



Annual Report 2014–15

*Department of Economic Development,
Jobs, Transport and Resources*



VOLUME ONE OF THREE

Contents

VOLUME 1

Secretary's foreword	5
Achievements 2014-15	6
About the department	8
Departmental five year financial summary (controlled)	14
Financial Statements:	15

VOLUME 2

Appendices

Appendix 1: Performance against objectives	4
Appendix 2: Performance against output performance measures	18
Appendix 3: Budget portfolio outcomes	48
Appendix 4: International Victorian Government business offices	54
Appendix 5: People and employment	54
Appendix 6: Office-based environmental performance	67
Appendix 7: Implementation of the Victorian Industry Participation Policy	73
Appendix 8: Government advertising expenditure.	74
Appendix 9: Consultancy expenditure	76
Appendix 10: Disclosure of major contracts.	76
Appendix 11: Freedom of information	76
Appendix 12: Feed-in tariffs	77
Appendix 13: Better Roads Victoria Trust Account	80
Appendix 14: Compliance and attestations	81
Appendix 15: Grants and related assistance	86
Appendix 16: Additional department information available on request	134
Appendix 17: Disclosure index.	135

VOLUME 3

Appendix 18: Department of Transport, Planning and Local Infrastructure (DTPLI) financial statements	5
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Secretary's foreword

Welcome to the first Annual Report of the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

The Victorian Government created the department on 1 January 2015 to bring together many of its key enablers of economic development and job creation across Victoria.

We aim to lift the living standards and wellbeing of all Victorians by sustainably growing Victoria's economy and employment and by working with the private and public sectors to foster innovation, creativity, productivity, investment and trade. This will support the government's key goal to help all Victorians access good jobs that underpin a life of opportunity and financial security.

We aim not only to contribute to growth, but also to ensure that growth is inclusive in providing jobs and incomes for the maximum number of Victorians. This will require specific strategies for groups with a higher risk of disadvantage, including Aboriginal Victorians, older workers in transition, people with disabilities and recently arrived immigrants, including refugees.

This Annual Report covers the work of the DEDJTR from 1 January to 30 June 2015 and its predecessor departments from 1 July to 31 December 2014. The corporate capabilities of the DEDJTR have been built on the pre-existing departments and their workforces, and I would like to acknowledge the work of those people and organisations.

The key focus of the DEDJTR in its early months has been to support the government to restore robust growth and job creation in Victoria.

Important early work and notable achievements are outlined on pages 6 and 7.

Our people and workplace

DEDJTR was created with more than 3,000 people from five former departments working in a diverse range of functions across the state and in our 18 overseas offices.

I have been delighted by the dedication and skills of staff as we have worked together to establish the new department and deliver the government's priorities during a period of significant change. I am proud to lead such a committed and high-performing group of public servants, and I look forward to all of us working together to improve the lives of all Victorians.

Accountable officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Department of Economic Development, Jobs, Transport and Resources Annual Report for the year ended 30 June 2015.



Richard Bolt
Secretary

Achievements 2014-15

- Established a \$508 million Premier's Jobs and Investment Fund as part of the broader suite of Back to Work Plan initiatives to drive economic growth and create high-skill, high-wage jobs including:
 - \$60 million for the Startup Initiative to support entrepreneurs to develop high-growth, innovative businesses that have potential to add significant economic value to Victoria.
- Launched \$500 million Regional Jobs and Infrastructure Fund to unlock regional Victoria's growth potential by creating jobs, improving liveability, building critical infrastructure and supporting new and emerging industries.
- Established \$200 million Future Industries Fund to help create jobs and attract investment by supporting six high-growth sectors of: medical technologies and pharmaceuticals; new energy technologies; food and fibre; transport; defence and construction technologies; international education; and professional services.
- Completed construction of the Regional Rail Link, one of the most significant and complex infrastructure projects in Victoria's history. The project involved the construction of a new rail line running from West Werribee to Deer Park and then to Southern Cross Station (approximately 50km) at a cost in the order of \$4 billion. This removed longstanding bottlenecks that constrained capacity and reliability by providing dedicated routes for both regional and metropolitan passenger rail services. The project has been the recipient of a number of accolades, most recently the prestigious Australian Construction Achievement Award.
- Led the development of the government's major infrastructure policy documents *Getting On With It: Fast-tracking the Projects Our State Needs*, and the *Victorian Rolling Stock Strategy*, a 10-year plan to expand the trains and trams network and create jobs, and supported the development of the associated program of works including:
 - developing the business case for the Murray Basin Rail Project, which will boost the safety, capacity and reliability of freight services in Northern Victoria and better connect primary producers to the state's major ports
 - establishing the Melbourne Metro Rail Authority and Level Crossing Removal Authority, two administrative offices tasked with overseeing a city-shaping program of works with an expected value approaching \$18 billion. The work undertaken to establish these organisations will lay the foundations for the successful delivery of the transformational Melbourne Metro Rail Project, the removal of 50 level crossings through the Level Crossing Removal Project and the delivery of the Mernda Rail Extension.
- Facilitated the 2015 Cricket World Cup, which reported an increase in gross state product in Victoria of \$150 million. Other major sporting events include the 2015 Asian Cup, game 2 of the NRL State of Origin with a record crowd of 91,513, the first staging of the Cadel Evans Great Ocean Road Race at Geelong, and the Australian Women's Open and Australian Masters golf events.
- Helped secure significant business investment in Victoria to expand services and deliver jobs. This included:
 - \$165 million investment by Dulux, Australia's largest paint manufacturer, to establish a major new paint manufacturing facility in the Merrifield Estate on Melbourne's outer northern fringe
 - \$39 million investment by Australia's largest private rail operator, SCT Logistics, to support the expansion of its operations in Victoria. This will deliver increased rail freight between Melbourne and Brisbane, and a new \$22 million rail freight facility near Wodonga;
 - a landmark partnership deal with Jetstar to secure the future of Avalon Airport for the next 10 years, and
- \$3 million investment to double the size of the manufacturing operations of major construction firm, Hickory Building Systems, in Brooklyn.
- The Minister for Energy and Resources launched the *Energy Efficiency and Productivity Statement – Saving Energy, Growing Jobs* on 26 June 2015. This statement presents the government's policy direction for energy efficiency including priority areas for action.
- Provided emergency assistance after bushfires to agricultural properties in Stewarton, Lake Rowan, Lurg, Longwood/Creightons Creek and Moyston. A total of 261 properties and 13,420 hectares were impacted with losses including 7491 sheep and 344 cattle. Integration of departmental agriculture relief and recovery staff in CFA and DELWP-led fire incident control centres enabled rapid access to burnt properties for animal welfare and assessment teams.
- A new 'Pasture-Fed Beef' service is anticipated to add an extra \$18.7 million to producers in its first year through the development of premium branded beef for export markets. Led by DEDJTR in partnership with JBS Australia, Meat and Livestock Australia and McDonalds, the work addresses continuity of supply and improved compliance to product specifications through a value chain approach.
- Conducted the Investigation into Animal Welfare and Cruelty in the Victorian Greyhound Industry, commissioned by the Minister for Agriculture and Minister for Racing, to provide a pathway for the greyhound industry in Victoria to meet animal welfare outcomes acceptable to the wider community.
- Established Creative Victoria in January 2015 to champion and grow Victoria's creative industries, including arts, culture, screen and design. The creative industries employ more than 220,000 people, are one of the fastest-growing sectors and represent eight per cent of the Victorian economy.
- Administered the Manufacturing Productivity Networks program by distributing grants worth a total value of \$3.8 million to 13 networks to assist 319 businesses throughout 2014-15. The program encourages small and medium enterprises to cooperate in strategic areas of business and exploit opportunities beyond the reach of individual businesses.
- Hosted the first large-scale, multi-sector inbound super trade mission as part of the Victoria Invitation Program in March 2015. The event showcased Victorian goods, services and technology to more than 200 international business leaders, senior buyers and investors.
- Showcased opportunities for a better quality of life for families and skilled workers in Victoria's regional and rural communities at the Regional Victoria Living Expo held in May 2015. The three-day event provided information on jobs, housing, education, health and lifestyle in different regions to better inform and entice people to make the move.
- The delivery of the Galleries of Remembrance project at Melbourne's iconic Shrine of Remembrance was completed and recognised with five Victorian Architecture Awards. The project was overseen by Major Projects Victoria on behalf of the Department of Premier and Cabinet and the Shrine of Remembrance Trust.
- Led Operation Quantum, one of the largest fisheries enforcement operations undertaken in Victoria's history, putting an end to a sizeable illegal operation depleting Victoria's fisheries stocks.
- Victoria's 200-plus public waterways were stocked with more than 2.6 million fish including 630,000 trout and Chinook salmon, and around 2 million native fish such as Murray cod and golden perch.
- Supported 27 independent studios to travel to the Games Developers' Conference in the United States in March, generating anticipated sales in the next 24 months of over \$35 million.
- Showcased Victoria's best exporting wineries at the Meet the Winemaker event, held in May 2015, to more than 130 invited international buyers, journalists and influencers from 13 countries.

About the department

The Department of Economic Development, Jobs, Transport and Resources (DEDJTR) creates the conditions to sustainably develop the Victorian economy and grow employment.

The department was established by bringing together many of the key levers and functions that drive economic development and job creation across Victoria – transport and ports, energy, investment attraction and facilitation, trade, innovation, regional development and small business, with key services to sectors such as agriculture, the creative industries, resources and tourism.

DEDJTR supports nine ministers, spans 13 portfolios, operates in 87 sites across Victoria and 18 offices around the world, and works collaboratively with a variety of government and community stakeholders.

The department oversees the efficient operations of a wide variety of public entities including public corporations, infrastructure development entities, asset management agencies, regulatory authorities and specialist boards. These entities deliver a broad range of functions and services and are major service providers employing thousands of Victorians and managing large annual budgets. The larger entities are stewards of valuable and essential public assets, and together with the department they oversee and deliver a large capital investment program.

Under an interim organisational structure the department in 2014-15 consists of five service delivery groups and three enabling groups. Together they support ministers and portfolio organisations to deliver the Victorian Government's priorities:

- Economic Development, Employment and Innovation – actively supports and facilitates economic development, innovation, business and employment growth in Victoria through a range of facilitation, policy and investment partnerships and interventions.
- Creative Victoria – develops and promotes the creative and cultural industries to enable them to thrive and make an increasing contribution to the state's economic and social wellbeing.
- Agriculture, Energy and Resources – works with industry, primary producers, energy consumers and rural communities across Victoria to drive sustainable economic growth in the food and fibre, natural resources and energy sectors.
- Transport – plans and coordinates the state's transport system, including leading strategic policy development and transport reform, integrating network planning, overseeing transport regulation and safety, and coordinating the delivery of transport infrastructure projects.
- Coordinator-General Major Transport Infrastructure Program – oversees the delivery of transport infrastructure projects including the Melbourne Metro Rail Project and the Level Crossing Removal Project.
- Financial Management and Technology Services – provides strategic advice and services to drive performance and improve financial sustainability of the department and portfolio agencies.
- People and Executive Services – supports the effective operation of the department by leading the development of our people, culture, systems and capability.
- Strategy and Planning – sets the strategic intent of the department through the delivery of strategic planning, research, analysis and knowledge management, delivery of strategic projects and engagement with Federal, state and local governments.

