments for expenditure (inclusive of GST)	766.7	128.3

Note:

- (i) All amounts shown in the commitments note are nominal amounts inclusive of GST.
- (ii) On 27 August 2013, the Minister for Health signed a Services Agreement Restructure Deed and other relevant documents in accordance with Part 3A of the Health Services Act 1988 with the owners of Mildura Base Hospital, the Motor Trades Association of Australia Superannuation Fund (MTAA), and the other parties to the transaction. In accordance with the restructure agreement, the MTAA agreed to surrender the 99 year lease of the site, transfer the building, plant and equipment on site to the State, and forego the service delivery franchise. In exchange the Government made a restructure fee payment to the MTAA and agreed to accept liability (refer to Note 1(n) and Note 14) for the outstanding bond payments relating to a previous financing arrangement for the hospital. The formal transfer of the site occurred on 30 August 2013. Mildura Hospital continues to be operated by Ramsay Health Care Group until 15 September 2020. However, there is provision for a further two years extension if both the Minister and Ramsay Health Care Group agree. The commitment to pay this is further explained in Note 1(q).

Notes to and forming part of the financial statements 30 June 2015

Note 22. Commitments for expenditure (continued)

(b) Public private partnerships (i) (ii)

Commissioned public private partnerships – other commitments ^{(iii) (iv)}

The following commitments have not been recognised as liabilities in the financial statements of the department (other than the finance lease commitments). They have been recognised in the financial statements of the respective Health Agency – refer to Note 1(r). Further, the nominal value only represents the service component.

The values of the Commissioned PPPs in Note 22(b) only show the service components as the lease liabilities are already recognised in the respective Health Agency's Financial Statements. Note 22(c) shows the total commitment payable by the department, incorporating both the service and liability components.

	2015 \$M		2014 \$M	
	Other commitments		Other commitments	
	Present value ⁽ⁱ⁾	Nominal value	Present value ⁽ⁱ⁾	Nominal value
Service concession arrangements				
Royal Women's Hospital	193.5	414.4	212.8	431.0
Casey Hospital	62.0	117.8	67.5	121.3
Royal Children's Hospital	337.3	834.7	366.3	862.7
Sub-total	592.8	1,366.9	646.6	1,415.0

Uncommissioned public private partnerships – total commitments ^{(v) (vi)}

	2015 \$M			2014 \$M		
	Minimum lease payments	Other commitments	Total commitments	Minimum lease payments	Other commitments	Total commitments
	Discounted value	Present value	Nominal value	Discounted value	Present value	Nominal value
Bendigo Hospital	296.9	1,225.3	2,961.3	296.9	1,184.9	2,961.3
Victorian Comprehensive Cancer Centre (VCCC)	1,050.4	383.1	3,199.8	1,050.4	353.6	3,199.8
Sub-total		1,608.4	6,161.1		1,538.5	6,161.1
Total commitments for public private partnerships		2,206.2	7,533.2		2,185.1	7,576.1

Notes:

- (i) The present value of the minimum lease payments for commissioned public private partnerships (PPPs) are recognised in the balance sheet of the respective Health Agencies and are not disclosed as commitments.
- (ii) The discounted values of the minimum lease payments for uncommissioned PPPs have been discounted to the projects' expected dates of commissioning, and the present values of other commitments have been discounted to 30 June of the respective financial years. After adjusting for GST, the discounted values of minimum lease payments reflect the expected impact on the balance sheet when the PPPs are commissioned.
- (iii) The year on year reduction in the nominal amounts of the other commitments reflects the payments made.
- (iv) The year on year reduction in the present values of the other commitments mainly reflect the payments made, offset by the impact of the discounting period being one year shorter.
- (v) The discounted values of the minimum lease payments have not been totalled for uncommissioned PPPs due to individual PPPs having different expected dates of commissioning.
- (vi) The year on year increase in the present values of the other commitments for uncommissioned projects is due to discounting period being one year shorter.

Notes to and forming part of the financial statements 30 June 2015

Note 22. Commitments for expenditure (continued)

(c) Commitments payable ⁽ⁱ⁾⁽ⁱⁱ⁾

Nominal values	2015 \$M	2014 \$M
The following commitments have not been recognised as liabilities in the financial statements.		
(a) Capital expenditure commitments		
Less than 1 year	123.0	46.6
Longer than 1 year and not longer than 5 years	38.0	14.3
Total capital commitments	161.0	60.9
(b) Operating lease commitments		
Less than 1 year	63.0	4.9
Longer than 1 year and not longer than 5 years	76.7	13.0
Longer than 5 years	99.5	0.7
Total operating lease commitments	239.2	18.6
(c) Service Concession Arrangements (PPP) related commitments ⁽ⁱⁱⁱ⁾		
(i) Royal Women's Hospital		
Less than 1 year	45.0	43.6
Longer than 1 year and not longer than 5 years	190.7	186.0
Longer than 5 years	733.5	786.4
Total Royal Women's Hospital commitments	969.2	1,016.0
(ii) Casey Hospital		
Less than 1 year	14.4	15.9
Longer than 1 year and not longer than 5 years	72.8	69.0
Longer than 5 years	193.1	215.9
Total Casey Hospital commitments	280.3	300.8
(iii) Royal Children's Hospital		
Less than 1 year	135.4	88.5
Longer than 1 year and not longer than 5 years	582.4	568.7
Longer than 5 years	3,218.8	3,410.7
Total Royal Children's Hospital commitments	3,936.6	4,067.9
(iv) Victorian Comprehensive Cancer Centre		
Less than 1 year	2.9	–
Longer than 1 year and not longer than 5 years	629.2	466.6
Longer than 5 years	2,567.7	2,733.2
Total Victorian Comprehensive Cancer Centre commitments	3,199.8	3,199.8
(v) Bendigo Hospital		
Longer than 1 year and not longer than 5 years	865.6	792.7
Longer than 5 years	2,095.8	2,168.7
Total Bendigo Hospital commitments	2,961.4	2,961.4
Total Service Concession Arrangements (PPP) related commitments	11,347.3	11,545.9

Notes to and forming part of the financial statements 30 June 2015

Note 22. Commitments for expenditure (continued)

(c) Commitments payable (continued) ⁽ⁱ⁾⁽ⁱⁱ⁾

Nominal values	2015 \$M	2014 \$M
(d) Other expenditure commitments		
Commitments under contracts for operating expenditure (excluding operating lease commitments) outstanding as at the reporting date but not recognised as liabilities, payable:		
Less than 1 year	272.5	28.8
Longer than 1 year and not longer than 5 years	94.0	20.0
Total other expenditure commitments	366.5	48.8
Total commitments for expenditure (inclusive of GST)	12,114.0	11,674.2
Less GST recoverable from the Australian Taxation Office	1,072.4	1,054.9
Total commitments for expenditure (exclusive of GST)	11,041.6	10,619.3

Notes:

- (i) All amounts shown in the commitments note are nominal amounts inclusive of GST.
- (ii) For future finance lease and non-cancellable operating lease payments that are recognised in the balance sheet, refer to Note 14(c) Leases.
- (iii) Refer to Note 1(r) which sets out the department's accounting policy for the accounting treatment of service concession arrangements.

Notes to and forming part of the financial statements 30 June 2015

Note 23. Administered (non-controlled) items

In addition to the specific departmental operations which are included in the financial statements (balance sheet, comprehensive operating statement, statement of changes in equity and cash flow statement), the department administers or manages and resources activities on behalf of the State. The transactions relating to these State activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes taxes, fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid. Both the controlled department financial statements and these administered items are consolidated into the financial statements of the State.

(a) Output group ⁽ⁱ⁾ 2014–15	Note	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	8 \$M	9 \$M	10 \$M	11 \$M	12 \$M	13 \$M	14 \$M	Total \$M
Administered income from transactions																
Commonwealth contribution to the national health reform		3,301.2	–	381.4	–	10.8	90.6	34.3	45.0	–	–	–	–	0.4	–	3,863.7
State contribution to the national health reform		3,749.4	–	165.2	–	–	–	–	–	–	–	–	–	–	–	3,914.6
Commonwealth grants		10.9	–	–	26.0	–	–	0.1	–	–	–	1.2	–	–	–	38.1
Sales of goods and services		281.1	–	5.8	1.4	0.2	–	–	–	13.8	–	–	–	–	–	302.3
Fair value of assets and services received free of charge or for nominal consideration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest income		1.1	–	–	–	–	–	–	–	–	–	–	–	–	–	1.1
Fees		–	–	–	–	–	–	8.7	0.2	–	–	–	–	–	–	8.9
Grants and other income transfers		80.4	–	–	–	–	0.2	–	0.0	–	–	–	0.1	–	–	80.7
Other		10.3	–	0.1	–	–	–	0.1	–	0.3	0.2	–	–	–	–	11.1
Total administered income from transactions		7,434.4	0.0	552.4	27.5	11.0	90.8	43.1	45.2	14.1	0.2	1.2	0.1	0.5	–	8,220.5

Notes to and forming part of the financial statements 30 June 2015

Note 23. Administered (non-controlled) items (continued)

(a) Output group ⁽ⁱ⁾ 2014–15	Note	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	8 \$M	9 \$M	10 \$M	11 \$M	12 \$M	13 \$M	14 \$M	Total \$M
Administered expenses from transactions																
Grants and other expense transfers	23(b)	6,930.6	–	299.2	–	–	0.2	–	–	–	–	–	0.1	–	–	7,230.1
Employee expenses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other operating expenses		0.2	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0	–	0.9
Payments into the consolidated fund		312.0	0.0	5.8	27.5	0.2	1.8	8.7	0.2	8.5	0.0	0.7	0.0	0.5	–	365.9
Payment to the departmental controlled entity		196.0	–	209.3	–	10.8	90.6	34.3	45.0	–	–	–	–	–	–	586.0
Fair value of assets and services received free of charge or for nominal consideration		17.6	–	–	–	–	–	–	–	–	–	–	–	–	–	17.6
Total administered expenses from transactions		7,456.4	0.0	514.4	27.6	11.0	92.6	43.1	45.2	8.7	0.2	0.8	0.1	0.5	–	8,200.5
Total administered net result from transactions		(22.0)	0.0	38.0	(0.1)	0.0	(1.8)	0.0	0.0	5.4	0.0	0.5	0.0	0.0	–	20.0
Administered other economic flows included in net result																
Net gain/(loss) on non-financial assets and liabilities		0.0	–	(0.0)	–	–	1.5	–	–	0.0	–	0.0	–	–	–	1.6
Other gains/(losses) from other economic flows		(0.0)	–	–	–	–	–	–	–	(0.1)	–	0.0	(0.0)	–	–	(0.1)
Total administered other economic flows		0.0	–	(0.0)	–	–	1.5	–	–	(0.0)	–	0.0	(0.0)	–	–	1.5
Administered net result		(22.0)	0.0	38.0	(0.1)	0.0	(0.2)	0.0	0.0	5.4	0.0	0.5	0.0	0.0	–	21.5

Note:

(i) Refer to Note 2 for output group definitions.

Notes to and forming part of the financial statements 30 June 2015

Note 23. Administered (non-controlled) items (continued)

In addition to the specific departmental operations which are included in the financial statements (balance sheet, comprehensive operating statement, statement of changes in equity and cash flow statement), the department administers or manages and resources activities on behalf of the State. The transactions relating to these State activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes taxes, fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid. Both the controlled department financial statements and these administered items are consolidated into the financial statements of the State.

(a) Output group ⁽ⁱ⁾		1	2	3	4	5	6	7	8	Total
2013–14	Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Administered income from transactions										
Commonwealth contribution to the national health reform		2,968.3	–	344.2	–	–	90.6	80.0	–	3,483.1
State contribution to the national health reform		3,578.7	3.0	199.7	6.7	4.9	9.0	1.1	1.2	3,804.3
Commonwealth grants		16.2	–	–	24.2	–	–	0.1	–	40.5
Sales of goods and services		287.1	1.8	5.4	1.7	0.3	–	–	–	296.3
Interest income		1.3	–	–	–	–	–	–	–	1.3
Fees		–	–	–	–	–	–	8.0	0.3	8.3
Grants and other income transfers		5.3	0.4	–	0.1	1.7	–	0.1	–	7.6
Other		–	–	–	–	–	–	–	–	–
Total administered income from transactions		6,856.9	5.2	549.3	32.7	6.9	99.6	89.3	1.5	7,641.4
Administered expenses from transactions										
Grants and other expense transfers	23(b)	6,382.4	3.3	308.8	6.7	4.9	9.0	1.1	1.2	6,717.4
Employee expenses		–	–	–	–	–	–	–	–	–
Other operating expenses		0.3	–	0.1	0.1	–	–	0.1	–	0.6
Payments into the consolidated fund		311.5	9.3	6.2	26.4	2.0	–	8.2	0.3	363.9
Payment to the departmental controlled entity		164.6	–	235.1	–	–	90.6	80.1	–	570.4
Total administered expenses from transactions		6,858.8	12.6	550.2	33.2	6.9	99.6	89.5	1.5	7,652.3
Total administered net result from transactions (net operating balance)		(1.9)	(7.4)	(0.9)	(0.5)	–	–	(0.2)	–	(10.9)
Administered other economic flows included in net result										
Net gain/(loss) on non-financial assets and liabilities		0.3	–	0.7	–	–	0.2	–	–	1.2
Other gains/(losses) from other economic flows		0.8	–	–	–	–	–	–	–	0.8
Total administered other economic flows		1.1	–	0.7	–	–	0.2	–	–	2.0
Administered net result		(0.8)	(7.4)	(0.2)	(0.5)	–	0.2	(0.2)	–	(8.9)

Note:

(i) Refer to Note 2 for output group definitions.

Notes to and forming part of the financial statements 30 June 2015

Note 23. Administered (non-controlled) items (continued)

(b) Grants and other expense transfers	2015 \$M	2014 \$M
Public hospitals		
Monash Health	962.9	883.1
Alfred Health	580.8	528.0
Eastern Health	559.5	526.6
Melbourne Health	499.7	478.5
Western Health	487.7	451.4
Austin Health	482.2	462.5
Royal Children's Hospital	339.9	313.9
Barwon Health	339.8	316.9
St Vincent's Hospital (Melbourne) Limited	333.7	321.0
Peninsula Health	328.0	306.5
Northern Health	302.5	279.8
Mercy Public Hospitals Inc.	221.5	202.5
Ballarat Health Services	183.1	171.6
Bendigo Health Care Group	175.4	163.0
Royal Women's Hospital	174.6	165.3
Latrobe Regional Hospital	128.7	121.8
Goulburn Valley Health	117.4	110.6
South West Healthcare	90.3	83.2
Peter MacCallum Cancer Centre	82.3	75.7
Albury Wodonga Health	82.2	78.2
Ramsay Health Care Limited	74.0	71.1
Northeast Health Wangaratta	72.6	69.1
Royal Victorian Eye and Ear Hospital	69.0	66.0
West Gippsland Health Care Group	52.2	49.0
Central Gippsland Health Service	47.8	44.9
Bairnsdale Regional Health Service	43.9	40.8
Wimmera Health Care Group	42.8	39.5
Djerriwarrh Health Services	35.2	33.9
Echuca Regional Health	34.1	29.6
Western District Health Service	31.6	28.8
Swan Hill District Health	27.7	25.7
Bass Coast Regional Health	26.3	23.5
Calvary Health Care Bethlehem Limited	21.8	21.0
Colac Area Health	20.1	19.2
Portland District Health	20.0	18.8
Castlemaine Health	17.1	16.4
Gippsland Southern Health Service	15.9	15.2
Benalla Health	15.7	14.9
East Grampians Health Service	14.3	13.8
Maryborough District Health Service	14.3	13.6
Stawell Regional Health	11.9	11.1
Kyabram District Health Services	11.5	11.0
Other	38.0	0.4
	7,230.0	6,717.4

Notes to and forming part of the financial statements 30 June 2015

Note 24. Administered assets and liabilities

Administered assets include government revenues earned but yet to be collected.

Administered liabilities include government expenses incurred but yet to be paid.

	2015 \$M	2014 \$M
Administered assets		
Financial assets		
Trust funds	1.5	–
Receivables	3.4	6.5
Prepayment	38.0	–
Loans	3.3	–
Future service potential ⁽ⁱ⁾	15.6	21.2
Total administered assets	61.8	27.7
Administered liabilities		
Financial liabilities		
Building redevelopment ⁽ⁱ⁾	15.6	21.2
Amounts payable to the consolidated fund	41.4	5.7
Payables	–	0.8
Other	4.8	–
Total administered liabilities	61.8	27.7
Total administered net assets	–	–

Note:

- (i) On behalf of the Department of Treasury and Finance, the department administers funding provided under a Health Service Agreement for building redevelopment at St Vincent's Hospital of \$15.6 million (2014: \$21.2 million).

Notes to and forming part of the financial statements 30 June 2015

Note 25. Reconciliation of net result for the year to net cash flows from operating activities

	Note	2015 \$M	2014 \$M
Net result for the year		3.0	137.1
Non-cash movements			
(Gain)/loss on sale of non-financial assets	6(a)	6.4	6.6
Depreciation and amortisation	5(b)	150.2	18.6
Interest expense	4(e), 5(d)	(1.1)	(6.8)
Change in net market values of VMIA escrow account		30.0	(1.7)
Other		–	2.1
Remeasurement of superannuation defined benefit plans		3.4	–
Net gain/(loss) on financial assets		(1.8)	–
Other gains or losses from other economic flows		22.6	–
Movements in assets and liabilities			
(Increase)/decrease in receivables		(300.5)	(33.1)
Increase/(decrease) in prepayments		3.7	(3.0)
Increase/(decrease) in payables		125.3	(1.4)
Increase/(decrease) in provisions		(4.8)	2.0
(Increase)/decrease in income in advance		38.0	–
Net cash flows from/(used in) operating activities		74.4	120.3

Note 26. Ex-gratia expenses ⁽ⁱ⁾

	2015 \$M	2014 \$M
Compensation for economic loss	1.6	–
Total ex-gratia expenses ⁽ⁱⁱ⁾	1.6	–

Notes:

- (i) Includes ex-gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000.
(ii) The total for ex-gratia expenses is also presented in 'other operating expenses' of Note 5 Expenses from transactions.

Notes to and forming part of the financial statements 30 June 2015

Note 27. Annotated income agreements

The following is a listing of annotated income agreements under Section 29 of the *Financial Management Act 1994* approved by the Treasurer.

	2015 \$M	2014 \$M
User charges, or sales of goods and services		
Albury Wodonga Health (Capital)	4.4	–
Albury Wodonga Health (Output)	93.7	78.1
Community Residential Units Accommodation charges includes full Board and Lodging Model (Output)	13.0	–
Department of Veteran Affairs Hospital Services	128.3	145.3
Health Shared Services	3.0	2.0
Seniors Card Directory Advertising	0.4	0.6
Seniors Festival Advertising and Sponsorship	0.1	0.2
Transport Accident Commission Agreement	62.4	69.7
	305.3	295.9
Commonwealth Specific Purpose Payments		
National Partnership Agreements		
Bright Hospital Feasibility Study	0.1	–
Essential Vaccines	59.5	57.7
Expansion of the BreastScreen Australia Program	3.8	–
Financial Assistance for Long Stay Older Patients	–	4.1
Health and Hospitals Fund – Albury-Wodonga Regional Cancer Centre (Capital)	16.9	18.0
Health and Hospitals Fund – Bairnsdale Regional Health Service – Jacaranda House Redevelopment (Capital)	0.8	1.0
Health and Hospitals Fund – Ballarat Health Dental Clinic (Capital)	5.3	2.0
Health and Hospitals Fund – Ballarat Regional Integrated Cancer Centre (Capital)	–	1.2
Health and Hospitals Fund – Barwon Integrated Regional Cancer Service, Geelong (Capital)	9.8	4.2
Health and Hospitals Fund – Colac Area Youth Health Hub (Capital)	0.1	1.0
Health and Hospitals Fund – Digital Mammography (Capital)	–	2.0
Health and Hospitals Fund – East Grampians Health Dialysis Unit Upgrade, Ararat (Capital)	–	0.2
Health and Hospitals Fund – Echuca Regional Health Redevelopment (Capital)	3.0	2.0
Health and Hospitals Fund – Expansion of Gippsland Cancer Care Centre (Capital)	2.0	8.0
Health and Hospitals Fund – Heathcote GP Primary Care Clinic (Capital)	0.8	1.4
Health and Hospitals Fund – Kerang District Hospital Redevelopment (Capital)	5.6	1.0
Health and Hospitals Fund – Kilmore District Hospital Redevelopment (Capital)	1.0	3.5
Health and Hospitals Fund – Kyabram and District Health Service – Health and Wellbeing Centre (Capital)	0.5	2.5
Health and Hospitals Fund – Kyneton Ambulatory Care Centre (Capital)	3.0	2.2
Health and Hospitals Fund – Leongatha Integrated Primary Care Centre (Capital)	–	1.0
Health and Hospitals Fund – Mansfield District Hospital – Co-location of Primary Health Care Services (Capital)	0.7	0.5
Health and Hospitals Fund – Mildura Base Hospital (Capital)	3.0	5.1
Health and Hospitals Fund – Numurkah District Health Service (Capital)	0.4	3.6
Health and Hospitals Fund – Rural North West Health, Warracknabeal Campus Redevelopment Stage 2 (Capital)	2.7	1.8
Health and Hospitals Fund – Statewide Enhancements to Regional Cancer Services (Capital)	0.5	7.5
Health and Hospitals Fund – Victorian Comprehensive Cancer Centre (Capital)	67.0	67.0
Health Services – National Bowel Cancer Screening Program	0.6	0.6
Health Services – National Perinatal Depression Initiative	1.9	2.6
Health Services – OzFoodNet	0.3	0.5
Health Services – Vaccine-Preventable Diseases Surveillance Program	0.2	0.2

Notes to and forming part of the financial statements 30 June 2015

Note 27. Annotated income agreements (continued)

	2015 \$M	2014 \$M
Health Services – Victorian Cytology Service	8.9	8.5
Home and Community Care	404.9	378.2
Home and Community Care – Services for Veterans	–	4.0
Homes for the Homeless – Homelessness (Output)	11.4	–
Improving Public Hospital Services – National Emergency Access Target (Output)	–	5.1
Improving Public Hospital Services – New Sub-Acute Beds Guarantee (Capital)	–	70.5
Improving Public Hospital Services – New Sub-Acute Beds Guarantee (Output)	–	84.2
Indigenous Teenage Sexual and Reproductive Health and Young Parent Support	1.5	–
Oncology Day Treatment Centre at Frankston Hospital	0.7	–
Pay Equity for the Social and Community Services Sector – Health component (Output)	4.2	3.3
Supporting National Mental Health Reform (Capital)	2.0	2.0
Supporting National Mental Health Reform (Output)	7.5	7.3
Treating More Public Dental Patients	31.9	36.2
Unattached Refugee Children (Output)	1.2	–
Warrnambool Integrated Regional Cancer Care Centre	10.0	–
Other		
Aged Care Assessment	26.0	24.2
Asset Sales proceeds – Health Facility Replacement/Restoration (Capital)	–	0.8
Highly Specialised Drugs Program	–	4.2
Human Quarantine Services	0.1	0.1
Integrated Regional Clinical Training Networks	1.6	2.7
National Radiation Oncology Projects Funding	0.1	0.1
National Reform Agenda for Organ and Tissue Donation	8.7	8.1
Palliative Care Projects	0.2	0.3
Simulated Learning Environments Program	0.3	0.7
	710.7	842.9
Total Section 29 annotated income agreements	1,016.0	1,138.8

Notes to and forming part of the financial statements 30 June 2015

Note 28. Trust account balances relating to trust accounts controlled and/or administered by the department

The following is a listing of trust account balances relating to trust accounts controlled and administered by the department. During 2014–15, there were no trust accounts closed or new trust accounts opened.

	2015						2014				
	Open- ing balance as at 1 July 2014 trust account balance \$M	Mach- inery of govern- ment transfers in \$M	Total receipts \$M	Total payments \$M	Non- cash move- ment \$M	Closing balance as at 30 June 2015 trust account balance \$M	Open- ing balance as at 1 July 2013 trust account balance \$M	Total receipts \$M	Total payments \$M	Non- cash move- ment \$M	Closing balance as at 30 June 2014 trust account balance \$M
Controlled trusts											
Casey Hospital Escrow Account This trust was established to manage and control payments to the contractor for the completion of the Casey Hospital refurbishment.	4.2	–	–	–	(0.2)	4.0	1.1	–	–	3.1	4.2
Health State Managed Fund This trust was established under the <i>Health (Commonwealth State Funding Arrangements) Act 2012 No. 40 of 2012</i> for the purpose of receiving funding for block grants, teaching, training and research.	–	–	1,010.5	1,010.5	0.0	0.0	–	1,028.0	1,026.9	(1.1)	–
Hospital and Charities Fund This account was established under the <i>Health Services Act 1988</i> to record funding for health service agencies. Monies are paid into the fund under the <i>Gaming and Bettings Act 1994</i> , <i>Public Lotteries Act No. 73 of 2000</i> , <i>Casino Control Act No. 47 of 1991</i> , <i>Club Keno Act No. 56 of 1993</i> , <i>Gaming Machine Control Act No. 53 of 1992</i> and sec. 10 of the <i>Financial Management Act 1994</i> .	45.7	–	5,974.4	6,029.1	97.1	88.1	45.7	5,995.6	5,946.8	(48.8)	45.7
Intellectually Handicapped Children's Amenities Fund <i>Intellectually Disabled Persons Act 1986</i> repealed by the <i>Disability Act 2006</i> . To meet the cost of the provision of amenities for children under the age of 16 years in the care of the department.	–	0.1	–	–	–	0.1	–	–	–	–	–

Notes to and forming part of the financial statements 30 June 2015

Note 28. Trust account balances relating to trust accounts controlled and/or administered by the department (continued)

	2015						2014				
	Open- ing balance as at 1 July 2014 trust account balance \$M	Mach- inery of govern- ment transfers in \$M	Total receipts \$M	Total payments \$M	Non- cash move- ment \$M	Closing balance as at 30 June 2015 trust account balance \$M	Open- ing balance as at 1 July 2013 trust account balance \$M	Total receipts \$M	Total payments \$M	Non- cash move- ment \$M	Closing balance as at 30 June 2014 trust account balance \$M
Mental Hospitals Fund <i>Gaming Regulation Act 2003.</i> For the establishment and maintenance of mental health services and residential institutions and facilities; for the administration of the <i>Mental Health Act 1986</i> ; for the administration of the <i>Disability Act 2006</i> .	–	2.1	32.0	32.0	–	2.1	–	–	–	–	–
Public Health Fund This trust was established by the Minister for Finance in accordance with the National Health Reform Agreement to allow the Department of Health to access public health funding contributions paid by the Commonwealth through the National Health Funding Pool and apply this funding to deliver public health activities managed by the State.	5.1	–	121.8	122.0	0.1	5.1	–	119.6	119.6	5.1	5.1
State Development Special Projects Trust Account (Established under the <i>Financial Management Act 1994</i> to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the state.)	–	–	6.1	9.6	6.2	2.7	–	–	–	–	–
Treasury Trust To record the receipt and disbursement of unclaimed monies and other funds held in trust.	22.8	34.1	64.3	71.5	(0.6)	49.1	26.0	48.8	51.9	(0.1)	22.8
Vehicle Lease Trust Account To record transactions relating to the Government's vehicle pool and fleet management business.	0.8	10.5	1.1	(1.0)	1.1	14.6	0.6	0.2	–	–	0.8
Victorian Health Promotion Fund This account was established under the <i>Tobacco Act 1987</i> , section 32, prior to the abolition by the High Court in July 1997 of taxes on tobacco products. Following the High Court decision, the Act was amended and the source of funding was specified by the Treasurer under sec 32 (3a).	–	–	36.9	36.9	–	–	–	37.4	36.2	(1.2)	–
Total controlled trusts	78.6	46.8	7,247.1	7,310.6	103.7	165.8	73.4	7,229.6	7,181.4	(43.0)	78.6

Notes to and forming part of the financial statements 30 June 2015

Note 28. Trust account balances relating to trust accounts controlled and/or administered by the department (continued)

	2015					2014					
	Opening balance as at 1 July 2014 trust account balance \$M	Machinery of government transfers in \$M	Total receipts \$M	Total payments \$M	Non-cash movement \$M	Closing balance as at 30 June 2015 trust account balance \$M	Opening balance as at 1 July 2013 trust account balance \$M	Total receipts \$M	Total payments \$M	Non-cash movement \$M	Closing balance as at 30 June 2014 trust account balance \$M
Administered trusts											
Anzac Day Proceeds Fund, Act 6198, Sec. 4A (Established under the <i>ANZAC Day Act 1958</i> to receive funds as required to be paid by the <i>Anzac Day Act 1958</i> and the <i>Racing Act 1958</i> and to be credited to the Victorian Veterans Fund.)	–	–	–	–	0.1	0.1	–	–	–	–	–
National Health Funding Pool – Victorian State Pool Fund This trust was established under the <i>Health (Commonwealth State Funding Arrangements) Act 2012</i> No. 40 of 2012 to record funding made available by the Commonwealth and the State under the National Health Reform Agreement.	–	–	7,853.8	7,815.8	(38.0)	(0.0)	–	7,287.4	7,287.4	–	–
Public Service Commuter Club The trust fund was established to record the receipt of amounts associated with the Public Service Commuter Club Scheme and deductions from club members salaries as well as recording payment to the Public Transport Corporation.	–	(0.6)	0.9	0.9	–	(0.6)	–	0.6	0.6	–	–
Revenue Suspense Account Short term clearing account pending correct identification of receipts.	0.3	1.8	(0.0)	–	–	2.1	0.3	–	–	–	0.3
Victorian Natural Disasters Relief Fund This account was established for the purpose for granting assistance to persons who suffer losses as a result of flood, bushfires and other natural disasters.	0.4	0.0	0.3	0.3	(0.5)	(0.1)	–	0.4	0.4	0.4	0.4
Total administered trusts	0.7	1.2	7,855.0	7,817.0	(38.4)	1.5	0.3	7,288.4	7,288.4	0.4	0.7

Notes to and forming part of the financial statements 30 June 2015

Note 28. Trust account balances (continued)

(b) Third party funds under management

Third party funds under management are funds held in trust for certain clients. They are not used for government purposes and therefore not included in the department's financial statements.

In February 2009, the Minister for Finance approved the establishment of the 2009 Victorian Bushfire Appeal Trust Account in the Public Account, as part of the Trust Fund, pursuant to section 19(1) of the *Financial Management Act 1994*.

The purpose of the trust account is the receipt of donations and other contributions, and their disbursement for assistance to individuals and communities in towns, suburbs and rural areas affected by the 2009 Victorian bushfires. Contributions include funds provided by the Victorian, Commonwealth and other jurisdictions, as well as the general public, for the above purpose.

Pursuant to section 21 of the *Financial Management Act 1994*, monies from the 2009 Victorian Bushfire Appeal Trust Account have been invested as allowed under the *Trustee Act 1958*. Interest earned is credited to the trust account.

	2015 \$M
2009 Victorian Bushfire Appeal Trust account	
Cash at bank	5.9
Receivable	0.1
Total funds under management	6.0
Balance of funds brought forward 1 January 2015	10.6
Interest earned	0.3
Total funds available	10.9
Payments to individuals and communities	4.9
Total payments	4.9
Balance carried forward	6.0

Note 29. Subsequent events

There are no subsequent events to report for the 2014–15 financial year.

Notes to and forming part of the financial statements 30 June 2015

Note 30. Restructuring of administrative arrangements

In December 2014, the Government issued an administrative order restructuring some of its activities via machinery of government changes, taking effect from 1 January 2015.

As part of the machinery of government restructure, the department (as transferee) received outputs relating to the former Department of Human Services (including the Director of Housing) and the output relating to Sports and Recreation (from the former Department of Transport, Planning and Local Infrastructure).

The combined income and expenses for the new Department of Health and Human Services are reported for the period 1 January 2015 to 30 June 2015.

The net assets assumed by the Department of Health and Human Services arising from this administrative restructure from the Department of Human Services (including the Director of Housing) and the Sports and Recreation output (from the former Department of Transport, Planning and Local Infrastructure) are recognised in the balance sheet of the Department of Health and Human Services at the carrying amount of those assets in the respective departments' balance sheets immediately prior to the transfer. The net assets transfer was treated as a contribution of capital by the Crown.

Outputs relating to the former Department of Human Services

	2015 \$M
In respect of the activities assumed, the following assets and liabilities were recognised by the Department of Health and Human Services at the date of the transfer, 1 January 2015.	
Controlled assets	
<i>Financial assets</i>	
Cash and deposits	415.0
Receivables	375.9
Loans	46.8
Short term investments – term deposits	–
Total financial assets	837.7
<i>Non-financial assets</i>	
Property, plant and equipment	21,658.7
Inventories	0.6
Intangible assets	79.7
Prepayments	21.8
Total non-financial assets	21,760.8
Total assets	22,598.5
Liabilities	
Payables	537.9
Borrowings	68.7
Provisions	324.4
Total liabilities	931.0
Net assets transferred	21,667.5
Net capital contribution by the Crown	21,667.5
Administered assets	
<i>Financial assets</i>	
Trust funds	1.3
Receivables	(3.4)
Loans	3.3
Total administered financial assets	1.2
Administered liabilities ⁽ⁱⁱ⁾	
Amounts payable to the Consolidated Fund	(3.4)
Other	4.6
Total liabilities	1.2
Net assets transferred	–
Net capital contribution by the Crown	–

Notes to and forming part of the financial statements 30 June 2015

Note 30. Restructuring of administrative arrangements (continued)

Outputs relating to the Sports and Recreation output

	2015 \$M
Controlled assets	
<i>Financial assets</i>	
Cash and deposits	5.4
Receivables	1.9
Loans	4.0
Total financial assets	11.4
<i>Non-financial assets</i>	
Property, plant and equipment	21.2
Total non-financial assets	21.2
Total assets	32.6
Liabilities	
Payables	0.2
Borrowings	4.2
Provisions	1.7
Total liabilities	6.1
Net assets transferred	26.5
Net capital contribution by the Crown	26.5
Administered assets	
<i>Financial assets</i>	
Receivables	–
Total financial assets	–
Total assets	–
Liabilities	
Payables	–
Total liabilities	–
Net assets transferred	–
Net capital contribution by the Crown	–

Outputs relating to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

	2015 \$M
Controlled assets	
<i>Financial assets</i>	
Investment in joint venture	35.0
Total net assets	35.0
Net assets transferred	35.0
Net capital contribution by the Crown	35.0

Notes to and forming part of the financial statements 30 June 2015

Note 31. Investments accounted for using the equity method

The department has a joint venture interest with Monash University in the Australian Regenerative Medical Institute (ARMI). ARMI was established to construct and operate a facility which will promote Victoria as a global leader in regenerative medical research, foster and develop existing research collaboration on domestic and overseas projects, and provide a major site for undergraduate and post graduate training programs.

	2015 \$M	2014 \$M
Non-current investments in jointly controlled entities	35.0	–
Total	35.0	–

Name of entity	Principal activity	Ownership Interest % ⁽ⁱ⁾	
		2015	2014
Jointly controlled entities			
Australian Regenerative Medicine Institute (ARMI).	To construct and operate a regenerative medical research facility.	20	–

Note:

- (i) The interest of the department in the joint venture is 20% in accordance with the agreement. The fair value of the ownership interest held by the department is equal to the value of cash invested in the Joint Venture which amounts to \$35 million at 30 June 2015.

Summarised financial information of jointly controlled entities

At balance date, the department's share of net assets and the net result after tax of its jointly controlled entities are:

	2015 \$M	2014 \$M
Current assets	0.3	–
Non-current assets	124.1	–
Total assets	124.4	–
Current liabilities		
Non-current liabilities	–	–
Total liabilities	–	–
Net assets	124.4	–
Share of jointly controlled entity's net assets	35.0	–
Share of jointly controlled entity's result after tax	–	–
Dividends received from jointly controlled entity	–	–

Contingent liabilities and capital commitments

The department's share of the contingent liabilities, capital commitments, and other expenditure commitments of its jointly controlled entities are disclosed in Notes 22 and 21 respectively.