Our vision

A productive, competitive and sustainable Victorian economy that contributes to a prosperous and inclusive society.

Our mission

To lift the living standards and wellbeing of all Victorians by sustainably growing Victoria's economy and employment and by working with the private and public sectors to foster innovation, creativity, productivity, investment and trade.

About the machinery of government changes

The Premier of Victoria, the Hon. Daniel Andrews MP, announced machinery of government changes that were given administrative effect from 1 January 2015.

The former Department of State Development, Business and Innovation was renamed the Department of Economic Development, Jobs, Transport and Resources, and the following functions were transferred into it:

- transport and major sporting events from the former Department of Transport, Planning and Local Infrastructure
- agriculture from the Department of Environment and Primary Industries
- creative industries from the Department of Premier and Cabinet
- workplace relations from the Department of Treasury and Finance.

The Coordinator-General, Major Transport Infrastructure Program was established within DEDJTR to oversee major transport projects.

The Moving Victoria – Roads Office, Moving Victoria – Rail Office and Regional Rail Link Authority were transferred into the department from the former Department of Transport, Planning and Local Infrastructure. The Moving Victoria – Roads Office was then renamed the Level Crossing Removal Authority and the Moving Victoria – Rail Office was renamed the Melbourne Metro Rail Authority.

Ministers*

Jacinta Allan	Minister for Public Transport Minister for Employment (Coordinating Minister)
Lily D'Ambrosio	Minister for Industry Minister for Energy and Resources
Luke Donnellan	Minister for Roads and Road Safety Minister for Ports
John Eren	Minister for Tourism and Major Events
Martin Foley	Minister for Creative Industries
Steve Herbert	Minister for Training and Skills
Natalie Hutchins	Minister for Industrial Relations
Jaala Pulford	Minister for Agriculture Minister for Regional Development
Adem Somyurek	Minister for Small Business, Innovation and Trade

DEDJTR provides advice and support to the Victorian Government through its ministers and the following parliamentary secretaries:

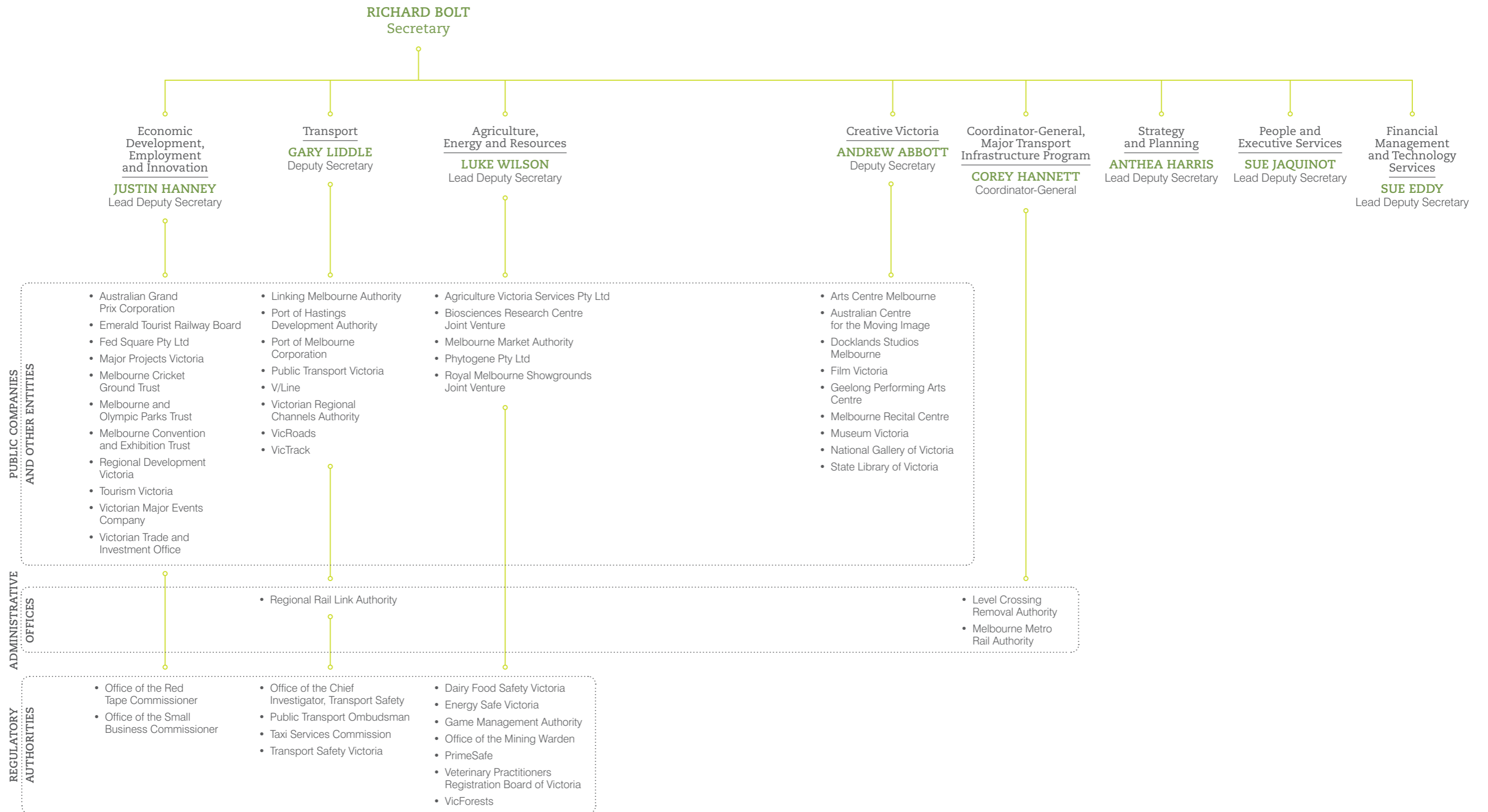
Danielle Green	Parliamentary Secretary for Tourism, Major Events and Regional Victoria
Shaun Leane	Parliamentary Secretary to the Special Minister of State Parliamentary Secretary for Transport
Hong Lim	Parliamentary Secretary for Multicultural Affairs and Asia Engagement

Executive team*

Richard Bolt	Secretary
Andrew Abbott	Deputy Secretary, Creative Victoria
Sue Eddy	Lead Deputy Secretary, Financial Management and Technology Services
Corey Hannett	Coordinator-General, Major Transport Infrastructure Program
Justin Hanney	Lead Deputy Secretary, Economic Development, Employment and Innovation
Anthea Harris	Lead Deputy Secretary, Strategy and Planning
Sue Jaquinot	Lead Deputy Secretary, People and Executive Services
Gary Liddle	Deputy Secretary, Transport
Luke Wilson	Lead Deputy Secretary, Agriculture, Energy and Resources

*As at 30 June 2015.

Organisational structure*



* Organisational structure as at 30 June 2015.

Departmental five year financial summary (controlled)

	(\$ thousand)				
	2015	2014	2013	2012	2011
Revenue from government ⁽ⁱ⁾	3,843,175	796,231	521,627	523,481	1,279,454
Total income from transactions	4,041,135	940,987	620,892	557,513	1,383,093
Total expenses from transactions	(3,849,055)	(902,141)	(606,088)	(574,109)	(1,389,807)
Net result from transactions ⁽ⁱⁱ⁾	192,080	38,846	14,804	(16,596)	(6,714)
Net result for the period	149,401	33,924	11,010	(24,315)	(7,557)
Net cashflow from operating activities	109,062	63,013	30,692	(14,166)	(33,911)
Total assets	4,255,624	1,194,330	815,139	682,247	558,578
Total liabilities	1,550,808	138,856	84,749	71,224	69,027

(i) Income from government includes both output and special appropriations.

(ii) The 'net result from transactions' is identical to the 'net operating balance' for the general government sector.

Departmental current year financial review

Machinery of government changes

On 24 December 2014, the Government issued Administrative Arrangements Order (No. 219) 2014 under section 3 of the Administrative Arrangements Act 1983 (Victoria Government Gazette No. S 460), which included the transfer of outputs between DEDJTR and other departments, to be effective 1 January 2015.

Due to these machinery of government (MOG) changes, the year-end financial statements for the department have been largely impacted by the transfer in of activities from the former Department of Transport, Planning and Local Infrastructure (DTPLI), the Department of Premier and Cabinet (DPC), the Department of Environment, Land, Water and Planning (DELWP) and the Department of Treasury and Finance (DTF).

Current year results

In 2015, the department's net result from transactions was a \$192.1 million surplus, compared to a \$38.8 million surplus for 2014. The increase in the surplus over the previous year is attributable to the timing of receipts and payments relating to trust funds now controlled by DEDJTR.

Total income from transactions for 2014-15 was \$4,041.1 million, an increase of \$3,100.1 million over the previous year; this increase was due to machinery of government changes.

Total expenses from transactions for the financial year ended 30 June 2015 increased by \$2,946.9 million, also mainly due to machinery of government changes, particularly the recognition of Transport related expenditure from 1 January 2015.

During 2014-15, total assets increased by \$3,061.2 million, mainly due to assets transferred in as a result of the machinery of government changes, with the addition of \$1,000.4 million in cash, \$832.6 million in other financial assets and \$978.7 million in property, plant and equipment.

Total liabilities increased by \$1,411.9 million during 2014-15, mainly due to liabilities acquired through the machinery of government changes with \$812.1 million in payables and \$259.4 million in borrowings being transferred in to DEDJTR.

Financial Statements:

Contents

Accountable officer's and chief finance and accounting officer's declaration . . .	16
Victorian Auditor-General's independent auditor's report.	17
Comprehensive operating statement	19
Balance sheet	20
Statement of changes in equity	21
Cash flow statement	22
Notes to the financial statements	24

The attached financial statements for the year ended 30 June 2015 include the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the following statutory appointments and administrative offices:

- Regional Rail Link Authority (administrative office)
- Melbourne Metro Rail Authority (administrative office)
- Level Crossing Removal Authority (administrative office)
- Director, Transport Safety (Safety Director) (statutory appointment)
- Chief Investigator, Transport Safety (statutory appointment)
- Victoria Trade and Investment Office Pty Ltd (statutory body)
- Office of the Small Business Commissioner (statutory appointment)
- Major Projects Victoria (statutory body)
- Regional Development Victoria (statutory appointment)

- Red Tape Commissioner (statutory appointment)
- Victorian Mining Warden (statutory appointment).

The Department of Economic Development, Jobs, Transport and Resources is a government department of the State of Victoria. It was renamed from the Department of State Development, Business and Innovation by an Order of the Governor in Council (*Victoria Government Gazette* No. S 432) effective 1 January 2015.

A description of the nature of DEDJTR's operations and its principal activities are included in the report of operations.

For queries in relation to these financial statements please call (03) 9208 3333 or visit www.ecodev.vic.gov.au

Accountable officer's and chief finance and accounting officer's declaration

The attached financial statements for the Department of Economic Development, Jobs, Transport, and Resources have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable financial reporting directions, Australian accounting standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2015 and the financial position of the Department of Economic Development, Jobs, Transport and Resources as at 30 June 2015.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 15 October 2015.



Richard Bolt
Secretary

Department of Economic Development,
Jobs, Transport and Resources

Melbourne
15 October 2015



Greg Forck
Chief Finance
and Accounting Officer

Department of Economic Development,
Jobs, Transport and Resources

Melbourne
15 October 2015

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Secretary, Department of Economic Development, Jobs, Transport and Resources

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Department of Economic Development, Jobs, Transport and Resources 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 Economic Development, Jobs, Transport and Resources is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, 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 Economic Development, Jobs, Transport and Resources as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.



Dr Peter Frost
Acting Auditor-General

MELBOURNE
22 October 2015

Auditing in the Public Interest

**Comprehensive operating statement
for the financial year ended 30 June 2015**

	Note	(\$ thousand)	
		2015	2014 ⁽ⁱ⁾
Continuing operations			
Income from transactions			
Output appropriations	4(A)	3,615,363	576,223
Regional Growth Fund appropriations	4(A)	121,377	136,000
Special appropriations	4(B)	908	-
Grants	5(A)	105,527	84,008
Sale of services		20,962	-
Interest		6,179	5,312
Fair value of assets and services received free of charge		1,798	-
Other income	5(B)	169,021	139,444
Total income from transactions		4,041,135	940,987
Expenses from transactions			
Grants and other transfers	6(D)	(3,147,719)	(484,647)
Employee expenses	6(A)	(236,291)	(115,787)
Capital asset charge	1(H)	(43,240)	(9,801)
Depreciation and amortisation	6(B)	(29,592)	(8,743)
Interest expense	6(C)	(12,043)	(280)
Fair value of assets and services provided free of charge		(1,597)	-
Other operating expenses	6(E)	(378,573)	(282,883)
Total expenses from transactions		(3,849,055)	(902,141)
Net result from transactions		192,080	38,846
Other economic flows included in net result			
Net losses on non-financial assets	7(A)	(42,433)	(4,850)
Net losses on financial instruments	7(B)	(2)	(40)
Other losses from other economic flows	7(C)	(244)	(32)
Total other economic flows included in net result		(42,679)	(4,922)
Net result		149,401	33,924
Other economic flows – other comprehensive income			
Items that will not be classified to net result			
Transfer of asset revaluation surplus to accumulated surplus	24	2,997	5,320
Changes in physical asset revaluation reserve	24	(17,451)	(5,320)
Total other economic flows – other comprehensive income		(14,454)	-
Comprehensive result		134,947	33,924

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

(i) Consistent with the Order abolishing and renaming departments under section 10 of the *Public Administration Act 2004*, (*Victoria Government Gazette* No. S 432), the 2014 amounts are for the former Department of State Development, Business and Innovation, which was renamed to the Department of Economic Development, Jobs, Transport and Resources.

Balance sheet as at 30 June 2015

	Note	(\$ thousand)	
		2015	2014 ⁽ⁱ⁾
Assets			
Financial assets			
Cash and cash equivalents	23A	1,485,724	396,760
Receivables	8	1,311,570	155,171
Investments	9(B)	94	90
Total financial assets		2,797,388	552,021
Non-financial assets			
Inventories	14	412	10,168
Non-financial physical assets classified as held for sale including disposal group assets	13	17,046	25
Property, plant and equipment	10	1,372,196	559,026
Investment accounted for using equity method	9(A)	-	35,000
Intangible assets	12	62,143	36,232
Biological assets	11	1,730	-
Other non-financial assets		4,709	1,858
Total non-financial assets		1,458,236	642,309
Total assets		4,255,624	1,194,330
Liabilities			
Payables	15	1,090,205	100,358
Borrowings	16	283,354	3,201
Provisions	17	172,155	35,188
Other liabilities		5,061	84
Liabilities directly associated with assets classified as held for sale including disposal groups	13	33	25
Total liabilities		1,550,808	138,856
Net assets		2,704,816	1,055,474
Equity			
Contributed capital	24(A)	2,298,113	780,721
Accumulated surplus	24(B)	401,501	249,103
Physical asset revaluation surplus	24(C)	5,202	25,650
Net worth		2,704,816	1,055,474
Commitments for expenditure	20		
Contingent assets and contingent liabilities	21		

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

(i) Consistent with the Order abolishing and renaming departments under Section 10 of the *Public Administration Act 2004*, (*Victoria Government Gazette* No. S 432), the 2014 amounts are for the former Department of State Development, Business and Innovation, which was renamed to the Department of Economic Development, Jobs, Transport and Resources.

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

	Note	(\$ thousand)			Total
		Contributed capital	Accumulated surplus	Physical asset revaluation surplus	
Balance at 30 June 2013		489,561	209,859	30,970	730,390
Net result for the year		-	33,924	-	33,924
Transfer to/from physical asset revaluation surplus	24	-	-	-	-
Capital appropriations	24	43,835	-	-	43,835
Capital contributions to agencies within the portfolio	24	-	-	-	-
Administrative restructure and other transfers – net assets received	3	266,359	-	-	266,359
Administrative restructure and other transfers – net assets transferred	3	-	-	-	-
Net assets transferred to other government entities	24	-	-	-	-
Transfers via contributed capital		(19,034)	-	-	(19,034)
Transfers to accumulated surplus		-	5,320	(5,320)	-
Balance at 30 June 2014⁽ⁱ⁾		780,721	249,103	25,650	1,055,474
Net result for the year		-	149,401	-	149,401
Transfer to/from physical asset revaluation surplus		-	-	-	-
Revaluation increment	24	-	-	(17,451)	(17,451)
Capital appropriations	24	958,313	-	-	958,313
Capital contributions to agencies within the portfolio	24	(850,886)	-	-	(850,886)
Administrative restructure and other transfers – net assets received	3	1,905,798	-	-	1,905,798
Administrative restructure and other transfers – net assets transferred	3	(17,274)	-	-	(17,274)
Net assets transferred to other government entities	24	(478,559)	-	-	(478,559)
Transfers via contributed capital		-	-	-	-
Transfers to accumulated surplus		-	2,997	(2,997)	-
Balance at 30 June 2015		2,298,113	401,501	5,202	2,704,816

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

(i) Consistent with the Order abolishing and renaming departments under Section 10 of the *Public Administration Act 2004*, (*Victoria Government Gazette* No. S 432), the 2014 amounts are for the former Department of State Development, Business and Innovation, which was renamed to the Department of Economic Development, Jobs, Transport and Resources.

Cash flow statement
for the financial year ended 30 June 2015

	Note	(\$ thousand)	
		2015	2014 ⁽ⁱ⁾
Cash flows from operating activities			
Receipts			
Receipts from Victorian Government		3,526,118	676,877
Receipts from other entities		228,040	258,458
Goods and services tax recovered/(paid) to the ATO ⁽ⁱⁱ⁾		55,698	44,549
Sale of services		20,962	-
Interest received		6,179	5,312
Total receipts		3,836,997	985,196
Payments			
Payments of grants and other transfers		(3,254,537)	(484,647)
Payments to suppliers and employees		(418,115)	(427,455)
Capital asset charge payments		(43,240)	(9,801)
Interest and other costs of finance paid		(12,043)	(280)
Total payments		(3,727,935)	(922,183)
Net cash flows from operating activities	23(C)	109,062	63,013
Cash flows from investing activities			
Payments for property, plant and equipment		(129,521)	(38,058)
Payments for intangible assets		(3,401)	(701)
Sales of non-financial assets		1,668	1,090
Net cash flows used in investing activities		(131,254)	(37,669)

Cash flow statement
for the financial year ended 30 June 2015 (continued)

	Note	(\$ thousand)	
		2015	2014 ⁽ⁱ⁾
Cash flows from financing activities			
Owner contributions by Victorian Government		958,313	38,031
Payments of capital contribution funding to portfolio entities		(850,886)	-
Receipts/(Payments) of loans and advances		20,487	(2,101)
Cash received from activity transferred in – MOG* changes	3	1,000,491	246,257
Cash transferred on activity transferred out – MOG* changes	3	(17,249)	-
Net cash flows from/(used in) financing activities		1,111,156	282,187
Net increase in cash and cash equivalents		1,088,964	307,531
Cash and cash equivalents at the beginning of the financial year		396,760	89,229
Cash and cash equivalents at the end of the financial year	23(A)	1,485,724	396,760

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

(i) Consistent with the Order abolishing and renaming departments under section 10 of the *Public Administration Act 2004*, (*Victoria Government Gazette* No. S 432), the 2014 amounts are for the former Department of State Development, Business and Innovation, which was renamed to the Department of Economic Development, Jobs, Transport and Resources.

(ii) Goods and services tax (GST) recovered / (paid) to the ATO is presented on a net basis.

*machinery of government

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

1	Summary of significant accounting policies
2	Departmental (controlled) outputs
3	Restructuring of administrative arrangements and other asset transfers
4	Summary of compliance with annual parliamentary and special appropriations
5	Income from transactions
6	Expenses from transactions
7	Other economic flows included in net result
8	Receivables
9	Investments
10	Property, plant and equipment
11	Biological assets
12	Intangible assets
13	Non-financial physical assets classified as held for sale including disposal group assets and directly associated liabilities
14	Inventories
15	Payables
16	Borrowings
17	Provisions
18	Superannuation
19	Leases
20	Commitments for expenditure
21	Contingent assets and liabilities
22	Financial instruments
23	Cash flow information
24	Equity
25	Administered (non-controlled) items
26	Ex gratia expenses
27	Annotated income agreements
28	Trust account balances
29	Responsible persons
30	Remuneration of executives and payments to other personnel
31	Remuneration of auditors
32	Subsequent events
33	Glossary of terms

Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) for the financial year ended 30 June 2015.

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

(A) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS), which include interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in this report, please see the Glossary of terms at the end of this report.

The financial statements were authorised for issue by the secretary of DEDJTR on 15 October 2015.

(B) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(M))
- 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)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value. The fair value of non-current physical assets, other than land, is generally based on its depreciated replacement value.

Consistent with AASB 13 *Fair Value Measurement*, DEDJTR determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

For the financial year ended 30 June 2015, DEDJTR has early adopted AASB 2015-7 *Fair Value Disclosures of Not-for-Profit Public Sector Entities*, which amends AASB 13 *Fair Value Measurement*.