Department of Human Services: Financial statements for the six month period ended 31 December 2014

Accountable officer's and chief finance and accounting officer's declaration.....	237
Independent auditor's report	238
Comprehensive operating statement for the six month period ended 31 December 2014	240
Balance sheet as at 31 December 2014	241
Statement of changes in equity for the six month period ended 31 December 2014.....	242
Cash flow statement for the six month period ended 31 December 2014.....	243
Notes to and forming part of the financial statements for the six month period ended 31 December 2014	244
Note 1. Summary of significant accounting policies.....	244
Note 2. Departmental (controlled) outputs	271
Note 3. Summary of compliance with annual parliamentary and special appropriations	276
Note 4. Income from transactions	278
Note 5. Expenses from transactions	279
Note 6. Other economic flows included in net result	281
Note 7. Cash and deposits.....	281
Note 8. Receivables.....	282
Note 9. Loans.....	283
Note 10. Non-financial physical assets classified as held for sale.....	284
Note 11. Property, plant and equipment – carrying amounts – classification by purpose group	285
Note 12. Intangible assets.....	291
Note 13. Borrowings.....	292
Note 14. Payables.....	294
Note 15. Provisions.....	295
Note 16. Equity.....	298
Note 17. Financial instruments.....	299
Note 18. Responsible persons.....	307
Note 19. Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities)	309
Note 20. Remuneration of auditors	310
Note 21. Contingent assets and contingent liabilities.....	310
Note 22. Commitments for expenditure	311
Note 23. Administered (non-controlled) items.....	312
Note 24. Administered assets and liabilities.....	314
Note 25. Reconciliation of net result for the period to net cash flows from operating activities	314
Note 26. Ex-gratia expenses.....	315
Note 27. Annotated income agreements.....	315
Note 28. Trust account balances	316
Note 29. Subsequent events.....	318

Accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Department of Human Services for the six month period ended 31 December 2014, including the Director of Housing, have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards 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 the notes forming part of the financial statements, presents fairly the financial transactions of the Department of Human Services during the six month period ended 31 December 2014 and the financial position of the Department at 31 December 2014.

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 18 September 2015.



Dr Pradeep Philip
Secretary
Department of Health and Human Services

Melbourne
18 September 2015



Greg Stenton
Chief Finance Officer
Department of Health and Human Services

Melbourne
18 September 2015

Independent auditor’s report



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INDEPENDENT AUDITOR’S REPORT

To the Secretary, Department of Health and Human Services

The Financial Report

The accompanying financial report for the six months ended 31 December 2014 of the Department of Human Services which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Secretary's Responsibility for the Financial Report

The Secretary of the Department of Health and Human Services 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.

Independent Auditor's Report (continued)*Independence*

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Department of Human Services as at 31 December 2014 and its financial performance and its cash flows for the six months then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
29 September 2015



Dr Peter Frost
Acting Auditor-General

Comprehensive operating statement for the six month period ended 31 December 2014

	Note	Dec 2014 \$M	2014 \$M
Income from transactions			
Output appropriations	3(a)	1,997.4	3,609.0
Special appropriations	3(b)	32.0	63.9
Interest income	4(a)	4.5	8.7
Rental income and income from services	4(b)	233.7	451.8
Grants and other income transfers	4(c)	7.3	11.8
Fair value of assets and services received free of charge or for nominal consideration	4(d)	0.1	0.1
Other income	4(e)	17.0	41.6
Total income from transactions		2,292.0	4,186.9
Expenses from transactions			
Employee expenses	5(a)	459.5	912.5
Depreciation and amortisation	5(b)	124.1	223.1
Interest expense	5(c)	10.5	24.0
Capital asset charge		30.1	58.0
Rates to local authorities		56.5	110.6
Maintenance		99.7	146.1
Rental property lease expenses		7.4	13.3
Tenant utilities and other expenses		39.3	76.8
Home finance operating costs		0.4	1.7
Fair value of assets and services provided free of charge or for nominal consideration	5(d)	0.1	0.2
Other operating expenses	5(e)	104.1	219.4
Grants and other transfers	5(f)	1,264.3	2,422.5
Total expenses from transactions		2,196.0	4,208.2
Net result from transactions (net operating balance)		96.0	(21.3)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	6(a)	(13.5)	13.4
Net gain/(loss) on financial instruments	6(b)	–	0.1
Other gains/(losses) from other economic flows	6(c)	(5.7)	(6.3)
Total other economic flows included in net result		(19.2)	7.2
Net result for the period		76.8	(14.1)
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation reserve	16(b)	4.0	2,995.1
Remeasurement of superannuation defined benefit plans	16(a)	(2.8)	1.1
Total other economic flows – other comprehensive income		1.2	2,996.2
Comprehensive result for the period		78.0	2,982.1

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

Balance sheet as at 31 December 2014

	Note	Dec 2014 \$M	2014 \$M
Assets			
Financial assets			
Cash and deposits	7	347.2	290.3
Receivables	8	377.4	378.2
Loans	9	46.8	48.8
Short term investments – term deposits		68.4	–
Total financial assets		839.8	717.3
Non-financial assets			
Inventories		0.6	0.6
Non-financial physical assets classified as held for sale	10	–	0.9
Property, plant and equipment	11	21,658.7	21,732.5
Intangible assets	12	79.7	91.6
Prepayments		21.8	7.4
Total non-financial assets		21,760.8	21,833.0
Total assets		22,600.6	22,550.3
Liabilities			
Borrowings	13	68.7	51.4
Payables	14	537.9	603.7
Provisions	15	324.8	312.2
Total liabilities		931.4	967.3
Net assets		21,669.2	21,583.0
Equity			
Accumulated surplus / (deficit)	16(a)	725.5	651.5
Physical asset revaluation reserve	16(b)	14,872.4	14,868.4
Contributed capital	16(c)	6,071.3	6,063.1
Net worth		21,669.2	21,583.0
Contingent assets and contingent liabilities	21		
Commitments for expenditure	22		

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

Statement of changes in equity for the six month period ended 31 December 2014

	Note	Physical asset revaluation reserve \$M	Accumulated surplus/ (deficit) \$M	Contributed capital \$M	Total \$M
Balance at 1 July 2013		11,873.3	664.2	6,020.6	18,558.0
Net result for the year		–	(14.1)	–	(14.1)
Remeasurement of superannuation defined benefit plans	16(a)	–	1.1	–	1.1
Revaluation of land and buildings	16(b)	2,995.1	–	–	2,995.1
Capital contributions by Victorian Government	16(c)	–	–	51.4	51.4
Net capital contributed from asset transfers	16(c)	–	0.3	(8.9)	(8.6)
Balance at 30 June 2014		14,868.4	651.5	6,063.1	21,583.0
Net result for the six month period ended 31 December 2014		–	76.8	–	76.8
Remeasurement of superannuation defined benefit plans	16(a)	–	(2.8)	–	(2.8)
Revaluation of land and buildings	16(b)	4.0	–	–	4.0
Capital contributions by Victorian Government	16(c)	–	–	8.2	8.2
Balance at 31 December 2014		14,872.4	725.5	6,071.3	21,669.2

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

Cash flow statement for the six month period ended 31 December 2014

	Note	Dec 2014 \$M	2014 \$M
Cash flows from operating activities			
Receipts			
Receipts of output appropriations		1,999.0	3,534.2
Receipts of special appropriations		32.0	63.9
Receipts of funds from other authorities		7.8	12.5
Rent received		231.8	440.1
User charges received – rental properties		2.5	4.8
Interest received		4.0	9.0
Other receipts		4.4	52.4
GST recovered from / (paid to) the Australian Taxation Office ⁽ⁱ⁾		(61.7)	179.0
Total receipts		2,219.8	4,295.9
Payments			
Payments of grants and other transfers		(1,283.8)	(2,541.5)
Payments for employee benefits		(443.3)	(899.8)
Payments for supplies and services		(131.1)	(243.0)
Interest and other costs of finance paid		(11.1)	(24.8)
Capital asset charge payments		(30.1)	(58.0)
Rates to local authorities		(46.6)	(120.1)
Maintenance		(80.7)	(141.5)
Rental property lease expenses		(6.1)	(14.4)
Tenant utilities and other expenses		(32.4)	(104.6)
Home finance operating payments		(0.7)	(1.7)
Other payments		(0.1)	(1.4)
Total payments		(2,066.1)	(4,150.8)
Net cash flows from/(used in) operating activities	25	153.7	145.1
Cash flows from investing activities			
Proceeds from the sale of non-financial assets		100.3	147.1
Short term investments – term deposits		(68.4)	–
Client loans repaid		2.0	3.9
Payment for non-financial assets		(156.1)	(343.6)
Net cash flows from/(used in) investing activities		(122.2)	(192.8)
Cash flows from financing activities			
Net receipts / (payments) for advances		15.4	(18.7)
Owner contributions by Victorian Government - appropriation for capital purposes		8.1	51.2
Repayment of borrowings and finance leases		1.9	(0.9)
Net cash flows from/(used in) financing activities		254.4	(15.9)
Net increase/(decrease) in cash and cash equivalents		56.9	(15.9)
Cash and deposits at the beginning of the period		290.3	306.2
Cash and deposits at the end of the period	7	347.2	290.3

The cash flow statement should be read in conjunction with the notes to the financial statements.

Note:

(i) Goods and services tax (GST) recovered from / (paid to) the Australian Taxation Office is presented on a net basis.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies

These annual financial statements represent the general purpose financial statements for the Department of Human Services (the department) for the six month period ended 31 December 2014.

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 1(x).

(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 (AAS), 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* and the *Financial Reporting Directions* (FRD). Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

The financial statements were authorised for issue by the Secretary of the Department of Health and Human Services on 18 September 2015.

(b) Basis of accounting preparation and measurement

These financial statements are presented in Australian dollars, the functional and presentation currency of the department.

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.

In the application of AAS, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AAS that have significant effect on the financial statements and estimates, relate to:

- > the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(m));
- > superannuation expense (refer to Note 1(h)); and
- > assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(n)); and
- > liability for outstanding insurance claims (refer to Note 1(n)).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

These financial statements have been prepared on the historical cost basis except for:

- > the revaluation of certain non-financial assets (subsequent to acquisition, non-financial assets are measured at a revalued amount being their fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent impairment losses); and
- > financial instruments which are measured at fair value with changes reflected in the comprehensive operating statement.

Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value. Historical cost is based on the fair values of the consideration given in exchange for these assets.

Consistent with AASB 13 *Fair Value Measurement* and relevant FRDs, the department determines the policies and procedures for 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.

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

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

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

In addition, the department determines whether transfers have occurred between levels in the hierarchy by 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 the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The accounting policies set out below have been applied in preparing the financial statements for the six month period ended 31 December 2014 and the comparative information presented for year ended 30 June 2014.

(c) Reporting entity

The financial statements cover the Department of Human Services as an individual reporting entity. The department is a government department of the State of Victoria established pursuant to the *Administrative Arrangements Act 1983*. The Department of Human Services is an administrative agency acting on behalf of the Crown.

The principal address of the Department of Human Services is:

50 Lonsdale Street
Melbourne, Victoria 3000.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

The financial statements include the controlled activities of the Department of Human Services and the public body, the Director of Housing (*Housing Act 1983*).

Pursuant to section 53(1)(b) of the *Financial Management Act 1994*, the Minister for Finance granted approval for the Department of Human Services to prepare an annual report covering the Department of Human Services and the Director of Housing in respect of the 1995–96 and subsequent financial years. Accordingly, the department's financial statements incorporate the Director of Housing.

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

Administrative restructure

Following the 2014 State election, the new Victorian Government announced machinery of government changes on 4 December 2014. On 24 December 2014, via Administrative Arrangements Order No. 460 (issued under the *Administrative Arrangements Act 1983*), the Government renamed the Department of Health to the Department of Health and Human Services, which integrates health and social care policies, programs and services to improve the well-being of all Victorians. As a consequence of this announcement, the Department of Human Services ceased to exist as at midnight on 31 December 2014.

All assets, liabilities, equity and programs of the Department of Human Services were assumed by the Department of Health and Human Services from 1 January 2015. The Director of Housing was previously consolidated into the Department of Human Services under a Section 53 determination. Following the Machinery of Government change, this Section 53 determination was rolled over to the new Department of Health and Human Services, allowing the Director of Housing to continue to be consolidated into the new department.

Objectives and funding

The department's objectives are to improve people's lives and reduce their experience of disadvantage. To achieve this, the department provides housing and community services to support and protect Victorians most in need.

The department is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs that are further described in Note 2.

Outputs of the department

Information about the department's output activities, and the expenses, income, assets and liabilities, which are reliably attributable to those output activities, is set out in the output activities schedule (refer to 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 (refer to Notes 23 and 24).

(d) Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- > the financial statements of the department incorporate assets and liabilities of all reporting entities controlled by the department as at 31 December 2014, and their income and expenses for the reporting period in which control existed; and
- > the financial statements exclude bodies within the department's portfolio that are not controlled by the department and therefore are not consolidated. Bodies and activities that are administered are not controlled and not consolidated.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during the financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing financial statements for the department, all material transactions and balances between entities are eliminated.

Bodies forming the department reporting entity include:

- > the Department of Human Services; and
- > the Director of Housing.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is contributed capital and its repayments) are treated as equity transactions and therefore do not form part of the income and expenses of the department.

Administered items

The department administers but does not control certain resources on behalf of the State. It is accountable for the transactions involving those administered resources, but does not have the discretion to deploy the resources for its own benefit or for achievement of the department's objectives. For these resources, the department acts only on behalf of the State. Administered resources are accounted for using the accrual basis of accounting.

Administered income includes taxes, fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid.

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 in Notes 23 and 24.

Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items in the financial statements. Both the controlled and administered items of the department are consolidated in the financial statements of the State.

Funds held in trust – other trust activities on behalf of parties external to the Victorian Government

The department has responsibility for transactions and balances relating to trust funds on behalf of third parties external to the Victorian Government. Income, expenses, assets and liabilities managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore are not controlled by the department or the Victorian Government. These transactions and balances are reported in Note 28 together with transactions and balances relating to trust accounts controlled by the department.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

(e) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result' and 'other economic flows – other comprehensive income'. The sum of the former two represents the net result. The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market remeasurements. They include:

- > gains and losses from disposal of non-financial assets;
- > revaluation and impairments of non-financial physical and intangible assets; and
- > remeasurement arising from defined benefit superannuation plans.

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 (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts recognised in 'other economic flows – other movements in equity' related to 'transactions with owner in its capacity as owner'.

Cash flow statement

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings in the balance sheet.

Rounding of amounts

Amounts in the financial statements have been rounded to the nearest one hundred thousand dollars unless otherwise stated. Please refer to the end of Note 1(x) for a style convention for explanations of minor discrepancies resulting from rounding.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

(f) Changes in accounting policies

Subsequent to the 2013–14 reporting period, the following new and revised standards have been adopted in the current period, with financial impact detailed below.

AASB 10 Consolidated Financial Statements

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

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

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

(g) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Appropriation income

Appropriated income becomes controlled and is recognised by the department when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant Appropriations Act. Additionally, the department is permitted under Section 29 of the *Financial Management Act 1994* to have certain income annotated to the annual appropriation. The income which forms part of a Section 29 agreement is recognised by the department and the receipts paid into the consolidated fund as an administered item. At the point of income recognition, Section 29 provides for an equivalent amount to be added to the annual appropriation. Examples of receipts which can form part of a Section 29 agreement are Commonwealth specific purpose grants and the proceeds from the sale of assets (refer to Note 27).

Where applicable, amounts disclosed as income are net of returns, allowances, and taxes. All amounts of income over which the department does not have control are disclosed as administered income in the schedule of administered income and expenses (refer to Note 23). Income is recognised for each of the department's major activities as follows:

Output appropriations

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

Special appropriations

Under Section 5.4.6 of *Gambling Regulation Act No. 114 of 2003*, income related to the Mental Hospitals Fund is recognised when the amounts appropriated for that purpose are due and payable by the department. The department also receives special appropriations for various purposes approved under Section 10 of the *Financial Management Act 1994* (refer to Note 3(b)).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Interest income

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

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

Rental income and income from services

Rental income

Rental income arising from tenancy operating agreements is recognised on a straight-line basis over the terms of the ongoing agreements, which are subject to annual review. Rental rebates or subsidies provided to tenants are recognised on a straight-line basis over the term of the agreements which are subject to biannual review.

Income from the supply of services

Income from the supply of services is recognised on a stage of completion basis. The income is recognised when:

- > the amount of the income, stage of completion and transaction costs incurred can be reliably measured; and
- > it is probable that the economic benefits associated with the transaction will flow to the department.

Under the stage of completion method, income is recognised by reference to labour hours supplied or to labour hours supplied as a percentage of total services to be performed in each annual reporting period.

Grants and other income transfers

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

Where such grants are payable into the consolidated fund, they are reported as administered income (refer to Note 1(d) and (j)). For reciprocal grants (i.e. equal value is given back by the department to the provider), the department is deemed to have assumed control when the department has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, the department is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

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

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the department obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer is recognised at its carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Other income

Other income includes income received from department controlled trust funds and is recognised when the department gains control over the funds.

(h) Expenses from transactions

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

Employee expenses

Employee expenses include all costs related to employment including salaries and wages, leave entitlements, fringe benefits tax, redundancy payments, WorkCover premiums and superannuation contributions. These are recognised when incurred, except for contributions in respect to defined benefit superannuation plans.

Superannuation

Employees of the department are entitled to receive superannuation benefits and the department contributes to both defined benefit and defined contribution plans. The amount expensed is the employer contributions for members of both these plans that are paid or payable during the reporting period.

The defined benefit plans provide benefits based on years of service and final average salary. The amount expensed in relation to employer contributions for members of defined benefit superannuation plans represents the accrual of benefits during the reporting period. The level of these contributions will vary depending upon the relevant rules of each plan, and is based upon actuarial advice.

Excluding former employees of the Director of Housing, the Department of Treasury and Finance (DTF) in their annual financial statements recognise, on behalf of the State as the sponsoring employer, the net defined benefit liability related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans. Note 15(d) also provides further details.

Depreciation and amortisation

All buildings, plant, equipment, vehicles and other non-current physical assets (excluding items under operating leases, assets held for sale and land) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

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

The following estimated useful lives are used in the calculation of depreciation for the current and prior years:

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Asset class	Useful life
Buildings	
Structure shell building fabric	45 to 60 years
Site engineering services and Central plant	20 to 30 years
Central plant	
Fit out	20 to 30 years
Trunk reticulated building systems	30 to 40 years
Plant, equipment and vehicles	3 to 10 years
Leasehold improvements	5 to 10 years
Intangible assets	4 to 8 years
Assets under lease	3 years

Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of land because service potential has not, in any material sense, been consumed during the financial year.