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

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

Note 1: (continued)

For the purpose of fair value disclosures, DEDJTR 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, DEDJTR determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

In accordance with financial reporting Direction 103F, *Non-Financial Physical Assets*, DEDJTR revalued its assets for the financial year ending 30 June 2015. The revaluation is recorded in the accounts of DEDJTR for the financial year ended 30 June 2015.

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

(C) Reporting entity

The financial statements cover DEDJTR as an individual reporting entity.

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

The Premier announced a restructuring of the Victorian Public Service on the 4th of December 2014. Under section 10 of the *Public Administration Act 2004*, the Governor in Council issued an order (No. S 432) to rename the Department of State Development, Business and Innovation (DSDBI) to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), effective 1 January 2015 (inclusive).

Consequently, as part of the restructure, the following were transferred from the former Department of Transport, Planning and Local Infrastructure (DTPLI) to DEDJTR:

Public Transport, Roads, Ports, Major Sporting Events, Moving Victoria – Rail Office, Moving Victoria – Road Office and Regional Rail Link Authority.

Also, as part of the restructure, the following administrative offices were transferred from the former DTPLI to DEDJTR:

- Regional Rail Link Authority
- Melbourne Metro Rail Authority
- Level Crossing Removal Authority.

DEDJTR's principal address is:

Department of Economic Development,
Jobs, Transport and Resources

1 Spring Street

Melbourne VIC 3000

The financial statements include all controlled activities of DEDJTR for the financial year ended 30 June 2015.

The following statutory appointments and administrative office are included in DEDJTR's reporting entity:

- **Regional Rail Link Authority (RRLA)** is an administrative office established under Section 11 of the *Public Administration Act 2004*. RRLA was established to deliver the Regional Rail Link Project.
- **Melbourne Metro Rail Authority** is an administrative office established under Section 11 of the *Public Administration Act 2004*, which will oversee the delivery of the Melbourne Metro Tunnel public works program.
- **Level Crossing Removal Authority** is an administrative office established under Section 11 of the *Public Administration Act 2004*, which will oversee the removal of identified level crossings across Victoria.
- **The Director, Transport Safety**, is a position established under Section 171 of the *Transport Integration Act 2010*. The primary objective of the Director, Transport Safety, is to independently seek the highest transport safety standards that are reasonably practicable, consistent with the vision statement and the transport system objectives.
- **The Chief Investigator, Transport Safety** is a position established under Section 179 of the *Transport Integration Act 2010*. The objective of the Chief Investigator, Transport Safety, is to seek to improve transport safety by providing for the independent no-blame investigation of transport safety matters, consistent with the vision statement and the transport system objectives.

- **Victoria Trade and Investment Office Pty Ltd**, a wholly owned subsidiary (statutory body) operating in China, was acquired on 1 July 2005 to enable the department to engage in trade and investment promotion activities in the South-East Asian region.
- **Office of the Small Business Commissioner** was established under the *Small Business Commissioner Act 2003*, to provide businesses with independent guidance about business disputes
- **Major Projects Victoria (MPV)** is part of the department but derives its powers through delegation to the Executive Director MPV and other senior officers from the Secretary to the Department of Economic Development, Jobs, Transport and Resources, body corporate under the *Project Development Construction and Management Act 1994 (Vic)*.
- **Regional Development Victoria** was established under the *Regional Development Victoria Act 2002* to develop rural and regional Victoria.
- **Red Tape Commissioner's** role is to be a bridge between the business community and government and to recommend to government what red tape should be removed.
- **Victorian Mining Warden** is an independent statutory office holder appointed under Section 96 of the *Mineral Resources (Sustainable Development) Act 1990* by the Governor in Council, to investigate and attempt to settle disputes, investigate matters referred by the minister, and to consider applications to waiver an exploration licence holder's consent.

A description of the nature of DEDJTR's operations and its principal activities are included in the appendices to this report, which do not form part of the financial statements.

Objectives, funding and 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 Note 2). Information about expenses, income, assets and liabilities administered by the department are given in the schedule of administered expenses and income and the schedule of administered assets and liabilities (refer Note 25).

(D) Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- The consolidated financial statements of DEDJTR incorporate assets and liabilities of all reporting entities controlled by DEDJTR as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed, and
- The consolidated financial statements exclude bodies within the portfolio that are not controlled by DEDJTR and therefore are not consolidated into DEDJTR's financial statements. Bodies and activities that are administered (refer explanation under 'Administered items' below) are also not controlled and not consolidated into DEDJTR's financial statements.

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 a 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 consolidated financial statements for DEDJTR, all material transactions and balances between consolidated entities are eliminated.

Administered items

Certain resources are administered by DEDJTR on behalf of the state. While DEDJTR is accountable for the transactions involving administered items, it does not have the discretion to deploy the resources for its own benefit or the achievement of objectives. Accordingly transactions and balances relating to administered items are not recognised as departmental income, expenses, assets or liabilities within the body of the financial statements, but are disclosed in Note 25.

Administered income includes fees and fines and the proceeds from the sale of administered surplus land and buildings. Administered assets include government income earned but not yet collected. Administered liabilities include government expenses incurred but yet to be paid.

Note 1: (continued)

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for the recognition of the departmental items in the financial statements. Both controlled and administered items of DEDJTR are consolidated into the financial statements of the State. Disclosures related to administered items can be found in Note 25.

Funds held in trust

DEDJTR does not have any balances relating to third parties external to the Victorian Government.

(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, together with the net result from discontinued operations, represent the net result.

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

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets
- revaluations and impairments of non-financial physical and intangible assets
- fair value changes of financial instruments and agricultural assets, and
- depletion of natural assets (non-produced) from their use or removal.

This classification is consistent with the Whole of Victorian 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 generally being those assets or liabilities expected to be recovered or wholly settled more than 12 months after the reporting date) are disclosed in the notes, where relevant.

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 requirements under 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 on the balance sheet.

Statement of changes in equity

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

Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding.

(F) Changes in accounting policies

Subsequent to the 2013-14 reporting period, the following new and revised standards have been adopted for the first time in the current period with their financial impacts disclosed.

AASB 10 Consolidated Financial Statements

AASB 10 provides a new approach to determine whether an entity has control over an 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:

- a. the investor has power over the investee
- b. the investor has exposure, or rights to variable returns from its involvement with the investee, and
- c. 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, DEDJTR has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. DEDJTR has concluded that no entities meet the control criteria.

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.

DEDJTR has disclosed information about its interests in associates and joint ventures in Note 9, including any significant judgements and assumptions used in determining the type of joint arrangement in which it has an interest.

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

AASB 11 Joint Arrangements

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

The department has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11. It has concluded that the existing classification remains appropriate.

(G) Income from transactions

Income is recognised to the extent that it is deemed probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which DEDJTR does not have control are disclosed as administered income in the schedule of administered income and expenses. Income is recognised for each of DEDJTR's major activities as follows.

Appropriation income

Appropriated income becomes controlled and is recognised by DEDJTR when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant appropriations Act. Additionally, DEDJTR is permitted under Section 29 of the FMA to have certain income annotated to the annual appropriation. The income that forms part of a Section 29 agreement is recognised by DEDJTR

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 that can form part of a Section 29 agreement are Commonwealth-specific purpose grants, municipal council special purpose grants, the proceeds from the sale of assets and income from the sale of products and services. The Section 29 appropriation is shown in Note 4.

Output appropriations

Income from the outputs that DEDJTR provides to government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Special appropriations

Under Section 213A(4) of the *Transport (Compliance and Miscellaneous) Act 1983*, income related to administrative costs associated with ticket infringements, and under Section 201VC of the *Planning and Environment Act 1987*, income related to the Growth Areas Public Transport Fund (GAPTF) and the Building New Communities Fund (BNCF) are recognised when the amount that is appropriated for that purpose is due and payable by DEDJTR.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method of accounting which allocates the interest over the relevant period.

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

Sale of services

Income from the supply of services is recognised by reference to the stage of completion of the services being performed. The income is recognised when:

- the amount of 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 DEDJTR.

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

Note 1: (continued)

Grants

Income from grants (other than contribution by owners) is recognised when DEDJTR 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 1(J)). For reciprocal grants (i.e. equal value is given back by DEDJTR to the provider), DEDJTR is deemed to have assumed control when DEDJTR has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, DEDJTR is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

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

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. 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 land development proceeds, trust income, fines, dividends, forgiveness of liabilities and bad debt reversals.

Dividends represent the income arising from the DEDJTR's investments in financial assets. DEDJTR does not recognise dividends received or receivable from its associates and joint ventures as income. Instead, dividends from associates and joint ventures are adjusted directly against the carrying amount of the investments using the equity method (refer to Note 1 (L) Financial assets).

(H) Expenses from transactions

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

Supplies and services

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

Grants and other transfers

Grants and other transfers to third parties (other than distribution 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 made to State owned agencies, local government and community groups. Refer to the Glossary of terms at the end of this report for an explanation of grants and other transfers.

Employee expenses

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

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

Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in its annual financial statements disclose on behalf of the state as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) 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. Refer to Note 1(M) for the depreciation policy for leasehold improvements.

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

The following are the estimated useful lives for the different asset classes for current and prior years:

Asset class	Useful life	
	2015	2014
Buildings	25 to 100 years	33 to 50 years
Buildings leasehold	7 to 150 years	150 years
Infrastructure	4 to 90 years	90 years
Cultural assets	5 to 100 years	-
Leasehold improvements	8 to 15 years	8 to 15 years
Plant and equipment	3 to 42 years	3 to 10 years
Leased plant and equipment	1 to 3 years	1 to 3 years
Intangible produced assets – software development	1 to 5 years	1 to 5 years

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

Amortisation

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a systematic (typically straight-line) basis over the asset's useful life. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

- (a) annually, and
- (b) whenever there is an indication that the intangible asset may be impaired (refer to Note 1(I)).

Interest expense

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Interest expense is recognised as an expense in the period in which it is incurred. Refer to Glossary of terms at the end of this report for an explanation of interest expense items.

Capital asset charge

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

Bad and doubtful debts

Refer to Note 1(L) Impairment of financial assets.

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 sold if not donated.

Note 1: (continued)

(I) Other economic flows included in the net result

Other economic flows are changes in the volume or value of an asset or liability that does not result from transactions.

Net gain/(loss) on non-financial assets

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

- **Revaluation gains/(losses) of non-financial physical assets**

Refer to accounting policy provided in Note 1(M) Revaluations of non-financial physical assets.

- **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 determined after deducting the proceeds from the carrying value of the asset at that 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 assets are assessed annually for indications of impairment, except for:

- inventories
- non financial physical assets held for sale
- certain biological assets related to agricultural activity
- investment properties that are measured at fair value; and
- assets arising from construction contracts (refer Note 1(M)).

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

If there is 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. This 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. 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 gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

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

Revaluations of financial instruments at fair value

Refer to Note 1(K) Financial instruments.