Intangible assets with finite useful lives are amortised as an expense from transactions, on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

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

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

Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually.

Interest expense

Interest expense is recognised in the period in which it is incurred. Refer to *Glossary of terms and style convention* in Note 1(x) for an explanation of interest expense items.

Grants and other transfers

Grants and other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies and other transfer payments to public and denominational hospitals, other state government agencies, local councils and non-government agencies and individuals. Refer to *Glossary of terms and style conventions* in Note 1(x) for an explanation of grants and other transfers.

Capital asset charge

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

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations and include:

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Rental operating costs

Rental operating costs include maintenance, rates and charges, tenant utilities and operating expenses. These costs are expensed in the period in which they are incurred.

Home finance operating costs

Home finance operating costs represent fees payable to external providers for such items as repayment collection, loan portfolio management, and technical assistance under the Group Self Build program, provision of the Home Renovation Inspection Service and administration of the Shared Home Ownership Scheme. These costs are expensed in the period in which they are incurred.

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

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

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

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

(i) Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Revaluation gain/ (losses) of non-financial physical assets

Refer to Note 1(m).

Net gain/(loss) on 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 the difference between the proceeds and the carrying value of the asset at the time.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually and at 31 December 2014 for impairment (as described below) and whenever there is an indication that the asset may be impaired.

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

- > inventories (refer to Note 1(m)); and
- > non-financial assets classified as held for sale (refer to Note 1(m)).

If there is an indication of impairment, the asset concerned is tested as to whether its carrying value exceeds its possible 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 a physical asset revaluation reserve applicable to that class of asset.

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

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

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

Net actuarial gains/(losses) on superannuation defined benefit plans

Net actuarial gains or losses reflect the change in superannuation liability that arises due to differences between the assumptions used to calculate the superannuation expense from transactions and actual outcomes. The effect of any change in actuarial assumptions during the period is also included.

Net actuarial gains or losses are recognised in the period in which they occur.

Net gain/(loss) on financial instruments and statutory receivables / payables

Net gain/(loss) on financial instruments and statutory receivables/payables includes:

- > realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- > impairment and reversal of impairment for financial instruments at amortised cost; and
- > disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instruments at fair value

Refer to Note 1(k).

Other gains/(losses) from other economic flows

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

- > reclassifications of amounts from reserves to accumulated surplus or net result due to disposal or derecognition or reclassification;

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

- > the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and the effects of changes in actuarial assumptions; and
- > other revaluations on the value of outstanding insurance claims and liabilities.

Bad and doubtful debts

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Those written off unilaterally and the allowance for doubtful receivables are classified as 'other economic flows'.

(j) Administered income

Taxes, fines and regulatory fees

The department does not gain control over assets arising from taxes, fines and regulatory fees, consequently no income is recognised in the department's financial statements.

The department collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income in the schedule of administered items (refer to Note 23).

Grants from Commonwealth Government and other jurisdictions

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

The department also receives grants for on-passing from other jurisdictions. The department does not have control over these grants and the income is not recognised in the department's financial statements.

Administered grants are disclosed as income in the schedule of administered items (refer to Note 23).

(k) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the department's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the department are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

The effective interest method calculates the amortised cost of a financial asset and allocates interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

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

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at 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.

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the department 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.

(l) Financial assets

Cash and deposits

Cash and deposits recognised in the balance sheet, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with a maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings in the balance sheet.

Receivables

Receivables consist of:

- > contractual receivables, which include mainly debtors in relation to goods and services, loans to health agencies and accrued investment income; and
- > 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 and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables owing from the Victorian Government are held by the Department of Treasury and Finance and accrue no interest. Other receivables have normal credit terms, which are generally 30 days.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(k).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Investments and other financial assets

The department classifies its investments as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- > the rights to receive cash flows from the asset have expired; or
- > the department retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- > the department has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the department's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, the department assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. All financial instrument assets are subject to annual review for impairment, and at 31 December 2014.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are classified as 'other economic flows' in the net result (refer to Note 1(i)). The majority of debts are housing rental debtors. Due to the nature of the debt, long term payment plans have been implemented.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets which are not financial instruments, the department applies professional judgement in assessing materiality and using estimates, averages and computational shortcuts in accordance with AASB 136 *Impairment of Assets*.

(m) Non-financial assets

Inventories

Inventories include goods held for distribution and are measured at the lower of cost and net realisable value.

Non-financial assets classified as held for sale, including disposal group assets

Non-financial physical assets (including disposal group assets), are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

This condition is regarded as met only when:

- > the asset is available for immediate use in the current condition; and
- > the asset's sale (or disposal group sale) is highly probable and is expected to be completed within twelve months from the date of classification.

Non-financial assets (including disposal groups), and related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal consideration, the cost is the asset's fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11 *Property, Plant and Equipment*.

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

Non-financial physical assets such as Crown land and buildings (including those owned by the Director of Housing) are measured at fair value with regard to the property's highest and best use after due consideration is made of any legal or constructive restrictions imposed on the asset, or any public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Certain assets are acquired under finance leases, which may form part of a service concession arrangement. Refer to Notes 1(o) and 1(q) for more information.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(i).

Leasehold improvements

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) 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 generally used to conduct these scheduled revaluations. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income' and accumulated in equity under the physical asset revaluation reserve. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the physical asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the physical asset revaluation reserve.

Revaluation increases and decreases relating to individual assets within the same class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. The physical asset revaluation reserve is not transferred to accumulated surplus / (deficit) on derecognition of the relevant asset.

The written down replacement cost has been considered as fair value for plant and equipment as at 31 December 2014.

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.

Intangible assets

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

When the recognition criteria in AASB 138 *Intangible assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

Refer to Note 1(h) and Note 1(i).

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

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

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period it is incurred.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods and services, or that part of expenditure made in one accounting period covering a term extending beyond that period.

(n) Liabilities

Payables

Payables consist predominantly of contractual payables, such as accounts payable, and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the department prior to the end of the reporting period that are unpaid, and arise when the department becomes obliged to make future payments in respect of the purchase of those goods and services.

Other liabilities included in payables mainly consist of unearned/deferred income, GST and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(k)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in financial liabilities at amortised cost, because they do not arise from a contract.

Borrowings

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(o)).

The measurement basis subsequent to initial recognition depends on whether the department has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss or financial liabilities at amortised cost. Refer to Note 1(k). Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest rate method.

The classification depends on the nature and purpose of the interest bearing liabilities. The department determines the classification of interest bearing liabilities at initial recognition.

Provisions

Provisions are recognised when the department has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured.

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 discount rates that reflect the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Other provisions mainly include a liability for outstanding insurance claims (refer to Note 15), which is independently assessed by an actuary appointed by the Department of Treasury and Finance.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave for services rendered up to the reporting date.

Salaries and wages and annual leave

Liabilities for salaries and wages, including non-monetary benefits such as annual leave, are recognised in the provision for employee benefits as 'current liabilities' because the department does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for salaries and wages and annual leave are measured at:

- > undiscounted value – if the department expects to wholly settle within twelve months; or
- > present value – if the department does not expect to wholly settle within twelve months.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional long service leave

Unconditional LSL is disclosed as a current liability even where the department does not expect to settle the liability within twelve months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within twelve months.

The components of this current LSL liability are measured at:

- > undiscounted value – if the department expects to wholly settle within twelve months; or
- > present value – if the department does not expect to wholly settle within twelve months.

Non-current liability – conditional long service leave

Conditional LSL is disclosed as a non-current liability because there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept voluntary redundancy in exchange for these benefits. The department recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the reporting period are discounted to present value.

Superannuation

The department, in respect to former employees of the Director of Housing, is required to pay into the Consolidated Fund an amount to cover the government's contribution to the Government Superannuation Office for the shortfall of superannuation benefits paid to staff who retired or resigned on or before 14 December 1987 or were employed by the Director of Housing as at 14 December 1987 and retired or resigned prior to or on 30 June 1994. The present value of the unfunded liability relates to the Director of Housing's obligation as calculated by the government appointed actuary. The amount expensed in respect of unfunded superannuation represents the contributions made by the department to the

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

superannuation fund, adjusted by the movement in the liability or asset. Refer to Note 15(d) for further details.

Employee benefits on-costs

Employee benefits on-costs (such as payroll tax, workers compensation and superannuation) are recognised separately from the provision for employee benefits.

Make-good provisions

Make-good provisions are recognised when the department has contractual obligations to remove leasehold improvements from leased properties and restore the leased premises to their original condition at the end of the lease term. The related expenses of making good such properties are recognised when the leasehold improvements are made.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

(o) Leases

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

Finance Leases

Department as lessee

At the commencement of the lease term, finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

If there is certainty that the department will obtain ownership of the leased asset by the end of the lease term, the asset will be depreciated over the useful life of the asset.

Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability, and the periodic finance expense calculated using the interest rate implicit in the lease. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating Leases

Department as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form, or the timing of the payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

Department as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form, or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Equity

Contributions by owners

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the department.

Additions to net assets which have been designated as contributions by owners, are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

(q) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 22) at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(r) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 21) and, if quantifiable, are stated at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

(s) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the Australia Taxation Office (ATO). In this case GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

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

Commitments are presented inclusive of GST.

(t) Comparative information

Where necessary the previous year's figures have been reclassified to facilitate comparisons. Adjustments were made to the comparatives. These are noted throughout the financial statements.

(u) Events after the reporting period

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

(v) Accounting standards and interpretations

Certain accounting standards and interpretations have been published that are not mandatory for the 31 December 2014 reporting period. The Department of Treasury and Finance assesses the impact of these standards and advises departments of their applicability and early adoption where appropriate.

As at 31 December 2014, the following standards and interpretations (applicable to departments) had been issued but were not mandatory for the six month period ended 31 December 2014.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening accumulated surplus / (deficit) if there are no former performance obligations outstanding.</p>
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018–19 reporting period in accordance with the transition requirements.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]</i>	<p>Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:</p> <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i>	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the department will continue to account for the investment in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]</i>	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that:</p> <ul style="list-style-type: none"> a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]</i>	The Amendments extend 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.	1 Jan 2016	The amending standard will result in extended disclosures on the department's key management personnel (KMP), and the related party transactions.

(w) Accounting standards issued and adopted earlier

The Australian Accounting Standards Board issued an amending accounting standard AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value disclosures of Not-for-Profit Public Sector Entities* on 13 July 2015. Even though it was not mandatory for the reporting period 30 June 2015, the Department of Human Services has elected to early adopt and apply AASB 2015-7 before its mandatory application date. The impact of the early adoption resulted in reduced disclosures relating to quantitative information of 'significant unobservable inputs' and the 'sensitivity analysis' in Note 11(d).

(x) Glossary of terms and style convention

Comprehensive result

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

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in applicable non-current physical assets used in the provision of outputs.

Commitments

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

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expense

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

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Ex-gratia expenses

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

Financial 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 asset

A financial asset is any asset that is:

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

Financial liability

A financial liability is any liability that is:

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

Financial statements

A complete set of financial statements comprise:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

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

Grants and other expense transfers

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

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

Intangible assets

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

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Net result

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

Net result from transactions (net operating balance)

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

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. They include inventories, buildings, plant and equipment, and intangible assets.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 1. Summary of significant accounting policies (continued)

Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. They include: gains and losses from disposals; revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans and fair value changes of financial instruments. In simple terms, other economic flows 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 as required or permitted by other Australian Accounting Standards.

The components of other economic flows – other comprehensive income include:

- (a) changes in physical asset revaluation reserve; and
- (b) gains and losses on superannuation defined benefit plans.

Other operating expenses

Other operating expenses generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the department.

Payables

Includes short and long term accounts payable, grants, taxes and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term accounts receivable, accrued investment income, grants, taxes and interest receivable.

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 (for example, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions

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

The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx.x)	negative numbers
20xx	calendar year period
20xx-xx	financial year period

The financial statements and notes are presented based on the illustration for a government department in the 2014–15 *Model Report for Victorian Government departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the department's annual reports.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 2. Departmental (controlled) outputs

The Department of Human Services supports Victorians in need to build better lives and achieve their potential.

The department does this by providing housing and community services and programs so that individuals and families are supported and can participate in their community, the economy and life.

The department achieves these objectives through the delivery of outputs and achievement of key strategies which include:

- > providing immediate support to people in crisis, and helping individuals and families to get their lives back on track;
- > improving the lives of individuals, young people, families and communities through building capabilities and resilience and supporting participation in work, education and the community; and
- > improving the quality of life for Victorians in need through the provision of support services to support people in need to enjoy a positive life.

A description of each departmental output group and their objective is summarised below.

Output group 1: Disability Services

Disability Services outputs include provision of continuing care and support services for people with disabilities, their carers and their families.

Output group 2: Child Protection and Family Services

Child Protection and Family Services outputs fund statutory child protection services, family support and parenting services, family violence and sexual assault services, adoption and placement care services, and specialist support services to ensure the safety and wellbeing of adolescents and children at risk of harm, abuse and neglect.

Output group 3: Youth Services and Youth Justice

Youth Services and Youth Justice outputs fund a range of services including the provision of advice to courts, community-based and custodial supervision, and youth services.

Output group 4: Concessions to Pensioners and Beneficiaries

Concessions to Pensioners and Beneficiaries include development and coordination of the delivery of concessions and relief grants to eligible consumers and concession card holders.

Output group 5: Empowering Individuals and Communities

Empowering Individuals and Communities outputs fund programs that support community participation including Neighbourhood Houses, Men's Sheds and community support projects and programs for youth, women and people with a disability.

Output group 6: Housing Assistance

Housing Assistance outputs include provision of homelessness services, crisis and transitional accommodation and long term adequate, affordable and accessible housing assistance, coordinated with support services where required and home renovation assistance and management of the home loan portfolio.

Output group 7: Shared Services

Shared Services reflect the range of corporate services that the department provides to other departments, predominantly the Department of Health.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 2. Departmental (controlled) outputs (continued)

Schedule A – Controlled income and expenses for the six months ended 31 December 2014

Output group	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	Total ⁽ⁱ⁾ \$M
Income from transactions								
Output appropriations	807.2	438.4	67.2	416.8	30.9	236.9	–	1,997.4
Special appropriations	32.0	–	–	–	–	–	–	32.0
Interest income	–	–	–	–	–	4.5	–	4.5
Rental income and income from services	–	–	–	–	–	233.7	–	233.7
Grants and other income transfers	3.6	–	–	2.3	0.8	1.2	–	7.9
Fair value of assets and services received free of charge or for nominal consideration	0.1	–	–	–	–	–	–	0.1
Other income	0.6	1.0	0.7	–	–	6.5	8.2	17.0
Total income from transactions	843.5	439.4	67.9	419.1	31.7	482.8	8.2	2,292.6

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 2. Departmental (controlled) outputs (continued)

Schedule A – Controlled income and expenses for the six months ended 31 December 2014 (continued)

Output group	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	Total ⁽ⁱ⁾ \$M
Expenses from transactions								
Employee expenses	251.0	114.5	33.1	2.9	4.6	46.7	6.6	459.4
Depreciation and amortisation	10.5	5.4	1.5	0.1	0.1	106.4	0.1	124.1
Interest expense	0.2	0.1	–	–	–	10.2	–	10.5
Capital asset charge	18.6	6.3	5.2	–	–	–	–	30.1
Rates to local authorities	–	–	–	–	–	56.5	–	56.5
Maintenance	3.4	1.4	1.3	–	–	93.6	–	99.7
Rental property lease expenses	–	–	–	–	–	7.4	–	7.4
Tenant utilities and other expenses	–	–	–	–	–	39.3	–	39.3
Home finance operating costs	–	–	–	–	–	0.7	–	0.7
Fair value of assets and services provided free of charge or for nominal consideration	0.1	–	–	–	–	–	–	0.1
Other operating expenses	41.4	30.1	8.9	1.7	1.5	18.1	2.4	104.1
Grants and other transfers	477.5	272.8	14.6	345.2	25.5	129.3	–	1,264.9
Total expenses from transactions	802.7	430.6	64.6	349.9	31.7	508.2	9.1	2,196.8
Net result from transactions (net operating balance)	40.8	8.8	3.3	69.2	–	(25.4)	(0.9)	95.8
Other economic flows included in net result								
Net gain/(loss) on non-financial assets	(6.5)	(5.2)	–	–	–	(1.7)	–	(13.4)
Other gains/(losses) from other economic flows	(1.3)	(0.6)	(0.1)	–	(0.1)	(3.6)	–	(5.7)
Total other economic flows included in net result	(7.8)	(5.8)	(0.1)	–	(0.1)	(5.3)	–	(19.1)
Net result for the period	33.0	3.0	3.2	69.2	(0.1)	(30.7)	(0.9)	76.7

Note:

(i) Total amount may not agree with comprehensive operating statement due to eliminations.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 2. Departmental (controlled) outputs (continued)

Schedule A – Controlled income and expenses for the year ended 30 June 2014

Output group	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	Total ⁽ⁱ⁾ \$M
Continuing operations								
Income from transactions								
Output appropriations	1,494.0	806.8	135.0	675.9	60.7	436.6	–	3,609.0
Special appropriations	63.9	–	–	–	–	–	–	63.9
Interest income	–	–	–	–	–	8.7	–	8.7
Rental income and income from services	–	–	–	–	–	451.8	–	451.8
Grants and other income transfers	4.2	2.1	–	–	4.8	1.2	–	12.3
Fair value of assets and services received free of charge or for nominal consideration	8.2	8.0	4.0	–	–	–	–	20.2
Other income	6.8	1.9	1.0	–	–	13.4	18.5	41.6
Total income from transactions	1,577.1	818.8	140.0	675.9	65.5	911.7	18.5	4,207.5

Notes to and forming part of the financial for the six month period ended statements 31 December 2014

Note 2. Departmental (controlled) outputs (continued)

Schedule A – Controlled income and expenses for the year ended 30 June 2014 (continued)

Output group	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	Total ⁽ⁱ⁾ \$M
Expenses from transactions								
Employee expenses	502.7	216.7	70.9	6.1	9.5	93.9	12.7	912.5
Depreciation and amortisation	19.7	10.8	3.0	0.1	0.1	189.1	0.3	223.1
Interest expense	1.0	0.8	0.2	–	–	22.0	–	24.0
Capital asset charge	36.4	12.2	9.4	–	–	–	–	58.0
Rates to local authorities	–	–	–	–	–	110.6	–	110.6
Maintenance	8.5	3.1	4.0	–	–	130.4	0.1	146.1
Rental property lease expenses	–	–	–	–	–	13.3	–	13.3
Tenant utilities and other expenses	–	–	–	–	–	76.8	–	76.8
Home finance operating costs	–	–	–	–	–	1.7	–	1.7
Fair value of assets and services provided free of charge or for nominal consideration	0.1	–	–	–	–	20.2	–	20.3
Other operating expenses	85.3	65.8	18.1	3.3	3.8	38.1	5.0	219.4
Grants and other transfers	919.7	502.9	31.2	666.4	50.6	252.2	–	2,423.0
Total expenses from transactions	1,573.4	812.3	136.8	675.9	64.0	948.3	18.1	4,228.8
Net result from transactions (net operating balance)	3.7	6.5	3.2	–	1.5	(36.6)	0.4	(21.3)
Other economic flows included in net result								
Net gain/(loss) on non-financial assets	(4.6)	(0.4)	0.1	(0.3)	–	18.6	–	13.4
Net gain/(loss) on financial instruments and statutory receivables/payables	0.1	–	–	–	–	–	–	0.1
Other gains/(losses) from other economic flows	(0.3)	(0.2)	–	–	–	(5.8)	–	(6.3)
Total other economic flows included in net result	(4.8)	(0.6)	0.1	(0.3)	–	12.8	–	7.2
Net result for the period	(1.1)	5.9	3.3	(0.3)	1.5	(23.8)	0.4	(14.1)

Note:

(i) Total amount may not agree with comprehensive operating statement due to eliminations.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 3. Summary of compliance with annual parliamentary and special appropriations

(a) Summary of compliance with annual parliamentary appropriations

The following tables disclose the details of the various annual parliamentary appropriations received by the department for the period. In accordance with accrual output-based management procedures 'provision for outputs' and 'additions to net assets' are disclosed as 'controlled' activities of the department. Administered transactions are those that are undertaken on behalf of the State over which the department has no control or discretion.