Other gains/(losses) from other economic flows

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

- transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification; and
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Share of net profits/(losses) of associates and jointly controlled entities, excluding dividends

Refer to Note 1(D) Basis of consolidation.

(J) Administered income

Taxes, fines and regulatory fees

DEDJTR does not gain control over assets arising from taxes, fines, licence and regulatory fees and royalties and so consequently no income is recognised in DEDJTR's financial statements.

DEDJTR collects these amounts on behalf of the state. Accordingly, the amounts are disclosed as income in Note 25.

Grants from Commonwealth Government and other jurisdictions

DEDJTR's administered grants mainly comprise funds provided by the Commonwealth to assist the State Government in meeting general or specific 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. DEDJTR also receives grants for on-passing from other jurisdictions. DEDJTR does not have control over these grants and is not recognised as income in DEDJTR's financial statements. Administered grants are disclosed in Note 25.

(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 DEDJTR'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.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(L)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Held-to-maturity financial assets

If DEDJTR has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

DEDJTR makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. DEDJTR would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

The held-to-maturity category includes certain term deposits and debt securities for that DEDJTR intends to hold to maturity.

Note 1: (continued)

Financial assets and liabilities at fair value through profit and loss

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

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Any dividend or interest on a financial asset is recognised in the net result from transactions.

Financial assets and liabilities at fair value through profit or loss include the majority of DEDJTR's equity investments, debt securities, and borrowings.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially recognised 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 DEDJTR's leased motor vehicles, contractual payables, deposits held and advances received, and interest bearing arrangements other than those designated at fair value through profit or loss.

Offsetting financial instruments

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

Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Available-for-sale financial instrument assets that meet the definition of loans and receivables may be reclassified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

(L) Financial assets

Cash and deposits

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and 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 on the balance sheet.

Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services, loans to third parties and finance lease receivables (refer to Note 1(O) Leases); and
- statutory receivables, such as amounts owing from the Victorian Government and GST input tax credits.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1 (K) for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

For measurement principles of receivables, refer to Note 1 (K).

Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity; and
- available-for-sale financial assets.

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
- DEDJTR 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
- DEDJTR 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 DEDJTR has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of DEDJTR's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, DEDJTR assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets that are not financial instruments, professional judgement is applied 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 and other property held either for sale or for distribution at zero or nominal cost or for consumption in the ordinary course of business operations.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to land held for sale (undeveloped, under development and developed) and to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Note 1: (continued)

Non-financial physical 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 is expected to be completed in 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

Property, plant and equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Property, plant and equipment.

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

Non-financial physical assets such as national parks, other Crown land and cultural assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

Road network assets (including earthworks of the declared road networks) are measured at fair value, determined by reference to the asset's depreciated replacement cost.

Land under declared roads acquired prior to 1 July 2008 is measured at fair value. Land under declared roads acquired on or after 1 July 2008 is measured initially at cost of acquisition and subsequently at fair value. The fair value methodology applied by the Valuer-General Victoria is based on discounted site values for relevant municipal areas applied to land area under the arterial road network, including related reservations.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity the fair value may be derived from estimates of the present value of future cash flows.

Certain assets are acquired under finance leases, which may form part of a service concession arrangement (i.e. public private partnership). Refer to Notes 1(O) Leases and 1(Q) Commitments for more information.

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Property, plant and equipment.

Investments accounted for using the equity method

An associate is an entity over which DEDJTR exercises significant influence, but not control.

Investments in associates are accounted for in the financial statements using the equity method. Under this method, investments in associates are recognised at cost on initial recognition, and the carrying amounts are increased or decreased in subsequent years to recognise DEDJTR's share of the profits or losses of the associates after the dates of acquisition. DEDJTR's share of an associate's profit or loss is recognised in DEDJTR's net result as other economic flows. The share of post-acquisition movements in revaluation surpluses and any other reserves is recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, including dividends received or receivable from the associate.

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 operations are joint arrangements whereby DEDJTR, via its joint control of the arrangement, has rights to the net assets of the arrangements.

Interests in joint operations 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.

Leasehold improvements

The costs of leasehold improvements are capitalised as assets and depreciated over the shorter of the remaining term of the leases or the estimated useful life of the improvements.

Restrictive nature of cultural and heritage assets, Crown land and infrastructure assets

During the reporting period, DEDJTR also holds cultural assets, heritage assets and other non-financial physical assets (including Crown land and infrastructure assets) that DEDJTR intends to preserve because of their unique historical, cultural or environmental attributes.

In general, the fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets' use and/or disposal, they may impact the fair value of those assets and should be taken into account when the fair value is determined.

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 upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisers. 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 amount 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 movements in equity', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'Other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment are offset against one another in that class, but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated 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 DEDJTR.

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) Amortisation and Note 1(I) Impairment of non-financial assets.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Note 1: (continued)

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 most likely generate 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.

Biological assets

Breeding livestock are recognised as biological assets. These biological assets are measured at fair value less costs to sell and are revalued at 30 June each year.

For breeding livestock, fair value is based on the amount that could be expected to be received from the disposal of livestock with similar attributes.

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as an other economic flow.

Other non-financial assets

(i) Prepayments

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(N) Liabilities

Payables

Payables consist of:

- contractual payables such as accounts payable and unearned income including deferred income from concession notes. Accounts payable represents liabilities for goods and services provided to DEDJTR prior to the end of the financial year that are unpaid and arise when DEDJTR becomes obliged to make future payments in respect of the purchase of those goods and services, and

- statutory payables, such as goods and services tax (GST) and fringe benefits tax (FBT) 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 not included in the category of 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) Leases). The measurement basis subsequent to initial recognition depends on whether DEDJTR has categorised its interest bearing liabilities as either financial liabilities designated at fair value through profit or loss or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowing using the effective interest method.

The above classification depends on the nature and purpose of the interest bearing liabilities. DEDJTR determines the classification of its interest bearing liabilities at initial recognition.

Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised then it is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the department in the event of default.

The value of loans and other amounts guaranteed by the treasurer is disclosed in Note 21 Contingent assets and liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an other economic flow in the estimated consolidated comprehensive operating statement.

Provisions

Provisions are recognised when DEDJTR has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to wholly settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to wholly settle the present obligation, its carrying amount is the present value of those cash flows using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to wholly settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date.

(i) Salaries and wages, annual leave and sick leave

Liabilities for salaries and wages, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as current liabilities, as DEDJTR does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- nominal value if DEDJTR expects to wholly settle within 12 months, or
- present value if DEDJTR does not expect to wholly settle within 12 months.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where DEDJTR does not expect to wholly settle the liability within 12 months because it will not have an unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

- nominal value – if DEDJTR expects to wholly settle within 12 months, and
- present value – if DEDJTR does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised in the 'net result from transactions', except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the net result as an other economic flow (refer to Note 1(I)).

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment. DEDJTR recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Note 1: (continued)

Employee benefits on-costs

Employee benefits on-costs such as payroll tax and workers' compensation are recognised separately from the provision for employee benefits.

(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 infrastructure, property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. For service concession arrangements (see below), the commencement of the lease term is deemed to be the date the asset is commissioned. All other leases are classified as operating leases.

Finance leases

(i) DEDJTR as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that DEDJTR will obtain ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that DEDJTR, as lessee, will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating leases

(ii) DEDJTR as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Service concession arrangements

DEDJTR 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 or service concession arrangements (SCAs).

These SCAs usually take one of two main forms. In the more common form, the DEDJTR 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 (see Note 1(O)). The remaining components are accounted for as commitments (see Note 1(Q)) for operating costs, which are expensed in the comprehensive operating statement as they are incurred.

The other, less common form of SCA, is one in which DEDJTR grants to an operator, for a specified period of time, the right to collect fees from users of the SCA asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. These private sector entities typically lease land, and sometimes state works, from DEDJTR and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, will be returned to DEDJTR (the grantor).

There is currently no authoritative accounting guidance applicable to grantors (DEDJTR) on the recognition and measurement of the right of DEDJTR to receive assets from such concession arrangements. Due to the lack of such guidance, there has been no change to existing policy and those assets are not currently recognised.

(P) Equity

Contributed capital

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (ie 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 that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets 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 by owners.

The other, less common form of SCA, is one in which DEDJTR grants to an operator, for a specified period of time, the right to collect fees from users of the SCA asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. These private sector entities typically lease land, and sometimes state works, from DEDJTR and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, will be returned to DEDJTR (the grantor).

There is currently no authoritative accounting guidance applicable to grantors (DEDJTR) on the recognition and measurement of the right of DEDJTR to receive assets from such concession arrangements. Due to the lack of such guidance, there has been no change to existing policy and those assets are not currently recognised.

(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 20 Commitments for expenditure) 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 measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(S) Accounting for the 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 taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office (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 that are recoverable from or payable to the ATO are presented as operating cash flow on a net basis.

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

Note 1: (continued)

(T) Foreign currency

All foreign currency transactions are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the date of the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

Foreign currency translation differences are recognised in other economic flows.

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

(V) Australian accounting standards issued that are not yet effective

Certain new Australian accounting standards (AASs) have been published that are not mandatory for the 30 June 2015 reporting period. DTF assesses the impact of these new standards and advises DEDJTR of their applicability and early adoption where applicable.

For the financial year ended 30 June 2015, DEDJTR has assessed the new standards and has decided not to early adopt these standards as they will have no impact on DEDJTR.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9	Financial Instruments	1-Jan-18	The key changes introduced by AASB 9 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.
AASB 15	Revenue from Contracts with Customers	1-Jan-17	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

Note 2. Departmental (controlled) outputs

A description of departmental outputs performed during the financial year ended 30 June 2015 and the objectives of these outputs are summarised below.

Trade and export facilitation

Output description

Promotes business growth opportunities by providing development assistance and facilitation services to support increased productivity and competitiveness.

Objectives

Create more opportunities for businesses to grow and become more productive and competitive in the global market place.

Innovation and technology

Output description

Supports innovation by providing access to information and building capacity for the development and effective use of new practices and technologies to support increased productivity and competitiveness in Victoria.

Objectives

Support organisations and government to boost their productivity through innovation.

Tourism, marketing and major sports

Output description

Facilitates employment and long-term economic benefits of tourism, investment and international students coming to Victoria by positioning and marketing the state as a competitive tourism, investment and study destination.

Objectives

Promote Victoria to attract tourists, investors and students.

Employment

Output description

Provides programs to link business workforce needs with skilled migration and untapped labour sources to meet Victoria's skills requirements.

Objectives

Assist businesses in accessing skilled workers to align with Victoria's industry needs.

Regional development and regional cities

Output description

Guides the development and implementation of regional plans and strategies to manage growth and change in regional and rural Victoria. Provides for better infrastructure, facilities and services to strengthen the economic base of communities and to create jobs and improve career opportunities for regional Victorians.

Objectives

Provide market intelligence and assistance to organisations to make it easy to invest in Victoria.