Six months to 31 December 2014	Appropriation Act			Financial Management Act 1994				Total parlia- mentary authority \$M	Approp- riation applied \$M	Variance \$M		
	Annual approp- riation \$M	Advance from Treasurer \$M	Section 3(2) \$M	Section 29 \$M	Section 30 \$M	Section 32 \$M	Section 35 advances \$M					
Controlled												
Provision of outputs	1,945.7	(i)	–	–	54.9	–	–	–	2,000.6	1,997.4	3.2	(ii)
Additions to net assets	5.1	(i)	–	–	–	–	5.4	–	10.5	8.2	2.3	(iii)
Total	1,950.8		–	–	54.9	–	5.4	–	2,011.1	2,005.6	5.5	

Notes:

- (i) Significant annual appropriation was transferred to the new Department of Health and Human Services, as a result of a machinery of government change effective 1 January 2015.
- (ii) Reflects \$3.2M of output appropriation authority not applied.
- (iii) Unapplied asset funding of \$2.4M relates to the Youth Foyer Shepparton project that has been rephased from 2014–15 to 2015–16.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 3. Summary of compliance with annual parliamentary and special appropriations (continued)

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

Year ended 30 June 2014	Appropriation Act			Financial Management Act 1994				Total parlia- mentary authority \$M	Approp- riation applied \$M	Variance \$M	
	Annual appropri- ation \$M	Advance from Treasurer \$M	Section 3(2) \$M	Section 29 \$M	Section 30 \$M	Section 32 \$M	Section 35 advances \$M				
Provision of outputs	3,534.6	5.2	–	55.8	28.0	13.2	–	3,636.7	3,609.0	27.7	(i)
Additions to net assets	84.0	–	–	15.4	(28.0)	20.2	–	91.6	51.4	40.2	(ii)
Total	3,618.6	5.2	–	71.2	–	33.4	–	3,728.3	3,660.4	67.9	

Notes:

- (i) Unapplied output funding of \$27.7M, predominantly relates to services and projects that will be carried over from 2013–14 to 2014–15 and primarily includes projects outlined below:
- Empowering Individuals and Community output projects;
 - Emergency Management Incident Management System redevelopment;
 - Transformation Program – Services Connect and National Disability Insurance Scheme; and
 - Disability Supported Accommodation Innovation Fund;
- (ii) Unapplied asset funding of \$40.2M, predominantly relates to funding for capital projects that have been rephased or will be carried over from 2013–14 to 2014–15 and primarily includes projects outlined below:
- Expanding Accommodation with Support;
 - Services Connect;
 - Redevelopment of Community Facilities;
 - Disability Strategic Refurbishment and Replacement and Placement and Support Residential Renewal strategies; and
 - Treasurer approved appropriation rephasing of the Responding to Demand for Residential Out of Home project and Fire Risk Management project for accommodation services.

(b) Summary of compliance with special appropriations

Authority	Purpose	Appropriation applied	
		Dec 2014 \$M	2014 \$M
Section 5.4.6 of <i>Gambling Regulation Act No. 114 of 2003</i>	Contribution to the Mental Hospitals Fund	32.0	63.9
Total		32.0	63.9

Note:

- (i) Half of the department's special appropriation was transferred to the new Department of Health and Human Services, as a result of a machinery of government change effective 1 January 2015.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 4. Income from transactions

	Dec 2014 \$M	2014 \$M
(a) Interest income		
Interest from financial assets:		
– Interest on short term deposits	3.8	7.3
– Interest from loans	0.7	1.4
Total interest income	4.5	8.7
(b) Rental income and income from services		
Rental income raised	453.6	864.1
Rents not received through vacancy	(4.6)	(11.5)
Rental rebates	(215.2)	(401.1)
Rental subsidies – welfare organisations	(3.9)	(8.1)
Shared Home Ownership Scheme – rent raised	1.1	2.2
Total net rent receivable	231.0	445.6
Total user charges – rental properties	2.5	4.8
Rendering of services	0.2	1.4
Total rental income and income from services	233.7	451.8
(c) Grants and other income transfers		
Department of Treasury and Finance	3.1	5.9
Department of Education and Early Childhood Development	–	0.2
Department of Health	3.3	3.7
Department of State Development, Business and Innovation	0.3	–
Department of Justice	0.5	1.8
Department of Environment and Primary Industries	–	0.1
Victoria Police	–	0.1
Total grants and other income transfers	7.3	11.8
(d) Fair value of assets and services received free of charge or for nominal consideration:		
Resources received free of charge	0.1	0.1
Total fair value of assets and services received free of charge or for nominal consideration	0.1	0.1
(e) Other income		
State trust accounts	10.5	28.3
Other	6.5	13.3
Total other income	17.0	41.6

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 5. Expenses from transactions

	Note	Dec 2014 \$M	2014 \$M
(a) (i) Employee expenses			
Post employment benefits			
– Defined contribution superannuation expense ⁽ⁱ⁾	5(a)(ii)	29.0	54.7
– Defined benefit superannuation expense	5(a)(ii)	6.1	13.9
		35.1	68.6
Termination benefits		0.4	2.9
Salaries and wages		423.9	841.0
Total employee expenses		459.5	912.5

	Paid contribution for the year		Contribution outstanding at year end	
	Dec 2014 \$M	2014 \$M	Dec 2014 \$M	2014 \$M
(a) (ii) Superannuation				
Defined contribution plans				
VicSuper	23.6	45.3	–	–
Other	5.4	9.4	–	–
Defined benefit plans ⁽ⁱ⁾				
State superannuation fund	5.7	13.2	–	–
Other	0.4	0.7	–	–
Total superannuation	35.1	68.6	–	–

Note:

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

	Dec 2014 \$M	2014 \$M
(b) Depreciation and amortisation		
Buildings		
– Health and Welfare	7.3	12.9
– Youth Justice	0.4	0.9
– Community Housing	97.2	168.6
Plant, equipment and vehicles		
– Health and Welfare	0.9	2.0
– Community Housing	0.2	0.3
Intangible assets		
– Health and Welfare	1.5	3.8
– Community Housing	9.1	20.2
Motor vehicles under finance lease		
– Health and Welfare	7.4	14.4
Total depreciation and amortisation	124.1	223.1
(c) Interest expense		
Finance lease costs	0.4	2.0
DTF debt liability interest expense	10.2	22.0
Total interest expense	10.5	24.0
(d) Fair value of assets and services provided free of charge or for nominal consideration		
Land	–	0.1
Resources given free of charge	0.1	0.1
Total fair value of assets and services provided free of charge or for nominal consideration	0.1	0.2

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 5. Expenses from transactions (continued)

	Dec 2014 \$M	2014 \$M
(e) Other operating expenses		
Accommodation and property services	25.3	50.2
Administrative costs	26.9	54.0
Direct care operating costs	28.5	56.0
Information, communications and technology costs	23.5	59.2
Total other operating costs	104.1	219.4
(f) Grants and other transfers		
Grants and other transfers across all outputs include payments to:		
Public hospitals		
Ballarat Health Services	18.1	40.7
Other public hospitals with payments totalling less than \$10M	27.6	55.1
	45.8	95.8
Denominational hospitals		
Denominational hospitals with payments totalling less than \$10M	3.3	4.3
	3.3	4.3
Other state government agencies		
Other state government agencies with payments totalling less than \$10M	6.1	22.8
	6.1	22.8
Local councils		
Local councils with payments totalling less than \$10M	10.8	22.5
	10.8	22.5
Non-government agencies and individuals		
Yooralla Society Of Victoria	38.7	71.3
Anglicare Victoria	33.1	59.8
Scope Vic Limited	30.4	59.6
Berry Street Incorporated	31.1	58.5
The Salvation Army (Victoria) Property Trust	24.6	50.4
Uniting Church in Australia Property Trust (Victoria)	25.9	49.3
Moira Child and Family Support Incorporated	27.1	42.5
Mackillop Family Services Limited	20.1	37.7
Wesley Mission Melbourne	19.3	36.9
National Disability Insurance Agency	30.7	27.8
Melbourne City Mission Incorporated	14.0	26.6
Client/Assistance Payments to individuals	357.1	738.8
Other non-government agencies with payments totalling less than \$10M	546.2	1,017.9
	1,198.2	2,277.1
Total grants and other transfers	1,264.3	2,422.5

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 6. Other economic flows included in net result

	Dec 2014 \$M	2014 \$M
(a) Net gain/(loss) on non-financial assets		
Revenue from disposal of non-financial physical assets		
Land	32.3	71.2
Buildings	58.9	75.6
Shared home ownership scheme	0.7	1.8
Miscellaneous assets	7.9	10.8
Total revenue from disposal of non-financial physical assets	99.7	159.4
Costs on disposal of non-financial physical assets		
Land	33.8	52.3
Buildings	58.9	76.2
Shared home ownership scheme	0.7	1.4
Community services properties	11.2	6.6
Miscellaneous assets	8.7	9.5
Total costs on disposal of non-financial physical assets	113.2	146.0
Total net gain/(loss) on non-financial assets	(13.5)	13.4
(b) Net gain/(loss) on financial instruments and statutory receivables/payables		
Net gain/(loss) on financial instruments and statutory receivables/payables	–	0.1
Total net gain/(loss) on financial instruments and statutory receivables/payables	–	0.1
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(2.1)	(0.4)
Bad debt expenses	(3.6)	(5.9)
Total other gains/(losses) from other economic flows	(5.7)	(6.3)

Note 7. Cash and deposits

	Dec 2014 \$M	2014 \$M
Reconciliation of cash and deposits		
Short-term deposits ⁽ⁱ⁾	290.5	243.1
Cash at bank	8.5	6.4
Funds held in trust	46.9	41.2
Cash advances	1.2	(0.4)
Balance as per cash flow statement	347.2	290.3

Note:

- (i) Cash and short-term deposits are committed to a number of significant projects and are expected to be used in the following period (as disclosed in Note 22).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 8. Receivables

	Dec 2014 \$M	2014 \$M
Current receivables		
<i>Contractual</i>		
Tenants in arrears	14.2	14.3
Other receivables	48.1	32.1
Less provision for doubtful contractual receivables	(6.2)	(6.7)
	56.1	39.7
<i>Statutory</i>		
Amounts owing from Victorian Government	247.9	258.3
GST input tax credit recoverable	19.1	34.9
	267.0	293.2
Total current receivables	323.1	332.9
Non-current receivables		
<i>Contractual</i>		
Tenants in arrears	0.7	0.6
Less provision for doubtful contractual receivables	(0.3)	(0.4)
	0.4	0.2
<i>Statutory</i>		
Amounts owing from Victorian Government	53.9	45.1
	53.9	45.1
Total non-current receivables	54.3	45.3
Total receivables	377.4	378.2

(a) Movement in the provision for doubtful contractual receivables

	Dec 2014 \$M	2014 \$M
Balance at beginning of the period	(7.1)	(9.2)
(Increase)/decrease in allowance recognised in net result	0.7	2.1
Balance at end of the period	(6.5)	(7.1)

(b) Ageing analysis of contractual receivables

Refer to Note 17 for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Refer to Note 17 for the nature and extent of risk arising from contractual receivables.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 9. Loans

	Dec 2014 \$M	2014 \$M
Current loans		
<i>Contractual</i>		
Fixed interest home loans	2.2	2.6
Indexed interest home loans	9.9	10.0
Variable interest home loans	0.3	0.3
Total current loans	12.4	12.9
Non-current loans		
<i>Contractual</i>		
Fixed interest home loans	1.6	1.6
Indexed interest home loans	13.0	14.7
Community housing loans	20.2	20.2
Total non-current loans	34.9	36.5
Less provision for return of equity	(0.2)	(0.2)
Less provision for doubtful contractual loans		
Fixed interest home loans	(0.1)	(0.1)
Indexed interest home loans	(0.3)	(0.3)
	(0.3)	(0.4)
Total loans	46.8	48.8

(a) Movement in the provision for doubtful contractual loans

	Dec 2014 \$M	2014 \$M
Balance at beginning of the period	(0.4)	(0.3)
(Increase)/decrease in provisions recognised in net result	–	(0.1)
Balance at end of the period	(0.4)	(0.4)

(b) Ageing analysis of contractual loans

Refer to Note 17 for the ageing analysis of contractual loans.

(c) Nature and extent of risk arising from contractual loans

Refer to Note 17 for the nature and extent of risk arising from contractual loans.

(d) Defaults and breaches

During the current period and prior year, there were no defaults and breaches of any of the loans.

Notes to and forming part of the financial statements
for the six month period ended 31 December 2014

Note 10. Non-financial physical assets classified as held for sale

(a) Non-financial physical assets classified as held for sale

	Dec 2014 \$M	2014 \$M
Plant, equipment and vehicles	–	0.9
Total non-financial physical assets held for sale	–	0.9
Movement in carrying amounts		
Opening balance	0.9	1.0
Transfers to assets held for sale	–	0.9
Disposals	(0.9)	(1.0)
Closing balance	–	0.9

(b)(i) Fair Value measurement hierarchy for assets as at 31 December 2014

	Carrying amount \$M	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
Motor vehicles held for sale				
Motor vehicles under finance lease	–	–	–	–
Total motor vehicles held for sale	–	–	–	–

(b)(ii) Fair Value measurement hierarchy for assets as at 30 June 2014

	Carrying amount \$M	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
Motor vehicles held for sale				
Motor vehicles under finance lease	0.9	–	–	0.9
Total motor vehicles held for sale	0.9	–	–	0.9

Note:

(i) Classified in accordance with the fair value hierarchy, see Note 1(b).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 11. Property, plant and equipment – carrying amounts – classification by purpose group

	Health and Welfare		Youth Justice		Community Housing		Total	
	Dec 2014 \$M	2014 \$M	Dec 2014 \$M	2014 \$M	Dec 2014 \$M	2014 \$M	Dec 2014 \$M	2014 \$M
Sub-classification by nature ⁽ⁱ⁾								
Land at fair value								
Rental property	–	–	–	–	11,838.5	11,844.4	11,838.5	11,844.3
Other property – land	–	–	–	–	189.4	217.6	189.4	217.6
Community services	356.6	356.6	58.0	58.0	–	–	414.7	414.6
Less allowance for Shared Home Ownership Scheme equity conversion	–	–	–	–	(3.7)	(3.8)	(3.7)	(3.7)
Total land at fair value	356.6	356.6	58.0	58.0	12,024.1	12,058.2	12,438.8	12,472.8
Buildings at fair value								
Rental property	–	–	–	–	8,709.6	8,704.1	8,709.6	8,704.1
Other property – regional offices	–	–	–	–	8.6	9.1	8.6	9.0
Community services	400.3	401.3	42.0	42.0	–	–	442.3	443.3
Less accumulated depreciation	(60.8)	(53.5)	(3.1)	(2.7)	(102.7)	(6.0)	(166.6)	(62.1)
Less allowance for Shared Home Ownership Scheme equity conversion	–	–	–	–	(1.9)	(1.9)	(1.9)	(1.9)
Total buildings at fair value	339.4	347.8	38.9	39.3	8,613.6	8,705.3	8,992.0	9,092.4
Plant, equipment and vehicles at fair value								
Plant, equipment and vehicles	8.1	23.7	1.0	1.4	0.8	8.2	9.8	33.3
Less accumulated depreciation	(3.7)	(16.8)	(0.4)	(0.7)	(0.3)	(7.5)	(4.4)	(25.0)
	4.4	6.9	0.6	0.7	0.4	0.7	5.4	8.3
Motor vehicles under finance lease	67.1	64.8	–	–	–	–	67.1	64.8
Less accumulated amortisation	(22.2)	(22.8)	–	–	–	–	(22.2)	(22.8)
	44.9	42.0	–	–	–	–	44.9	42.0
Total plant, equipment and vehicles at fair value	49.2	49.0	0.6	0.7	0.4	0.7	50.2	50.4
Assets under construction at cost								
Assets under construction at cost	13.9	19.8	50.9	34.2	112.8	62.9	177.6	116.9
Total assets under construction at cost	13.9	19.8	50.9	34.2	112.8	62.9	177.6	116.9
Net carrying amount of property, plant and equipment	759.2	773.2	148.4	132.2	20,751.1	20,827.1	21,658.7	21,732.5

Note:

- (i) Property, plant and equipment are classified primarily by the purpose for which the assets are used, according to one of six purpose groups based upon Government Purpose Classifications. All assets within a purpose group are further sub-categorised according to the assets' nature (for example, buildings, plant and equipment, etc), with each sub-category being classified as a separate class of asset for financial reporting purposes.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 11. Property, plant and equipment (continued)