Investment attraction, facilitation and major projects

Output description

Provides investment attraction and facilitation assistance to attract new international investment and encourage additional investment by companies already operating in Victoria. In addition, it also supports an increased share of national business investment in Victoria through the management and delivery of nominated development projects.

Objectives

Provide market intelligence and assistance to organisations to make it easy to invest in Victoria.

Transport safety and security

Output description

Provide transport safety regulation and investigations and transport safety and security management.

Objectives

Deliver initiatives and regulatory activities that will improve safety on Victoria's roads, public transport and waterways. This also includes activities aimed at maintaining the security of critical transport infrastructure and ensuring preparedness to respond to emergency situations within the transport system.

Supports the department's objective to provide safer transport services and infrastructure.

Integrated transport services

Output description

Provide metropolitan, regional and statewide transport services.

Objectives

Deliver reliable and cost-effective transport services and programs to improve the accessibility of the transport system.

Support the department's objective to deliver higher-quality transport services.

Note 2: (continued)

Energy and resources

Output description

Develops policy frameworks and delivers programs to ensure that consumers benefit from competitive, efficient, reliable and safe energy services and facilitate investment in coal, gas, renewable energy, targeted mineral resources; responsibly manage and support access to earth resources for current and future use; and, support technological development within these sectors.

Objectives

Provide market intelligence and assistance to organisations to make it easy to invest in Victoria. Create more opportunities for businesses to grow and become more productive and competitive in the global marketplace.

Small business assistance

Output description

Provide business information, advisory and referral services that contribute to the growth and development of small and medium-sized enterprises across Victoria.

Objectives

Create more opportunities for businesses to grow and become more productive and competitive in the global market place.

Transport system development and maintenance

Output description

Provide integrated transport system planning, public transport network improvements and maintenance, road network improvements, road asset management, and ports and freight network improvements and maintenance.

Objectives

Deliver strategic transport infrastructure planning to improve the transport system, capital initiatives to increase the capacity, efficiency and safety of the transport system, and maintenance programs to maintain the quality of the transport system.

Support the department's objective to deliver well-targeted improvements and maintenance to transport system assets.

Arts and cultural development

Output description

Provide industry assistance programs, infrastructure development and policy advice to the Victorian arts and cultural sector.

Objectives

Contribute to the development of the Victorian arts and cultural sector through the provision of industry assistance programs, infrastructure development and policy advice.

Agriculture

Output description

Provide an environment to enhance productive and competitive agricultural industries.

Objectives

Create conditions for increased productivity and access to markets for dairy, red meat, grains and horticulture industries.

Biosecurity

Output description

Deliver services to enable Victoria's primary industries to maintain access to markets.

Objectives

Minimise the impact of emergencies caused by biosecurity threats such as animal and plant diseases.

Sustainably manage fish and forest resources

Output description

Provide an environment to encourage the sustainable management of fish, game and forest resources.

Objectives

Assist in the efficient and sustainable allocation, use and responsible management of secure access to fisheries, forest and game resources for current and future use.

Industrial relations

Output description

Provide public and private sector industrial relations advice and strategic workforce management counsel to ministers and departmental and agency reviews.

Objectives

Support government with advice on key economic and financial issues, including longer-term economic development, regulation, financial strategy and taxation policy.

Schedule A – Controlled income and expenses for the financial year ended 30 June 2015

	Trade and export facilitation		Innovation and technology	
	(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014
Continuing operations				
Income from transactions				
Output appropriations	30,747	31,909	124,754	165,226
Regional Growth Fund appropriations	-	-	-	-
Special appropriations	-	-	-	-
Grants	159	-	-	2,000
Sale of services	-	-	-	-
Interest	-	-	-	21
Fair value of assets and services received free of charge	-	-	-	-
Other income	1,528	1,113	2,335	1,071
Total income from transactions	32,434	33,022	127,089	168,318
Expenses from transactions				
Grants and other transfers	(9,558)	(11,488)	(80,305)	(97,234)
Employee expenses	(8,510)	(7,471)	(19,080)	(15,677)
Capital asset charge	(222)	(222)	(3,170)	(3,170)
Depreciation and amortisation	(530)	(456)	(1,675)	(1,441)
Interest expense	(8)	(16)	(25)	(49)
Fair value of assets and services provided free of charge	-	-	-	-
Other operating expenses	(11,610)	(13,971)	(27,066)	(26,007)
Total expenses from transactions	(30,438)	(33,624)	(131,321)	(143,578)
Net result from transactions	1,996	(602)	(4,232)	24,740
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	17	7	53	23
Net gain/(loss) on financial instruments	-	(3)	-	(9)
Other gains/(losses) from other economic flows	(21)	(2)	(67)	(6)
Total other economic flows included in net result	(4)	2	(14)	8
Net result	1,992	(600)	(4,246)	24,748
Other economic flows – other comprehensive income				
Items that will not be reclassified to net result				
Transfer of asset revaluation surplus to accumulated surplus	-	-	-	-
Changes in physical asset revaluation surplus	60	-	191	-
Total other economic flows – other comprehensive income	60	-	191	-
Comprehensive result	2,052	(600)	(4,055)	24,748

Note 2: (continued)

Schedule A – Controlled income and expenses
for the financial year ended 30 June 2015 (continued)

	Tourism, Marketing and Major Sports		Employment		Regional development and regional cities		Energy and Resources		Investment Attraction, Facilitation and Major Projects		Small Business Assistance	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Continuing operations												
Income from transactions												
Output appropriations	91,063	77,043	10,364	10,904	59,149	59,329	101,262	90,905	111,278	113,117	28,122	27,793
Regional Growth Fund appropriations	-	-	-	-	121,377	136,000	-	-	-	-	-	-
Special appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Grants	75,261	74,268	-	-	12,256	7,740	-	-	-	-	3	-
Sale of services	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	4,796	5,016	-	-	213	276	-	-
Fair value of assets and services received free of charge	-	-	-	-	-	-	-	-	-	-	-	-
Other income	237	375	1	67	9,510	3,687	34,815	22,137	96,778	110,247	566	746
Total income from transactions	166,561	151,686	10,365	10,971	207,088	211,772	136,077	113,042	208,269	223,640	28,691	28,539
Expenses from transactions												
Grants and other transfers	(146,701)	(131,446)	(3,661)	(4,389)	(143,928)	(155,191)	(18,726)	(27,020)	(58,876)	(54,987)	(3,071)	(2,892)
Employee expenses	(9,326)	(7,974)	(3,121)	(3,094)	(25,810)	(21,796)	(27,051)	(25,467)	(29,226)	(25,373)	(10,737)	(8,935)
Capital asset charge	(1,528)	(1,529)	(59)	(59)	(527)	(527)	(809)	(810)	(3,930)	(3,185)	(299)	(299)
Depreciation and amortisation	(676)	(581)	(141)	(122)	(1,267)	(1,084)	(2,155)	(1,666)	(2,806)	(2,777)	(716)	(615)
Interest expense	(10)	(20)	(2)	(4)	(21)	(47)	(17)	(79)	(22)	(43)	(10)	(22)
Fair value of assets and services provided free of charge	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	(10,143)	(10,055)	(3,512)	(3,516)	(15,306)	(17,164)	(54,324)	(42,762)	(126,441)	(152,950)	(14,391)	(16,461)
Total expenses from transactions	(168,384)	(151,605)	(10,496)	(11,184)	(186,859)	(195,809)	(103,082)	(97,804)	(221,301)	(239,315)	(29,224)	(29,224)
Net result from transactions	(1,823)	81	(131)	(213)	20,229	15,963	32,995	15,238	(13,032)	(15,675)	(533)	(685)
Other economic flows included in net result												
Net gain/(loss) on non-financial assets	21	9	4	2	40	17	(11,002)	26	(432)	(4,944)	22	10
Net gain/(loss) on financial instruments	-	(1)	-	(1)	-	(6)	-	(8)	-	(8)	-	(4)
Other gains/(losses) from other economic flows	(27)	(3)	(6)	(1)	(51)	(5)	(78)	(7)	(60)	(6)	(29)	(3)
Total other economic flows included in net result	(6)	5	(2)	-	(11)	6	(11,080)	11	(492)	(4,958)	(7)	3
Net result	(1,829)	86	(133)	(213)	20,218	15,969	21,915	15,249	(13,524)	(20,633)	(540)	(682)
Other economic flows – other comprehensive income												
Items that will not be reclassified to net result												
Transfer of asset revaluation surplus to accumulated surplus	-	-	-	-	-	-	-	-	2,997	5,320	-	-
Changes in physical asset revaluation surplus	77	-	16	-	143	-	220	-	169	(5,320)	81	-
Total other economic flows – other comprehensive income	77	-	16	-	143	-	220	-	3,166	-	81	-
Comprehensive result	(1,752)	86	(117)	(213)	20,361	15,969	22,135	15,249	(10,358)	(20,633)	(459)	(682)

Note 2: (continued)

Schedule A – Controlled income and expenses
for the financial year ended 30 June 2015 (continued)

	Transport Safety and Security		Integrated Transport Services		Transport System Development and Maintenance		Arts Portfolio Agencies		Access industry development and innovation		Cultural Infrastructure and Facilities	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Continuing operations												
Income from transactions												
Output appropriations	206,277	-	1,841,640	-	646,383	-	127,322	-	15,552	-	24,561	-
Regional Growth Fund appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Special appropriations	-	-	908	-	-	-	-	-	-	-	-	-
Grants	15	-	(165)	-	15,605	-	-	-	-	-	-	-
Sale of services	4,002	-	8,249	-	12	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Fair value of assets and services received free of charge	3	-	1,772	-	23	-	-	-	-	-	-	-
Other income	42	-	299	-	1,878	-	89	-	86	-	86	-
Total income from transactions	210,339	-	1,852,703	-	663,901	-	127,411	-	15,638	-	24,647	-
Expenses from transactions												
Grants and other transfers	(76,804)	-	(1,829,312)	-	(595,273)	-	(123,679)	-	(12,639)	-	(20,671)	-
Employee expenses	(8,640)	-	(9,461)	-	(12,177)	-	(1,223)	-	(1,187)	-	(1,187)	-
Capital asset charge	(666)	-	(5,017)	-	(5,087)	-	(678)	-	(658)	-	(1,654)	-
Depreciation and amortisation	(580)	-	(689)	-	(948)	-	(749)	-	(727)	-	(727)	-
Interest expense	(14)	-	(12)	-	-	-	(2)	-	(2)	-	(2)	-
Fair value of assets and services provided free of charge	(919)	-	(230)	-	(448)	-	-	-	-	-	-	-
Other operating expenses	(6,965)	-	(7,094)	-	(33,229)	-	(612)	-	(780)	-	(759)	-
Total expenses from transactions	(94,588)	-	(1,851,815)	-	(647,162)	-	(126,943)	-	(15,993)	-	(25,000)	-
Net result from transactions	115,751	-	888	-	16,739	-	468	-	(355)	-	(353)	-
Other economic flows included in net result												
Net gain/(loss) on non-financial assets	(285)	-	(2,028)	-	(29,407)	-	4	-	3	-	3	-
Net gain/(loss) on financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Other gains/(losses) from other economic flows	18	-	43	-	36	-	(1)	-	(1)	-	(1)	-
Total other economic flows included in net result	(267)	-	(1,985)	-	(29,371)	-	3	-	2	-	2	-
Net result	115,484	-	(1,097)	-	(12,632)	-	471	-	(353)	-	(351)	-
Other economic flows – other comprehensive income												
Items that will not be reclassified to net result												
Transfer of asset revaluation surplus to accumulated surplus	-	-	-	-	-	-	-	-	-	-	-	-
Changes in physical asset revaluation surplus	(1,086)	-	(7,706)	-	(8,778)	-	-	-	-	-	-	-
Total other economic flows – other comprehensive income	(1,086)	-	(7,706)	-	(8,778)	-	-	-	-	-	-	-
Comprehensive result	114,398	-	(8,803)	-	(21,410)	-	471	-	(353)	-	(351)	-