(a) Reconciliation of movements in carrying amounts – classification by purpose group

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

Movements in carrying amounts – ‘Health and Welfare’ purpose group ⁽ⁱ⁾

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under cons- truction at cost \$M	Total \$M
Balance at 1 July 2013	294.3	258.9	51.0	20.5	624.7
Additions	0.8	0.2	24.2	13.8	39.0
Disposals	(5.1)	(1.5)	(9.1)	–	(15.7)
Net revaluation increments/(decrements)	68.5	95.3	–	–	163.8
Assets received free of charge	–	–	0.1	–	0.1
Administrative instrument transfers in/(out)	(3.3)	(5.3)	–	–	(8.6)
Depreciation and amortisation	–	(12.9)	(16.3)	–	(29.2)
Transfers to assets held for sale	–	–	(0.9)	–	(0.9)
Transfers between classes	1.4	13.1	–	(14.5)	–
Balance at 1 July 2014	356.6	347.8	49.0	19.8	773.2
Additions	–	–	17.1	5.4	22.5
Disposals	–	(11.2)	(8.5)	–	(19.7)
Net revaluation increments/(decrements)	–	(1.1)	–	–	(1.1)
Assets given free of charge	–	–	(0.1)	–	(0.1)
Depreciation and amortisation	–	(7.3)	(8.3)	–	(15.6)
Transfers between classes	–	11.3	–	(11.3)	–
Balance at 31 December 2014	356.6	339.4	49.2	13.9	759.2

Movements in carrying amounts – ‘Youth Justice’ purpose group ⁽ⁱ⁾

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under cons- truction at cost \$M	Total \$M
Balance at 1 July 2013	58.0	40.2	0.8	11.7	110.7
Additions	–	–	–	22.5	22.5
Depreciation and amortisation	–	(0.9)	(0.1)	–	(1.0)
Balance at 1 July 2014	58.0	39.3	0.7	34.2	132.2
Additions	–	–	–	16.8	16.8
Disposals	–	–	(0.1)	–	(0.1)
Depreciation and amortisation	–	(0.4)	–	–	(0.5)
Balance at 31 December 2014	58.0	38.9	0.6	51.0	148.4

Notes to and forming part of the financial statements
for the six month period ended 31 December 2014

Note 11. Property, plant and equipment (continued)

(a) Reconciliation of movements in carrying amounts – classification by purpose group (continued)

Movements in carrying amounts – ‘Community Housing’ purpose group ⁽ⁱ⁾

	Land at fair value \$M	Buildings at fair value \$M	Plant, equipment and vehicles at fair value \$M	Assets under con- struction at cost \$M	Total \$M
Balance at 1 July 2013	9,511.7	8,413.5	0.7	77.2	18,003.1
Additions	–	–	0.4	291.0	291.4
Demolitions	–	(0.7)	–	–	(0.7)
Disposals	(52.1)	(76.3)	(0.1)	–	(128.5)
Net revaluation increments/(decrements)	2,628.0	203.2	–	–	2,831.3
Depreciation and amortisation	–	(168.5)	(0.3)	–	(168.8)
Transfers between classes	(28.9)	334.1	–	(305.2)	–
Transfers to provision for equity reduction	(0.2)	(0.1)	–	–	(0.3)
Assets provided free of charge	(0.1)	–	–	–	(0.1)
Balance at 1 July 2014	12,058.3	8,705.3	0.7	62.9	20,827.1
Additions	–	–	–	108.2	108.3
Disposals	(33.1)	(58.9)	(0.1)	–	(92.2)
Net revaluation increments/(decrements)	–	5.2	–	–	5.2
Depreciation and amortisation	–	(97.2)	(0.2)	–	(97.4)
Transfers between classes	(1.0)	59.3	–	(58.3)	–
Balance at 31 December 2014	12,024.1	8,613.6	0.4	112.8	20,751.1

Note:

- (i) A scheduled revaluation was undertaken in 2013–14 in accordance with the requirements of FRD 103E. A total revaluation increment of \$2,995.1M was determined by the Valuer-General Victoria in accordance with the requirements of AASB13 in 2013–14. The non-financial physical assets were assessed at the balance date using either indices and/or other fair value indicators for indications of material changes in values during the last year.

Notes to and forming part of the financial statements
for the six month period ended 31 December 2014

Note 11. Property, plant and equipment (continued)

(b)(i) Fair Value measurement hierarchy for assets as at 31 December 2014

	Carrying amount as at 31 December 2014	Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
Land at fair value				
Non-specialised land	12,289.8	–	12,289.8	–
Specialised land	149.0	–	–	149.0
Total land at fair value	12,438.8	–	12,289.8	149.0
Buildings at fair value				
Non-specialised buildings	8,824.9	–	8,824.9	–
Specialised buildings	167.1	–	–	167.1
Total buildings at fair value	8,992.0	–	8,824.9	167.1
Plant, equipment and vehicles at fair value				
Plant and equipment	4.0	–	–	4.0
Motor vehicles	1.4	–	–	1.4
Total plant, equipment and vehicles at fair value	5.4	–	–	5.4

(b)(ii) Fair Value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Level 1 ⁽ⁱ⁾ \$M	Level 2 ⁽ⁱ⁾ \$M	Level 3 ⁽ⁱ⁾ \$M
Land at fair value				
Non-specialised land	12,323.9	–	12,323.9	–
Specialised land	149.0	–	–	149.0
Total land at fair value	12,472.8	–	12,323.9	149.0
Buildings at fair value				
Non-specialised buildings	8,918.3	–	8,918.3	–
Specialised buildings	174.2	–	–	174.2
Total buildings at fair value	9,092.4	–	8,918.3	174.2
Plant, equipment and vehicles at fair value				
Plant and equipment	6.7	–	–	6.7
Motor vehicles	1.6	–	–	1.6
Total plant, equipment and vehicles at fair value	8.3	–	–	8.3

Note:

(i) Classified in accordance with the fair value hierarchy, refer to Note 1(b). The department, in conjunction with the Valuer-General Victoria, monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

There have been no transfers between levels during the period.

An independent valuation of the department's non-specialised and specialised land and buildings was last performed by the Valuer-General Victoria.

The valuation was performed using either the market approach or the depreciated replacement cost approach. The effective date of the valuation was 30 June 2014.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 11. Property, plant and equipment (continued)

(b)(iii) Fair Value measurement hierarchy for assets as at 31 December 2014 (continued)

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are generally valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. Non-specialised buildings, where there was no active market, have been valued using the depreciated replacement cost approach.

For non-specialised land and non-specialised buildings, an independent valuation was last performed by the Valuer-General Victoria to determine the fair value at 30 June 2014. Where the market approach was used, valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2.

Director of Housing land and buildings are held in Level 2 for the purpose of assessing fair value for the six month period ended 31 December 2014, as it is considered that each residential dwelling assessed has an active and liquid market, if not for its ownership and on-going use by the Department of Human Services for housing purposes.

As such, the market value of each residential asset has been determined by having regard to its highest and best use.

Specialised land and specialised buildings

The market approach is used for specialised land, although may be adjusted for a community service obligation. The community service obligation adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of community service obligation are considered as significant unobservable inputs, specialised land with a community service obligation adjustment would be classified as Level 3 assets.

For the majority of the Secretary owned specialised buildings, the depreciated replacement cost method is used. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings using the depreciated replacement cost valuation method are classified as Level 3 fair value measurements.

An independent valuation of the departments' specialised land and specialised buildings was performed by the Valuer-General Victoria.

The valuation was performed using either the market approach or the depreciated replacement cost approach. The effective date of the valuation was 30 June 2014.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 31 December 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

Vehicles

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 predominantly managed by experienced fleet managers in the department who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Notes to and forming part of the financial statements
for the six month period ended 31 December 2014

Note 11. Property, plant and equipment (continued)

(c) Reconciliation of Level 3 fair value

	Special- ised land \$M	Special- ised buildings \$M	Plant and equip- ment \$M	Motor vehicles \$M	Total \$M
Balance at 1 July 2013	125.6	168.3	7.4	2.2	303.5
Additions	–	3.3	1.2	–	4.5
Disposals	–	(0.2)	–	(0.2)	(0.4)
Gains or losses recognised in net result					
Depreciation	–	(12.8)	(1.9)	(0.4)	(15.1)
Impairment loss	–	(0.7)	–	–	(0.7)
Total gains or losses recognised in net result	–	(13.5)	(1.9)	(0.4)	(15.8)
Gains or losses recognised in other economic flows – other comprehensive income					
Net revaluation increments/(decrements)	23.4	16.3	–	–	39.7
Total gains or losses recognised in other economic flows – other comprehensive income	23.4	16.3	–	–	39.7
Balance at 30 June 2014	149.0	174.2	6.7	1.6	331.5
Balance at 1 July 2014	149.0	174.2	6.7	1.6	331.5
Additions	–	–	0.2	–	0.3
Disposals	–	–	(2.0)	–	(2.1)
Gains or losses recognised in net result					
Depreciation	–	(6.2)	(0.9)	(0.2)	(7.4)
Impairment loss	–	(0.8)	–	–	(0.8)
Assets received free of charge	–	–	–	–	–
Assets given free of charge	–	–	–	–	–
Total gains or losses recognised in net result	–	(7.0)	(0.9)	(0.2)	(8.1)
Gains or losses recognised in other economic flows – other comprehensive income					
Net revaluation increments/(decrements)	–	–	–	–	–
Total gains or losses recognised in other economic flows – other comprehensive income	–	–	–	–	–
Balance at 31 December 2014	149.0	167.2	4.0	1.4	321.6

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 11. Property, plant and equipment (continued)

(d) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment
Vehicles	Depreciated replacement cost	Useful life of vehicles

Note 12. Intangible assets

	Dec 2014 \$M	2014 \$M
Software at cost	217.5	217.3
Software – development in progress	7.9	8.0
Less accumulated amortisation	(145.7)	(133.7)
Total intangible assets	79.7	91.6
Movement in carrying amounts		
Opening balance	91.6	111.7
Additions	–	3.9
Reclassification between asset class	(1.4)	–
Less amortisation of intangible produced assets ^{(i) (ii)}	(10.6)	(24.0)
Closing balance ⁽ⁱⁱ⁾	79.7	91.6

Notes:

- (i) The consumption of intangible produced assets is included in the 'depreciation' line item, where the consumption of the intangible non-produced assets is included in the 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement.
- (ii) Tested annually for impairment.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 13. Borrowings

	Note	Dec 2014 \$M	2014 \$M
Current borrowings			
<i>Statutory</i>			
Advances from Victorian Government ⁽ⁱ⁾		9.6	7.6
<i>Contractual</i>			
Finance lease liabilities ⁽ⁱⁱ⁾	13(d)	23.2	24.2
Total current borrowings		32.7	31.8
Non-current borrowings			
<i>Statutory</i>			
Advances from Victorian Government ⁽ⁱ⁾		13.4	–
<i>Contractual</i>			
Finance lease liabilities ⁽ⁱⁱ⁾	13(d)	22.6	19.6
Total non-current borrowings		36.0	19.6
Total borrowings		68.7	51.4

Notes:

- (i) Advances from Victorian Government are advances from the Department of Treasury and Finance. These advances are non-interest bearing.
(ii) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of a default.

(a) Maturity analysis of contractual borrowings

Refer to Note 17 for the maturity analysis of contractual borrowings.

(b) Nature and extent of risk arising from contractual borrowings

Refer to Note 17 for the nature and extent of risk arising from contractual borrowings.

(c) Defaults and breaches

During the current period and the previous financial year, there were no defaults or breaches of required conditions, in relation to any of the borrowings.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 13. Borrowings (continued)

(d) Leases

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	Dec 2014 \$M	2014 \$M	Dec 2014 \$M	2014 \$M
Finance lease liabilities – lessees				
Finance lease liabilities payable ⁽ⁱⁱ⁾				
Not longer than one year	24.9	26.0	23.5	24.5
Longer than one year but not longer than five years	23.5	20.4	22.2	19.3
Longer than five years	–	–	–	–
Minimum future lease liabilities payable	48.4	46.4	45.6	43.8
Less future finance charges	2.6	2.6	–	–
Present value of minimum lease payments	45.8	43.8	45.6	43.8
Included in the financial statements as:				
Current borrowings lease liabilities (Note 13)	–	–	23.2	24.2
Non-current borrowings lease liabilities (Note 13)	–	–	22.6	19.6
	–	–	45.8	43.8

Notes:

- (i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
- (ii) Finance lease liabilities include obligations that are recognised in the balance sheet. The future payments related to operating and lease commitments are disclosed in Note 22.

(e) Operating leases – lessees

Refer to Note 22 (b).

(f) Operating leases – lessors

The Department of Human Services provides rental accommodation for a range of clients. There are approximately 74,000 public rental units that are owned and operated by the Director of Housing which have week to week tenancy agreements.

These agreements are subject to the *Residential Tenancy Act 1997* provisions which allow termination of a lease under certain circumstances, accordingly the future revenue streams from the lease agreements are not required to be reported under AASB 117(a).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 14. Payables

	Dec 2014 \$M	2014 \$M
Current payables		
<i>Statutory</i>		
FBT Payable	2.2	2.4
<i>Contractual</i>		
Employee benefits payable	18.8	10.9
Supplies and services ⁽ⁱ⁾	16.5	19.8
Services provided by external agencies	35.8	31.8
Concession payments to pensioners	70.7	126.7
Tenants in advance	20.7	15.6
Capital works	5.1	16.3
Housing debt liability to the Department of Treasury and Finance ⁽ⁱⁱ⁾	30.1	30.1
Other	21.9	34.1
Total current payables	221.9	287.7
Non-current payables		
<i>Contractual</i>		
Services provided by external agencies	0.4	0.4
Housing debt liability to the Department of Treasury and Finance ⁽ⁱⁱ⁾	314.8	314.8
Other	0.8	0.8
Total non-current payables	316.0	316.0
Total payables	537.9	603.7

Notes:

- (i) The average credit period is 30 days. No interest is charged on these payables.
- (ii) In 1997–98, the Treasurer centralised the Director of Housing's debt portfolio through a Deed of Assumption that required Housing to pay \$50.50M per annum to the Treasurer until 2042. This payment was discretionary and determinable each year through consultation with the Minister for Housing. This arrangement was varied in 2011–12 to remove the discretionary nature of the payment until 2022–23. The financial impact of this variation was the recognition of a payable and an expense in the Department of Human Services and a corresponding receivable and revenue in the Department of Treasury and Finance.

From 2023–24, debt repayments from the Director of Housing will revert to the conditions of the original Deed of Assumption and continue until 2041–42. These conditions stipulate that payments beyond 2023 will be determined annually by the Treasurer in consultation with the Director and Minister for Housing. Accordingly a liability (and corresponding expense) for payments that may possibly arise after 2023 have not been included within these financial statements as a present obligation does not currently exist.

(a) Maturity analysis of contractual payables

Refer to Note 17 for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Refer to Note 17 for the nature and extent of risk arising from contractual payables.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 15. Provisions

	Note	Dec 2014 \$M	2014 \$M
Current provisions			
Employee benefits ⁽ⁱ⁾	15(a)	201.4	195.4
Provisions related to employee benefit on-costs	15(b)	35.3	34.4
Other provisions	15(c)	5.8	5.1
Total current provisions		242.5	235.0
Non-current provisions			
Employee benefits ⁽ⁱ⁾	15(a)	62.1	57.4
Provisions related to employee benefit on-costs	15(b)	3.4	3.2
Other provisions	15(c)	16.8	16.6
Total non-current provisions		82.3	77.2
Total provisions		324.8	312.2
(a) Employee benefits ⁽ⁱ⁾			
Current employee benefits:			
Salaries and wages			
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		8.2	3.9
Annual leave entitlements			
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		48.4	49.3
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾		24.4	24.0
Long service leave			
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		10.1	11.5
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾		108.6	103.3
Superannuation			
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	15(d)	1.7	3.4
Total current employee benefits		201.4	195.4
Non-current employee benefits:			
Conditional long service leave entitlements ⁽ⁱⁱⁱ⁾		18.4	17.4
Superannuation	15(d)	43.7	40.0
Total non-current employee benefits		62.1	57.4
Total employee benefits		263.5	252.8
(b) Provisions related to employee benefit on-costs			
Current on-costs ⁽ⁱⁱⁱ⁾			
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾		10.8	11.3
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾		24.4	23.2
Total current on-costs		35.2	34.5
Non-current on-costs ⁽ⁱⁱⁱ⁾			
		3.4	3.2
Total on-costs		38.6	37.7
Total employee benefits and on-costs		302.1	290.5

Notes:

- (i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.
- (ii) The amounts are measured at nominal values.
- (iii) The amounts disclosed are discounted to present values.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 15. Provisions (continued)

(c) Movement in other provisions

Other provisions include provisions to restore leased premises to their original condition at the end of the lease term, and departmental funds reserved against the outstanding liability estimates on various insurance arrangements in respect of which the department retains a high level of self insurance per insured event.

	Make-good Dec 2014 \$M	Insurance Dec 2014 \$M	Total Dec 2014 \$M
Opening balance	1.4	20.4	21.7
Additional provisions recognised		–	–
Reductions arising from payments/claims handling expenses	–	(2.1)	(2.1)
Actuarial revaluations of insurance claims liability inclusive of risk margin	–	3.0	3.0
Closing balance	1.4	21.3	22.6

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 15. Provisions (continued)

(d) 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.

Other than for the former employees of the Director of Housing, the department does not recognise any defined benefit liability in respect of the plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the department.

The liability with respect to superannuation funds for former Director of Housing employees represents the shortfall between the total net assets of the superannuation fund at 31 December 2014 and the total benefits that members have accrued up to that date, determined by an actuarial assessment. Information relating to the fund based on the latest actuarial assessment for 31 December 2014 is set out below. The department reports a liability for unfunded superannuation in respect of former employees of the Director of Housing for the shortfall of superannuation benefits paid to certain former housing staff (refer to Note 1(n)).

	Dec 2014 \$M	2014 \$M
Reconciliation of the superannuation liability in the balance sheet		
Defined benefit obligation	45.4	43.4
Net liability/(asset)	45.4	43.4
Less plan assets	–	–
Total obligation and liability in the balance sheet	45.4	43.4
Represented by:		
Current liability	1.7	3.4
Non-current liability	43.7	40.0
Total liability	45.4	43.4
Principal actuarial assumptions		
Discount rate	3.2%	4.2%
Expected rate of salary increase	3.7%	4.0%
Inflation	2.2%	2.5%
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Movements in the present value of the defined benefit obligations in the current period were as follows:		
Opening balance of defined benefit obligation	43.4	46.1
Interest cost	0.9	1.7
Actuarial losses/(gains)	2.8	(1.1)
Benefits paid	(1.7)	(3.4)
Closing balance of defined benefit obligation	45.4	43.4
Reconciliation of opening and closing balances of the fair value of plan assets		
Movements in the present value of the plan assets in the current period were as follows:		
Opening balance of plan assets	–	–
Contributions from the employer	1.7	3.4
Benefits paid	(1.7)	(3.4)
Closing balance of plan assets	–	–
Superannuation expense recognised in the comprehensive operating statement		
Interest cost	0.9	1.7
Actuarial losses/(gains)	2.8	(1.1)
Total expense recognised in respect of defined benefit plans	3.7	0.6

Notes to and forming part of the financial statements
for the six month period ended 31 December 2014

Note 16. Equity

	Note	Dec 2014 \$M	2014 \$M
(a) Accumulated surplus			
Balance at beginning of the financial year		651.5	664.2
Prior year adjustment		–	0.3
Restated balance at beginning of financial period		651.5	664.5
Net result for the period		76.8	(14.1)
Remeasurement of superannuation defined benefit plans	15(d)	(2.8)	1.1
Balance at the end of financial period		725.5	651.5
(b) Physical asset revaluation reserve			
Balance at beginning of financial year		14,868.4	11,873.3
Revaluation of land and buildings		4.0	2,995.1
Balance at the end of financial period		14,872.4	14,868.4
(c) Contributions by owners			
Balance at beginning of financial year		6,063.1	6,020.6
Capital contributions by Victorian State Government	3(a)	8.2	51.4
Net capital contributed for asset transfers		–	(8.9)
Balance at the end of financial period		6,071.3	6,063.1

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments

(a) Financial risk management objectives and policies

The department's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables (excluding statutory receivables);
- loans;
- payables (excluding statutory payables);
- borrowings (excluding statutory borrowings); and
- finance lease payables.

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 and financial liability are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the department's financial risks within government policy parameters.

The department's main financial risks include credit risk, liquidity risk and interest rate risk. The department manages these financial risks in accordance with its financial risk management policy.

The department uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the audit and risk management committee of the department.

The carrying amounts of the department's contractual financial assets and financial liabilities by category are disclosed in Note 17(b) below.

(b) Categorisation of financial instruments

Dec 2014	Note	Contractual financial assets – loans and receivables \$M	Contractual financial liabilities at amortised cost \$M	Total \$M
Contractual financial assets				
Cash and deposits	7	347.2	–	347.2
Receivables ⁽ⁱ⁾	8	63.0	–	63.0
Loans	9	47.3	–	47.3
Short term investments – term deposits		68.4	–	68.4
Total contractual financial assets		525.9	–	525.9
Contractual financial liabilities				
Borrowings ⁽ⁱ⁾	13	–	45.8	45.8
Payables ⁽ⁱ⁾	14	–	535.7	535.7
Total contractual financial liabilities		–	581.5	581.5

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax recoverable and taxes payable.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(b) Categorisation of financial instruments (continued)

2014	Note	Contractual financial assets – loans and receivables \$M	Contractual financial liabilities at amortised cost \$M	Total \$M
Contractual financial assets				
Cash and deposits	7	290.3	–	290.3
Receivables ⁽ⁱ⁾	8	47.0	–	47.0
Loans	9	49.4	–	49.4
Total contractual financial assets		386.7	–	386.7
Contractual financial liabilities				
Borrowings ⁽ⁱ⁾	13	–	43.8	43.8
Payables ⁽ⁱ⁾	14	–	601.3	601.3
Total contractual financial liabilities		–	645.1	645.1

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax recoverable and taxes payable.

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

The net holding gains or losses are determined as follows:

- for cash and deposits, loans and receivables, the net gain or loss is calculated by taking the movement in fair value of the asset, interest income minus any impairment recognised in the net result; and
- for financial liabilities measured at amortised cost, the net gain or loss is the interest expense on financial liabilities measured at amortised cost.

Dec 2014	Note	Total interest income / (expense) \$M	Total impairment loss \$M	Net holding gain/(loss) \$M
Contractual financial assets				
Cash and deposits	4(a)	3.8	–	3.8
Loans	4(a)	0.7	–	0.7
Total contractual financial assets		4.5	–	4.5
Contractual financial liabilities				
Payables ⁽ⁱ⁾	5(c)	(10.2)	–	(10.2)
Borrowings ⁽ⁱ⁾	5(c)	(0.4)	–	(0.4)
Total contractual financial liabilities		(10.5)	–	(10.5)

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax recoverable and taxes payable.

2014	Note	Total interest income / (expense) \$M	Total impairment loss \$M	Net holding gain/(loss) \$M
Contractual financial assets				
Cash and deposits	4(a)	7.3	–	7.2
Loans	4(a)	1.4	–	1.4
Total contractual financial assets		8.7	–	8.7
Contractual financial liabilities				
Payables ⁽ⁱ⁾	5(c)	(22.0)	–	(22.0)
Borrowings ⁽ⁱ⁾	5(c)	(2.0)	–	(2.0)
Total contractual financial liabilities		(24.0)	–	(24.0)

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax recoverable and other taxes payable.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(d) Credit risk

Credit risk arises from the contractual financial assets of the department, which comprise cash and deposits, non-statutory receivables and loans. The department's exposure to credit risk arises from the potential default of a counter party 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 cash and deposits is minimal because it is the department's policy to only deal predominantly with entities with high credit ratings.

Receivables are mainly with government organisations whose credit risks are considered insignificant and the remainder are from small non-government entities and individuals with individually immaterial amounts.

Allowance for impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings, or when there is objective evidence that the department will not be able to collect a receivable.

The carrying amount of financial assets recorded in the financial report, net of any allowances for losses, represents the department's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

	Financial institutions Double-A credit rating \$M	Government agencies Triple-A credit rating \$M	Other credit rating not disclosed \$M	Total \$M
Dec 2014				
Contractual financial assets				
Cash and deposits	9.8	337.4	–	347.2
Receivables ^{(i) (ii)}	–	–	63.0	63.0
Loans ⁽ⁱⁱ⁾	–	–	47.3	47.3
Short term investments – term deposits			68.4	68.4
Total contractual financial assets	9.8	337.4	178.7	525.9
2014				
Contractual financial assets				
Cash and deposits	5.9	284.4	–	290.3
Receivables ^{(i) (ii)}	–	–	47.0	47.0
Loans ⁽ⁱⁱ⁾	–	–	49.4	49.4
Total contractual financial assets	5.9	284.4	96.4	386.7

Notes:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing from Victorian Government and GST input tax credit recoverable.
- (ii) The carrying amounts consist of amounts due from numerous counterparties and for which no credit ratings have been disclosed due to impracticability.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(d) Credit risk (continued)

Ageing analysis of contractual financial assets

Currently the department does not hold any collateral as security nor credit enhancements relating to any of its financial assets. There are no material financial assets which are individually determined to be 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. The following table discloses the ageing only of contractual financial assets that are past due but not impaired.

	Carrying amount \$M	Not past due and not impaired \$M	Past due but not impaired ⁽ⁱ⁾				Impaired financial assets \$M
			Less than 1 month \$M	1–3 months \$M	3 months – 1 year \$M	1–5 years \$M	
Dec 2014							
Contractual financial assets							
Cash and deposits	347.2	347.2	–	–	–	–	–
Receivables ⁽ⁱ⁾	63.0	17.1	17.6	9.9	6.0	5.9	6.5
Loans	47.3	46.8	–	–	–	–	0.5
Short term investments – term deposits	68.4	–	–	–	68.4	–	–
Total contractual financial assets	525.9	411.1	17.6	9.9	74.4	5.9	7.0
2014							
Contractual financial assets							
Cash and deposits	290.3	290.3	–	–	–	–	–
Receivables ⁽ⁱ⁾	47.0	16.9	9.3	3.8	4.2	5.7	7.1
Loans	49.4	48.8	–	–	–	–	0.6
Total contractual financial assets	386.7	356.0	9.3	3.8	4.2	5.7	7.7

Note:

(i) The carrying amounts here exclude statutory amounts, e.g. amounts owing from Victorian Government and GST input tax credit recoverable.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(e) Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as they fall due. The department operates under the government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets and maintaining a high credit rating for the State of Victoria (Moody's Investor Services, Standard & Poor's triple-A), which assist in accessing debt market at a lower interest rate.

The department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The department's maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

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

Maturity analysis of contractual financial liabilities ⁽ⁱ⁾

	Carrying amount \$M	Nominal amount \$M	Maturity dates ⁽ⁱ⁾				
			Less than 1 month \$M	1-3 months \$M	3 months - 1 year \$M	1-5 years \$M	5+ years \$M
Dec 2014							
Contractual financial liabilities							
Borrowings ⁽ⁱⁱ⁾	45.8	48.4	5.0	3.1	15.5	24.8	-
Payables ⁽ⁱⁱ⁾	535.7	535.7	108.6	7.9	102.9	180.0	136.3
Total contractual financial liabilities	581.5	584.1	113.6	11.0	118.4	204.8	136.3
2014							
Contractual financial liabilities							
Borrowings ⁽ⁱⁱ⁾	43.8	46.4	4.3	3.2	17.0	21.9	-
Payables ⁽ⁱⁱ⁾	601.3	601.3	234.7	4.0	46.6	139.5	176.5
Total contractual financial liabilities	645.1	647.7	239.0	7.2	63.6	161.4	176.5

Notes:

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

(ii) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax recoverable and taxes payable.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(f) Market risk

The department's exposure to market risk is primarily through interest rate risk with insignificant exposure to other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Interest rate risk

Exposure to interest rate risk is insignificant and might arise primarily through the department's interest bearing assets. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the department mainly undertakes financial liabilities with relatively even maturity profiles.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out below.

Interest rate risk exposure of financial instruments

	Weighted average effective interest rate (%)	Carrying amount \$M	Interest rate exposure		
			Fixed interest rate \$M	Variable interest rate \$M	Non- interest bearing \$M
Dec 2014					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	2.3%	347.2	247.6	41.0	58.6
Receivables ^{(ii) (v)}		63.0	–	–	63.0
Loans ⁽ⁱⁱⁱ⁾	4.6%	47.3	5.5	20.3	21.5
Short term investments – term deposits		68.4	68.4		
Total contractual financial assets		525.9	321.5	61.3	143.1
Contractual financial liabilities					
Borrowings ^{(iv) (v)}	5.4%	45.8	45.8	–	–
Payables ^{(ii) (v)}		535.7	–	–	535.7
Total contractual financial liabilities		581.5	45.8	–	535.7

	Weighted average effective interest rate (%)	Carrying amount \$M	Interest rate exposure		
			Fixed interest rate \$M	Variable interest rate \$M	Non- interest bearing \$M
2014					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	2.5%	290.3	225.2	24.2	40.9
Receivables ^{(ii) (v)}		47.0	–	–	47.0
Loans ⁽ⁱⁱⁱ⁾	4.8%	49.4	5.8	22.0	21.6
Total contractual financial assets		386.7	231.0	46.2	109.5
Contractual financial liabilities					
Borrowings ^{(iv) (v)}	6.0%	43.8	43.8	–	–
Payables ^{(ii) (v)}		601.3	–	–	601.3
Total contractual financial liabilities		645.1	43.8	–	601.3

Notes:

- (i) All cash and deposits are held in Australian dollars and were held on deposits at fixed and variable interest rates. This item is not subject to any other identified risk sensitivities.
- (ii) The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (iii) The carrying amount is denominated in Australian dollars and is interest bearing. This item is subject to minimal identified risk sensitivities.
- (iv) Borrowings are denominated in Australian dollars. \$45.8M (2014: \$43.8M) relates to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease.
- (v) The total amounts disclosed here exclude statutory amounts, e.g. GST input tax recoverable, taxes payable and amounts owing to/from Victorian Government.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(f) Market risk (continued)

Sensitivity disclosure analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the department believes the following movements are 'reasonably possible' over the next twelve months:

A shift of 0.05 per cent and -0.50 per cent in market interest rates (AUD) from year end cash deposits.

Several loan programs have loans with interest rates linked to movement in the consumer price index (CPI). The total balances outstanding under these programs have reduced to a level that any changes to the CPI have a limited impact on the amount of interest charged and no new lending is made under these programs.

The following table discloses the impact on net operating result for each category of financial instrument held by the department at year-end as presented to key management personnel, if the above movements were to occur.

Interest rate risk sensitivity analysis

	Carrying amount total \$M	Interest rate risk		Price risk	
		-0.50%	0.05%	1.40%	1.9%
		Net result \$M	Net result \$M	Net result \$M	Net result \$M
Dec 2014					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	347.2	(1.5)	1.5	-	-
Receivables ^{(ii) (v)}	63.0	-	-	-	-
Loans ⁽ⁱⁱⁱ⁾	47.3	-	-	0.3	0.4
Short term investments – term deposits	68.4	(0.3)	0.3	-	-
Total impact	525.9	(1.8)	-	0.3	0.4
Contractual financial liabilities					
Borrowings ^{(iv) (v)}	45.8	-	-	-	-
Payables ⁽ⁱⁱ⁾	535.7	-	-	-	-
Total impact	581.5	-	-	-	-

Notes:

- (i) All cash and cash equivalents are held in Australian dollars and were held on deposits at fixed and variable interest rates. This item is not subject to any other identified risk sensitivities.
- (ii) The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (iii) The carrying amount is denominated in Australian dollars and is interest bearing. This item is subject to minimal identified risk sensitivities.
- (iv) Borrowings are denominated in Australian dollars. \$45.8M (2014: \$43.8M) relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease. This item is not subject to identified risk sensitivities.
- (v) The total amounts disclosed here exclude statutory amounts, e.g. GST input tax recoverable, other taxes payable and amounts owing to/from Victorian Government.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 17. Financial instruments (continued)

(f) Market risk (continued)

	Carrying amount \$M	Interest rate risk		Price risk	
		-1.25%	+1.25%	-0.25%	+2.50%
		Net result \$M	Net result \$M	Net result \$M	Net result \$M
2014					
Contractual financial assets					
Cash and deposits ⁽ⁱ⁾	290.3	(0.6)	1.8	–	–
Receivables ^{(ii) (v)}	47.0	–	–	–	–
Loans ⁽ⁱⁱⁱ⁾	49.4	–	–	(0.1)	0.6
Total impact	386.7	(0.6)	1.8	(0.1)	0.6
Contractual financial liabilities					
Borrowings ^{(iv) (v)}	43.8	–	–	–	–
Payables ⁽ⁱⁱ⁾	601.3	–	–	–	–
Total impact	645.1	–	–	–	–

Notes:

- (i) All cash and deposits are held in Australian dollars and were held on deposits at fixed and variable interest rates. This item is not subject to any other identified risk sensitivities.
- (ii) The carrying amount is denominated in Australian dollars and is non-interest bearing. This item is not subject to the identified risk sensitivities.
- (iii) The carrying amount is denominated in Australian dollars and is interest bearing. This item is subject to minimal identified risk sensitivities.
- (iv) Borrowings are denominated in Australian dollars. \$43.8M (2013: \$44.8M) relate to finance lease liabilities associated with motor vehicles. Each contract has interest fixed at the inception of the lease. This item is not subject to identified risk sensitivities.
- (v) The total amounts disclosed here exclude statutory amounts, e.g. GST input tax recoverable, taxes payable and amounts owing to/from Victorian Government.

(g) Fair value

The department considers that the carrying amount of financial instrument assets and liabilities as recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they be paid in full.

The following table shows that the fair value of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Note	Carrying amount Dec 2014 \$M	Fair value Dec 2014 \$M	Carrying amount 2014 \$M	Fair value 2014 \$M
Contractual financial assets					
Cash and deposits	7	347.2	347.2	290.3	290.3
Receivables ⁽ⁱ⁾	8	63.0	56.5	47.0	39.9
Loans	9	47.3	46.8	49.4	48.8
Short term investments – term deposits		68.4	68.4	–	–
Total contractual financial assets		525.9	518.9	386.7	379.0
Contractual financial liabilities					
Borrowings ⁽ⁱ⁾	13	45.8	45.8	43.8	43.8
Payables ⁽ⁱ⁾	14	535.7	535.7	601.3	601.3
Total contractual financial liabilities		581.5	581.4	645.1	645.1

Note:

- (i) The total amounts disclosed here exclude statutory amounts, e.g. amounts owing to/from Victorian Government and GST input tax credit recoverable and taxes payable.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 18. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period ended 31 December 2014.

(a) Names

The persons who held the positions of ministers and accountable officers in the department are as follows:

Minister for Community Services	The Hon. Mary Wooldridge MP	1 July 2014 to 3 December 2014
Minister for Women's Affairs		
Minister for Disability Services and Reform	The Hon. Mary Wooldridge MP	1 July 2014 to 3 December 2014
Minister for Housing	The Hon. Wendy Lovell MLC	1 July 2014 to 3 December 2014
Minister for Youth Affairs	The Hon. Ryan James Smith MP	1 July 2014 to 3 December 2014
Minister for Women's Affairs	The Hon. Heidi Victoria MP	1 July 2014 to 3 December 2014
Minister for Families and Children	The Hon. Jenny Mikakos MLC	4 December 2014 to 31 December 2014
Minister for Youth Affairs	The Hon. Jenny Mikakos MLC	4 December 2014 to 31 December 2014
Minister for Housing	The Hon. Martin Foley MP	4 December 2014 to 31 December 2014
Minister for Disability	The Hon. Martin Foley MP	4 December 2014 to 31 December 2014
Secretary, Department of Human Services	Gill Callister	1 July 2014 to 31 December 2014
Acting Secretary, Department of Human Services	Katy Haire	1 August 2014 to 8 August 2014
Director of Housing under the Housing Act 1983	Arthur Rogers	1 July 2014 to 31 December 2014

(b) Remuneration

Remuneration received by the accountable officers in connection with the management of the department during the reporting period was in the range:

Income band	Total remuneration ⁽ⁱ⁾		Base remuneration ⁽ⁱⁱ⁾	
	Dec 2014	2014	Dec 2014	2014
\$160,000–\$169,999	–	–	1	–
\$180,000–\$189,999	1	–	–	–
\$200,000–\$209,999	–	–	1	–
\$230,000–\$239,999	1	–	–	–
\$320,000–\$329,999	–	–	–	1
\$340,000–\$349,999	–	1	–	–
\$400,000–\$409,999	–	–	–	1
\$430,000–\$439,999	–	1	–	–
Total ⁽ⁱⁱⁱ⁾	2	2	2	2
Total remuneration	\$421,792	\$776,536	\$372,501	\$720,906

Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet.