Note 2: (continued)

Schedule A – Controlled income and expenses
for the financial year ended 30 June 2015 (continued)

	Agriculture		Biosecurity		Sustainably Manage Fish and Forest Resources		Industrial Relations		Departmental Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Continuing operations										
Income from transactions										
Output appropriations	125,751	-	41,032	-	28,847	-	1,259	-	3,615,363	576,226
Regional Growth Fund appropriations	-	-	-	-	-	-	-	-	121,377	136,000
Special appropriations	-	-	-	-	-	-	-	-	908	-
Grants	2,299	-	-	-	94	-	-	-	105,527	84,008
Sale of services	7,515	-	1,067	-	117	-	-	-	20,962	-
Interest	1,143	-	-	-	27	-	-	-	6,179	5,313
Fair value of assets and services received free of charge	-	-	-	-	-	-	-	-	1,798	-
Other income	14,503	-	2,732	-	3,536	-	-	-	169,021	139,443
Total income from transactions	151,211	-	44,831	-	32,621	-	1,259	-	4,041,135	940,990
Expenses from transactions										
Grants and other transfers	(8,831)	-	(1,791)	-	(13,893)	-	-	-	(3,147,719)	(484,647)
Employee expenses	(40,422)	-	(18,389)	-	(9,782)	-	(962)	-	(236,291)	(115,787)
Capital asset charge	(17,816)	-	(481)	-	(639)	-	-	-	(43,240)	(9,801)
Depreciation and amortisation	(12,933)	-	(408)	-	(1,862)	-	(3)	-	(29,592)	(8,742)
Interest expense	(11,856)	-	(22)	-	(20)	-	2	-	(12,043)	(280)
Fair value of assets and services provided free of charge	-	-	-	-	-	-	-	-	(1,597)	-
Other operating expenses	(40,575)	-	(19,205)	-	(6,265)	-	(296)	-	(378,573)	(282,886)
Total expenses from transactions	(132,433)	-	(40,296)	-	(32,461)	-	(1,259)	-	(3,849,055)	(902,143)
Net result from transactions	18,778	-	4,535	-	160	-	-	-	192,080	38,847
Other economic flows included in net result										
Net gain/(loss) on non-financial assets	192	-	176	-	186	-	-	-	(42,433)	(4,850)
Net gain/(loss) on financial instruments	(2)	-	-	-	-	-	-	-	(2)	(40)
Other gains/(losses) from other economic flows	1	-	-	-	-	-	-	-	(244)	(33)
Total other economic flows included in net result	191	-	176	-	186	-	-	-	(42,679)	(4,923)
Net result	18,969	-	4,711	-	346	-	-	-	149,401	33,924
Other economic flows – other comprehensive income										
Items that will not be reclassified to net result										
Transfer of asset revaluation surplus to accumulated surplus	-	-	-	-	-	-	-	-	2,997	5,320
Changes in physical asset revaluation surplus	(838)	-	-	-	-	-	-	-	(17,451)	(5,320)
Total other economic flows – other comprehensive income	(838)	-	-	-	-	-	-	-	(14,454)	-
Comprehensive result	18,131	-	4,711	-	346	-	-	-	134,947	33,924

Note 2: (continued)

Schedule B – Controlled assets and liabilities as at 30 June 2015

	Trade and Export Facilitation		Innovation and Technology		Tourism, Marketing and Major Sports		Employment	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Financial assets	19,111	17,066	64,977	101,958	3,979	11,726	8,530	7,243
Non-financial assets	2,104	5,359	25,210	35,913	29,599	31,241	562	1,429
Total assets	21,215	22,425	90,187	137,871	33,578	42,967	9,092	8,672
Total liabilities	(6,632)	(5,395)	(17,771)	(16,057)	(12,062)	(11,493)	(2,094)	(1,266)
Net assets	14,583	17,030	72,416	121,814	21,516	31,474	6,998	7,406

	Regional Development and Regional Cities		Energy and Resources		Investment Attraction, Facilitation and Major Projects		Small Business Assistance	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Financial assets	292,938	266,119	88,378	47,888	111,322	84,029	17,907	15,992
Non-financial assets	5,005	14,735	7,689	19,595	122,526	528,804	2,842	5,233
Total assets	297,943	280,854	96,067	67,483	233,848	612,833	20,749	21,225
Total liabilities	(31,367)	(23,484)	(24,911)	(21,228)	(70,021)	(53,129)	(8,482)	(6,804)
Net assets	266,576	257,370	71,156	46,255	163,827	559,704	12,267	14,421

	Transport Safety and Security		Integrated Transport Services		Transport System Development and Maintenance		Arts Portfolio Agencies	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Financial assets	105,505	-	1,056,172	-	700,846	-	123,951	-
Non-financial assets	22,059	-	34,755	-	286,256	-	74,195	-
Total assets	127,564	-	1,090,927	-	987,102	-	198,146	-
Total liabilities	(147,134)	-	(531,627)	-	(308,365)	-	(102)	-
Net assets	(19,570)	-	559,300	-	678,737	-	198,044	-

	Access Industry Development and Innovation		Cultural Infrastructure and Facilities		Agriculture		Biosecurity	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Financial assets	10,504	-	8,317	-	159,730	-	10,640	-
Non-financial assets	72,013	-	72,421	-	681,306	-	1,809	-
Total assets	82,517	-	80,738	-	841,036	-	12,449	-
Total liabilities	(99)	-	(99)	-	(361,562)	-	(15,924)	-
Net assets	82,418	-	80,639	-	479,474	-	(3,475)	-

	Sustainably Manage Fish and Forest Resources		Industrial Relations		Departmental total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Assets						
Financial assets	13,324	-	1,257	-	2,797,388	552,021
Non-financial assets	17,885	-	-	-	1,458,236	642,309
Total assets	31,209	-	1,257	-	4,255,624	1,194,330
Total liabilities	(11,918)	-	(638)	-	(1,550,808)	(138,856)
Net assets	19,291	-	619	-	2,704,816	1,055,474

Note 3. Restructuring of administrative arrangements and other asset transfers

Machinery of government changes

On 4 December 2014, the Governor in Council made an Order abolishing and renaming departments under Section 10 of the *Public Administration Act 2004*, (Victoria Government Gazette No. S 432). The order resulted in the renaming of the former Department of State Development, Business and Innovation (DSDBI) to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

On 24 December 2014, the government announced a restructure of its activities and issued Administrative Arrangements Order (No. 219) 2014 under Section 3 of the *Administrative Arrangements Act 1983* (Victoria Government Gazette No. S 460), which included the transfer of outputs between DEDJTR and other departments, to be effective 1 January 2015.

The following activities were transferred to/from DEDJTR on 1 January 2015:

Transferred from:	Transferred in:
Department of Transport, Planning and Local Infrastructure	Public Transport, Roads, Ports, Major Events, Moving Victoria, Regional Rail Link Authority
Department of Premier and Cabinet	Arts
Department of Environment, Land, Water and Planning	Agriculture
Department of Treasury and Finance	Workplace Relations
Transferred to:	Transferred out:
Department of Premier and Cabinet	Digital Government
Department of Environment, Land, Water and Planning	Regional Planning
Department of Health and Human Services	Sports and Recreation Victoria
Department of Treasury and Finance	CentTex

Transfers through contributed capital – Linking Melbourne Authority

On 5 May 2015, the Governor in Council, on the recommendation of the Minister for Roads and Road Safety, being the Project Minister for the approved project known as the East West Link Project (Eastern Section), under Section 100 of the *Major Transport Projects Facilitation Act 2009* specified, with effect from 20 May 2015, the additional project power to 'acquire, hold or dispose of, on behalf of the Crown, real or personal property' under Section 99(a) of that Act to be a specified project power exercisable by the secretary to the Department of Economic Development, Jobs, Transport and Resources as the Project Authority for the East West Link (Eastern Section) Project.

Machinery of government changes (cont.)

Net assets acquired by the department as a result of the re-assignment of these outputs are recognised in the balance sheet immediately at the carrying amount of those assets in the balance sheet prior to the transfer. The following table summarises the results of these reassignments.

	(\$ thousand)				
	Received from				
	DTPLI	DPC	DELWP	DTF	Total
Controlled					
Cash	807,663	140,664	52,164	-	1,000,491
Other financial assets	740,346	28	91,880	411	832,665
Total financial assets	1,548,009	140,692	144,044	411	1,833,156
Non-financial assets					
Intangibles	7,346	553	35,353	-	43,252
Property, plant and equipment	79,387	223,001	676,377	13	978,778
Other non-financial assets	-	-	2,239	-	2,239
Total non-financial assets	86,733	223,554	713,969	13	1,024,269
Total assets	1,634,742	364,246	858,013	424	2,857,425
Liabilities					
Employee benefits	23,511	1,952	-	411	25,874
Payables	741,485	-	70,647	-	812,132
Borrowings	-	-	259,422	-	259,422
Other liabilities	30,062	1,759	53,915	13	85,749
Total liabilities	795,058	3,711	383,984	424	1,183,177
Net assets	839,684	360,535	474,029	-	1,674,248

Note 3: (continued)

Machinery of government changes (continued)

	(\$ thousand)				
	Received from				
	DTPLI	DPC	DELWP	DTF	Total
Administered					
Cash	11,015	-	480	-	11,495
Other financial assets	44,587	-	58,210	-	102,797
Total financial assets	55,602	-	58,690	-	114,292
Non-financial assets					
Intangibles	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets	55,602	-	58,690	-	114,292
Liabilities					
Employee benefits	-	-	-	-	-
Payables	13,113	-	662	-	13,775
Borrowings	-	-	-	-	-
Other liabilities	342,347	-	20,793	-	363,140
Total liabilities	355,460	-	21,455	-	376,915
Net assets	(299,858)	-	37,235	-	(262,623)

Net assets relinquished by the department as a result of the reassignment of these outputs are recognised in the balance sheet immediately at the carrying amount of those assets in the balance sheet prior to the transfer. The following table summarises the results of these reassignments.