Notes:

- (i) Total remuneration includes long service leave payments and annual bonus payments. These bonus payments depend on the terms of the individual employment contracts.
- (ii) Base remuneration excludes bonus payments and leave payments.
- (iii) Remuneration amounts relating to acting responsible persons are included in remuneration of executives.

Notes to and forming part of the financial statements
for the six month period ended 31 December 2014

Note 18. Responsible persons (continued)

(c) Related party transactions included in the reconciliation amount

	Dec 2014 \$M	2014 \$M
Gill Callister		
The Institute of Public Administration Australia provides services to the department on normal commercial terms. The Secretary is the president of The Institute of Public Administration Australia's Victoria Branch.	0.0	0.1
Katy Haire		
The Institute of Public Administration Australia provides services to the department on normal commercial terms. The Acting Secretary is a fellow and board member of The Institute of Public Administration Australia's Victoria Branch.	0.0	0.0
The Acting Secretary is a member of the Foundation to Prevent Violence against Women and their Children to which the department paid grants on normal commercial terms.	0.0	1.0

The relevant amounts relating to ministers are reported separately in the financial statements of the Department of Premier and Cabinet.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 19. Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities)

(a) Remuneration of executives

The number of executive officers from the department, other than Ministers and the Responsible Persons (Secretary and Director of Housing), whose total remuneration exceeded \$100,000 during the reporting period, are shown in their relevant income bands in the first two columns of the table below. The total remuneration of executive officers includes base remuneration, which is shown in the third and fourth columns, plus bonus payments, payout of long service leave and annual leave entitlements on resignation or retirement, and higher class duties allowance payments.

Income band	Total remuneration		Base remuneration	
	Dec 2014	2014	Dec 2014	2014
Under \$100,000	36	8	54	11
\$100,000–\$109,999	24	–	16	–
\$110,000–\$119,999	11	1	6	1
\$120,000–\$129,999	2	2	2	2
\$130,000–\$139,999	1	1	3	1
\$140,000–\$149,999	4	1	2	–
\$150,000–\$159,999	4	4	–	4
\$160,000–\$169,999	1	6	1	9
\$170,000–\$179,999	–	11	–	12
\$180,000–\$189,999	1	8	–	16
\$190,000–\$199,999	–	10	–	12
\$200,000–\$209,999	–	13	–	7
\$210,000–\$219,999	–	7	–	2
\$220,000–\$229,999	–	4	–	2
\$230,000–\$239,999	–	2	–	3
\$240,000–\$249,999	–	1	–	1
\$250,000–\$259,999	–	2	–	3
\$260,000–\$269,999	–	1	–	1
\$270,000–\$279,999	–	2	–	–
\$280,000–\$289,999	–	2	–	1
\$290,000–\$299,999	–	–	–	–
\$300,000–\$309,999	–	1	–	–
\$310,000–\$319,999	–	–	–	1
\$330,000–\$339,999	–	1	–	–
\$350,000–\$359,999	–	1	–	–
Total number of executives	84	89	84	89
Total annualised employee equivalent (AEE) ⁽ⁱ⁾	76.1	78.7	76.1	78.7
Total remuneration	\$8,676,952	\$16,709,031	\$7,771,740	\$15,432,450

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week for a reporting period.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 19. Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities) (continued)

(b) Payments to other personnel (i.e. contractors with significant management responsibilities)

The following disclosures are made in relation to contractors charged with significant management responsibilities.

No payments have been made to contractors with significant management responsibilities for the reporting period 1 July 2014 to 31 December 2014 for the Department of Human Services.

Income band	Total remuneration		Base remuneration	
	Dec 2014	2014	Dec 2014	2014
Under \$100,000	–	1	–	1
Total number of contractors	–	1	–	1
Total expenses (exclusive of GST)	–	44,640	–	44,640

Note 20. Remuneration of auditors

	Dec 2014 \$	2014 \$
Victorian Auditor General's Office – audit of the financial report	196,875	378,000

Note 21. Contingent assets and contingent liabilities

	Dec 2014 \$M	2014 \$M
Contingent liabilities		
Details and estimates of contingent liabilities are as follows:		
(a) The Department of Human Services has estimated that potential liability exists in respect of a number of legal actions instigated by clients and their representatives, employees and others, and other contractual liabilities.	8.1	7.1

There are no contingent assets as at 31 December 2014 (30 June 2014 – Nil).

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 22. Commitments for expenditure

(a) Commitments other than public private partnership ⁽ⁱ⁾

	Dec 2014 Nominal value \$M	2014 Nominal value \$M
The following commitments have not been recognised as liabilities in the financial statements.		
(a) Capital expenditure commitments		
Property, plant and equipment	132.9	95.8
Total capital expenditure commitments	132.9	95.8
(b) Operating lease commitments		
Properties and equipment	243.6	259.0
Total operating lease commitments	243.6	259.0
(c) Other expenditure commitments		
Provision of services	142.5	137.4
Total other expenditure commitments	142.5	137.4
Total commitments other than public private partnership	518.9	492.2
Less GST recoverable from the Australian Taxation Office	25.0	43.4
Total commitments for expenditure (exclusive of GST)	494.0	448.8

Note:

(i) All amounts shown in the commitments note are nominal amounts inclusive of GST.

(b) Commitments payable ⁽ⁱ⁾

	Dec 2014 Nominal value \$M	2014 Nominal value \$M
The following commitments have not been recognised as liabilities in the financial statements.		
(a) Capital expenditure commitments payable		
Less than 1 year	108.7	95.4
Longer than 1 year and not longer than 5 years	24.1	0.4
Longer than 5 years	–	–
Total capital expenditure commitments	132.9	95.8
(b) Operating lease commitments payable		
Less than 1 year	65.8	60.7
Longer than 1 year and not longer than 5 years	77.0	95.6
Longer than 5 years	100.8	102.7
Total operating lease commitments	243.6	259.0
(c) Other expenditure commitments payable		
Less than 1 year	93.9	103.7
Longer than 1 year and not longer than 5 years	48.6	33.7
Longer than 5 years	–	–
Total other expenditure commitments	142.5	137.4
Total commitments (inclusive of GST)	518.9	492.2
Less GST recoverable from the Australian Taxation Office	25.0	43.4
Total commitments (exclusive of GST)	494.0	448.8

Note:

(i) For future finance lease and non-cancellable operating lease payments that are recognised on the balance sheet, refer to Note 13(d) Leases.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 23. Administered (non-controlled) items (continued)

In addition to the specific departmental operations which are included in the financial statements (balance sheet, comprehensive operating statement, statement of changes in equity and cash flow statement), the department administers or manages and resources activities on behalf of the State. The transactions relating to these State activities are reported as administered items in this note. Administered transactions give rise to income, expenses, assets and liabilities and are determined on an accrual basis. Administered income includes taxes, fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid. Both the controlled department financial statements and these administered items are consolidated into the financial statements of the State.

Output group 2013–14	1 \$M	2 \$M	3 \$M	4 \$M	5 \$M	6 \$M	7 \$M	Total \$M
Administered income from transactions								
Commonwealth grants	0.5	0.1	2.7	–	–	–	–	3.3
Sale of goods and services	16.4	0.1	0.0	0.0	0.0	–	0.0	16.5
Grants and other income transfers	–	–	–	6.9	–	–	–	6.9
Other	0.3	0.5	0.1	0.0	0.0	–	0.0	0.9
Total administered revenues from transactions	17.2	0.7	2.8	7.0	0.0	–	0.0	27.6
Administered expenses from transactions								
Employee expenses	–	–	–	0.2	–	–	–	0.2
Grants and other expense transfers	–	–	–	6.4	–	–	–	6.4
Other operating expenses	0.4	0.4	0.1	0.3	0.0	–	–	1.2
Payments into the Consolidated Fund	25.8	0.2	2.7	0.0	0.0	–	(0.0)	28.7
Total administered expenses from transactions	26.2	0.6	2.8	6.9	0.0	–	(0.0)	36.6
Total administered net result from transactions (net operating balance)	(9.0)	0.1	(0.0)	0.1	(0.0)	–	0.1	(8.9)
Net gain/(loss) on non-financial assets	0.1	0.1	0.0	0.0	0.0	–	0.0	0.2
Other gains/(losses) from other economic flows	0.1	(0.0)	(0.0)	(0.0)	–	–	(0.0)	0.1
Total administered other economic flows	0.2	0.1	0.0	0.0	0.0	–	0.0	0.3
Administered net result	(8.8)	0.2	(0.0)	0.1	(0.0)	–	0.1	(8.6)

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 24. Administered assets and liabilities

	Dec 2014 \$M	2014 \$M
Administered assets include government income earned but yet to be collected.		
Administered liabilities include government expenses incurred but yet to be paid.		
Administered financial assets		
Trust funds	1.3	1.3
Receivables	(3.4)	2.0
Loans	3.3	3.3
Total administered financial assets	1.3	6.6
Administered non-financial assets ⁽ⁱ⁾		
Property, plant and equipment	–	–
Total administered non-financial assets	–	–
Total administered assets	1.3	6.6
Administered liabilities ⁽ⁱⁱ⁾		
Amounts payable to the Consolidated Fund	(3.4)	2.0
Other	4.7	4.6
Total administered liabilities	1.3	6.6

Notes:

- (i) The State's investment in its controlled entities is disclosed in the administered note of the Department of Treasury and Finance's financial statements. This includes the investment in the Department of Human Services portfolio entities.
- (ii) Department of Treasury and Finance (DTF) in their annual financial statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit liability related to the members of these superannuation plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

Note 25. Reconciliation of net result for the period to net cash flows from operating activities

	Dec 2014 \$M	2014 \$M
Net result for the period	76.8	(14.1)
Non-cash movements		
(Gain)/loss on sale of non-financial assets	13.5	(15.0)
Depreciation and amortisation	124.1	223.1
Resources (received)/provided free of charge	–	0.1
Remeasurement of superannuation defined benefit plans	(2.8)	1.1
Net gain/(loss) on financial assets	–	(0.1)
Other gains or losses from other economic flows	2.1	0.5
Adjustment in prior year	–	(0.4)
Increase in doubtful/bad debts expensed	3.6	5.8
Movements in assets and liabilities:		
(Increase)/decrease in receivables	38.7	(149.6)
(Increase)/decrease in prepayments	(14.4)	(2.4)
Increase/(decrease) in payables	(98.3)	67.9
Increase/(decrease) in provisions	10.5	28.4
(Increase)/decrease in inventories	–	(0.2)
Net cash flows from/(used in) operating activities	153.7	145.1

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 26. Ex-gratia expenses ⁽ⁱ⁾

	Dec 2014 \$	2014 \$
The department has the following ex-gratia expenses:		
Ex-gratia payments ⁽ⁱⁱ⁾	2,455	8,204

These ex-gratia payments were mainly to employees of the department as compensation for damage to personal belongings caused by department clients.

Notes:

- (i) Includes ex-gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000.
- (ii) The total for ex-gratia expenses is also presented in 'other operating expenses' of Note 5 Expenses from transactions.

Note 27. Annotated income agreements

The following is a listing of annotated income agreements under Section 29 of the *Financial Management Act 1994* approved by the Treasurer.

	Dec 2014 \$M	2014 \$M
User charges, or sales of goods and services		
Community Residential Units Accommodation charges (including Board and Lodging Model – effective from 1 April 2014) (ATNAB)	12.8	14.9
	12.8	14.9
Asset sales		
Residential facility replacement (ATNAB)	–	7.2
Proceeds from sale of plant, equipment and vehicles (ATNAB)	0.1	0.2
	0.1	7.4
Commonwealth specific purpose payments		
Disability Sector Development Fund (Output)	–	0.5
Survey for National Standards of Out-of-home care – (Output)	0.1	–
Homes for the Homeless – Homelessness NP (Output and ATNAB) ⁽ⁱ⁾	11.4	30.1
Pay Equity Case for the Social and Community Sector NP (Output)	19.2	15.5
National Youth Week – (Output)	0.1	–
Remote Indigenous housing NP – (Output)	10.5	–
Unattached Refugee Children (Output)	0.7	2.7
	42.1	48.8
Total section 29 annotated income agreements	54.9	71.1

Note:

- (i) The breakdown of 'Homes for the Homeless – Homelessness NP': Output – \$22.1M and ATNAB – \$8M.

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 28. Trust account balances

(a) Trust account balances relating to trust accounts controlled and/or administered by the department

The following is a listing of trust account balances relating to trust accounts controlled and administered by the department. During 2014–15, there were no trust accounts closed or new trust accounts opened.

	Dec 2014					2014				
	Opening balance as at 1 July 2014 \$M	Total receipts \$M	Total payments \$M	Non cash movements \$M	Closing balance as at 31 Dec 2014 \$M	Opening balance as at 1 July 2013 \$M	Total receipts \$M	Total payments \$M	Non cash movements \$M	Closing balance as at 30 June 2014 \$M
Controlled trusts										
Intellectually Handicapped Children's Amenities Fund <i>Intellectually Disabled Persons Act 1986</i> repealed by the <i>Disability Act 2006</i> . To meet the cost of the provision of amenities for children under the age of 16 years in the care of the department.	0.1	–	–	–	0.1	0.1	–	–	–	0.1
Mental Hospitals Fund <i>Gaming Regulation Act 2003</i> . For the establishment and maintenance of mental health services and residential institutions and facilities; for the administration of the <i>Mental Health Act 1986</i> ; for the administration of the <i>Disability Act 2006</i> .	2.1	32.0	32.0	–	2.1	2.1	63.9	63.9	–	2.1
Treasury Trust To record the receipt and disbursement of unclaimed monies and other funds held in trust.	29.8	17.1	13.0	0.1	34.1	24.1	31.7	25.3	(0.7)	29.8
Vehicle Lease Trust To record transactions relating to the department's vehicle pool and fleet management business.	9.1	1.3	(1.1)	(1.0)	10.5	6.5	2.5	–	0.1	9.1
Total controlled trusts	41.1	50.4	43.9	(0.9)	46.9	32.8	98.1	89.2	(0.6)	41.2

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 28. Trust account balances (continued)

(a) Trust account balances relating to trust accounts controlled and/or administered by the department (continued)

	Dec 2014					2014				
	Opening balance as at 1 July 2014 \$M	Total receipts \$M	Total payments \$M	Non cash movements \$M	Closing balance as at 31 Dec 2014 \$M	Opening balance as at 1 July 2013 \$M	Total receipts \$M	Total payments \$M	Non cash movements \$M	Closing balance as at 30 June 2014 \$M
Administered trusts										
Public Service Commuter Club	(0.6)	0.4	0.4	–	(0.7)	(0.6)	0.9	0.9	–	(0.6)
To record the receipt of amounts associated with the scheme and deductions from club members' salaries as well as recording payment to the Public Transport Victoria.										
Victorian Natural Disasters Relief Fund	–	0.1	0.1	–	–	–	6.8	6.8	–	–
This account was established for the purpose for granting assistance to persons who suffer losses as a result of flood, bushfires and other natural disasters.										
Revenue Suspense Account	1.2	0.6	–	–	1.8	1.3	(0.1)	–	–	1.2
Short term clearing account pending correct identification of receipts.										
Total administered trusts	0.6	1.1	0.5	–	1.1	0.7	7.6	7.7	–	0.6

Notes to and forming part of the financial statements for the six month period ended 31 December 2014

Note 28. Trust account balances (continued)

(b) Third party funds under management

Third party funds under management are funds held in trust for certain clients. They are not used for government purposes and therefore not included in the department's financial statements.

In February 2009, the Minister for Finance approved the establishment of the 2009 Victorian Bushfire Appeal Trust Account in the Public Account, as part of the Trust Fund, pursuant to section 19(1) of the *Financial Management Act 1994*.

The purpose of the trust account is the receipt of donations and other contributions, and their disbursement for assistance to individuals and communities in towns, suburbs and rural areas affected by the 2009 Victorian bushfires. Contributions include funds provided by the Victorian, Commonwealth and other jurisdictions, as well as the general public, for the above purpose.

Pursuant to section 21 of the *Financial Management Act 1994*, monies from the 2009 Victorian Bushfire Appeal Trust Account have been invested as allowed under the *Trustee Act 1958*. Interest earned is credited to the trust account.

	Dec 2014 \$M	2014 \$M
2009 Victorian Bushfire Appeal Trust account		
Cash at bank	10.5	14.4
Receivable	0.1	0.3
Total funds under management	10.6	14.7
Balance of funds brought forward 1 July 2014	14.8	26.4
Interest earned	–	0.5
Total funds available	14.8	26.9
Payments to individuals and communities	4.0	12.1
Total payments	4.0	12.1
Balance carried forward	10.8	14.8

In February 2011, the Minister for Finance approved the establishment of the 2011 Victorian Floods Appeal Trust Account in the Public Account, as part of the Trust Fund, pursuant to section 19(1) of the *Financial Management Act 1994*.

The purpose of the trust account is the receipt of donations and other contributions, and their disbursement for assistance to individuals and communities in towns, suburbs and rural areas affected by the 2011 Victorian floods. Contributions will include funds provided by the Victorian, Commonwealth and other jurisdictions, as well as the general public, for the above purpose.

Pursuant to section 21 of the *Financial Management Act 1994*, monies from the 2011 Victorian Floods Appeal Trust Account have been invested as allowed under the *Trustee Act 1958*. Interest earned is credited to the trust account.

	Dec 2014 \$M	2014 \$M
2011 Victorian Floods Appeal Trust account		
Cash at bank	–	–
Receivable	–	–
Total funds under management	–	–
Balance of funds brought forward 1 July 2014	–	0.1
Donations and other contributions	–	–
Interest earned	–	–
Total funds available	–	0.1
Payments to individuals and communities	–	0.1
Total payments	–	0.1
Balance carried forward	–	–

Note 29. Subsequent events

There are no subsequent events for the 2014–15 financial year.