	(\$ thousand)				
	Transferred to				
	DPC	DELWP	DHHS	DTF	Total
Controlled					
Cash	17,249	-	-	-	17,249
Other financial assets	2,026	717	191	-	2,934
Total financial assets	19,275	717	191	-	20,183
Non-financial assets					
Intangibles	-	-	-	-	-
Property, plant and equipment	33	62	-	-	95
Other non-financial assets	-	-	-	-	-
Total non-financial assets	33	62	-	-	95
Total assets	19,308	779	191	-	20,278
Liabilities					
Employee benefits	2,000	717	191	-	2,908
Payables	-	-	-	-	-
Borrowings	-	-	-	-	-
Other liabilities	33	63	-	-	96
Total liabilities	2,033	780	191	-	3,004
Net assets	17,275	(1)	-	-	17,274

Note 3: (continued)

Machinery of government changes (continued)

	(\$ thousand)				
	Transferred to				
	DPC	DELWP	DHHS	DTF	Total
Administered					
Cash	-	-	-	-	-
Other financial assets	-	-	-	-	-
Investments	-	-	-	122,919	122,919
Total financial assets	-	-	-	122,919	122,919
Non-financial assets					
Intangibles	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets	-	-	-	122,919	122,919
Liabilities					
Employee benefits	-	-	-	-	-
Payables	-	-	-	-	-
Borrowings	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net assets	-	-	-	122,919	122,919

Transfers through contributed capital – Linking Melbourne Authority (LMA)

	(\$ thousand)
	Received from
	LMA
Controlled	
Cash	-
Other financial assets	43,907
Total financial assets	43,907
Non-financial assets	
Intangibles	
Property, plant and equipment	234,366
Other non-financial assets	-
Total non-financial assets	234,366
Total assets	278,273
Liabilities	
Employee benefits	-
Payables	-
Borrowings	-
Other liabilities	46,723
Total liabilities	46,723
Net assets	231,550

Note 3. (continued)

i) Transfer from the Department of Transport, Planning and Local Infrastructure (DTPLI) to Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

The Premier announced a restructuring of the Victorian Public Service on the 4 December 2014. Under Section 10 of the *Public Administration Act 2004*, the Governor in Council issued an Order (No. S 432) to abolish DTPLI, effective 1 January 2015 (inclusive). On 1 January 2015, the following outputs of DTPLI were transferred to DEDJTR.

The combined income and expenses for each of the outputs transferred in for the reporting period are as follows:

	(\$ thousand)		Total
	DTPLI (Jul-Dec 2014)	DEDJTR (Jan-Jun 2015)	
Transport Safety and Security			
Controlled income and expenses			
Income	118,796	210,339	329,135
Expenses	(127,780)	(94,855)	(222,635)
Administered income and expenses			
Income	1,155,067	1,182,959	2,338,026
Expenses	(1,203,805)	(1,188,241)	(2,392,046)
Integrated Transport Services			
Controlled income and expenses			
Income	2,064,099	1,852,703	3,916,802
Expenses	(2,193,408)	(1,853,800)	(4,047,208)
Administered income and expenses			
Income	19,318	17,776	37,094
Expenses	(72,880)	(9,120)	(82,000)
Transport System Development, Maintenance and Planning			
Controlled income and expenses			
Income	672,356	663,901	1,336,257
Expenses	(409,162)	(676,533)	(1,085,695)
Administered income and expenses			
Income	68,297	18,800	87,097
Expenses	(64,255)	(26,920)	(91,175)

ii) Transfer from the Department of Premier and Cabinet (DPC) to Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

The Premier announced a restructuring of the Victorian Public Service on the 4 December 2014. Under Section 10 of the *Public Administration Act 2004*, the Governor in Council issued an Order to transfer the functions in relation to Creative Victoria from DPC to DEDJTR effective 1 January 2015 (inclusive). On 1 January 2015, the following outputs of DPC were transferred to DEDJTR.

The combined income and expenses for each of the outputs transferred in for the reporting period are as follows:

	(\$ thousand)		Total
	DPC (Jul-Dec 2014)	DEDJTR (Jan-Jun 2015)	
Arts Portfolio Agencies			
Controlled income and expenses			
Income	99,253	127,411	226,664
Expenses	(41,873)	(126,940)	(168,813)
Access Industry Development and Innovation			
Controlled income and expenses			
Income	31,289	15,638	46,927
Expenses	(56,495)	(15,991)	(72,486)
Cultural Infrastructure and Facilities			
Controlled income and expenses			
Income	64,335	24,647	88,982
Expenses	(83,216)	(24,998)	(108,214)

Note 3. (continued)

iii) Transfer from the Department of Environment, Land, Water and Planning (DELWP) to Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

The Premier announced a restructuring of the Victorian Public Service on the 4 December 2014. Under Section 10 of the *Public Administration Act 2004*, the Governor in Council issued an Order to transfer the functions in relation to Agriculture, Biosecurity and the management of Fish and Forest Resources from DELWP to DEDJTR effective 1 January 2015 (inclusive). On 1 January 2015, the following outputs of DELWP were transferred to DEDJTR.

The combined income and expenses for each of the outputs transferred in for the reporting period are as follows:

	(\$ thousand)		
	DELWP (Jul-Dec 2014)	DEDJTR (Jan-Jun 2015)	Total
Agriculture			
Controlled income and expenses			
Income	141,841	151,211	293,052
Expenses	(149,215)	(132,242)	(281,457)
Administered income and expenses			
Income	27,152	80,692	107,844
Expenses	(21,749)	(86,215)	(107,964)
Biosecurity			
Controlled income and expenses			
Income	36,916	44,831	81,747
Expenses	(38,627)	(40,120)	(78,747)
Administered income and expenses			
Income	3,391	3,498	6,889
Expenses	(2,938)	(3,895)	(6,833)
Sustainably Manage Fish and Forest Resources			
Controlled income and expenses			
Income	40,402	32,621	73,023
Expenses	(43,174)	(32,275)	(75,449)
Administered income and expenses			
Income	11,843	17,253	29,096
Expenses	(12,006)	(18,996)	(31,002)

iv) Transfer from the Department of Treasury and Finance (DTF) to Department of Economic Development, Jobs, Transport and Resources (DEDJTR)

The Premier announced a restructuring of the Victorian Public Service on the 4 December 2014. Under Section 10 of the *Public Administration Act 2004*, the Governor in Council issued an Order to transfer the functions in relation to Industrial relations from DTF to DEDJTR effective 1 January 2015 (inclusive). On 1 January 2015, the following output of DTF was transferred to DEDJTR.

The combined income and expenses for each of the outputs transferred in for the reporting period are as follows:

	(\$ thousand)		
	DTF (Jul-Dec 2014)	DEDJTR (Jan-Jun 2015)	Total
Industrial Relations			
Controlled income and expenses			
Income	1,548	1,259	2,807
Expenses	(1,546)	(1,259)	(2,805)

Prior year comparatives for the former Department of State Development, Business and Innovation

On 9 April 2013, the Government announced a restructure of its activities and on 25 June 2013 issued Administrative Arrangements Order (No. 217) 2013 under the *Administrative Arrangements Act 1983*. The restructure resulted in a number of changes to DSDBI's functions and outputs. The outputs received, effective from 1 July 2013, are summarised below.

Controlled assets and liabilities acquired/relinquished at the date of financial transfer - 1 July 2013⁽ⁱ⁾

	(\$ thousand)				
	Regional Development & Regional Cities	Energy & Resources	Innovation & Technology	Industrial Relations	Departmental total
2014					
Assets					
Cash/SAU	40,886	7,624	722	(166)	49,066
Other financial assets	1,328	24,739	-	-	26,067
Cash - TCV investments	200,334	-	-	-	200,334
Intangibles	-	16,693	-	-	16,693
Property plant and equipment and leases	7,508	5,958	-	-	13,466
Total assets transferred in/(out)	250,056	55,014	722	(166)	305,626
Liabilities					
Employee benefits	(4,956)	(5,590)	(722)	166	(11,102)
Other liabilities	(14,986)	(13,179)	-	-	(28,165)
Total liabilities transferred (in)/out	(19,942)	(18,769)	(722)	166	(39,267)
Net assets transferred in/(out)	230,114	36,245	-	-	266,359

Note 3: (continued)

Administered assets and liabilities acquired/relinquished at the date of financial transfer - 1 July 2013 ⁽ⁱ⁾

(\$ thousand)					
	Regional Development & Regional Cities	Energy & Resources	Innovation & Technology	Industrial Relations	Departmental total
2014					
Assets					
Cash/SAU	-	3,214	-	-	3,214
Other financial assets	-	51,506	-	-	51,506
Total assets transferred in/(out)	-	54,720	-	-	54,720
Liabilities					
Other liabilities	-	(1,574)	-	-	(1,574)
Total liabilities transferred (in)/out	-	(1,574)	-	-	(1,574)
Net assets transferred in/(out)	-	53,146	-	-	53,146

(i) Consistent with the Order abolishing and renaming departments under Section 10 of the *Public Administration Act 2004*, (*Victoria Government Gazette* No. S 432), the 2014 amounts are for the former Department of State Development, Business and Innovation as it was renamed to the Department of Economic Development, Jobs, Transport and Resources.

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

(A) Summary of compliance with annual parliamentary appropriations

The following tables disclose the details of 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. Administered transactions are those that are undertaken on behalf of the State of Victoria over which the department has no control or discretion.

(\$ thousand)						
Appropriation Act						
	Annual appropriation		Advance from treasurer		Section 3(2)	
	2015	2014	2015	2014	2015	2014
Controlled						
Provision of outputs	616,662	615,786	85,772	-	-	-
Regional Growth Fund	121,377	136,000	-	-	-	-
Additions to net assets	98,486	81,367	32,579	-	-	-
Administered						
Payments made on behalf of the state	63,688	64,000	-	2,535	-	-
Total	900,213	897,153	118,351	2,535	-	-

(\$ thousand)								
Financial Management Act 1994								
	Section 29		Section 30		Section 32		Section 35	
	2015	2014	2015	2014	2015	2014	2015	2014
Controlled								
Provision of outputs	256,528	4,823	63,500	10,000	96,136	64,285	-	-
Regional Growth Fund	-	-	-	-	-	-	-	-
Additions to net assets	139,825	-	(63,500)	(5,000)	87,591	30,780	-	-
Administered								
Payments made on behalf of the state	-	-	-	(5,000)	656	-	-	-
Total	396,353	4,823	-	-	184,383	95,065	-	-

(\$ thousand)								
	Administrative Arrangements Act 1983 machinery of government change		Total parliamentary authority		Appropriations applied		Variance ⁽ⁱ⁾	
	2015	2014	2015	2014	2015	2014	2015	2014
Controlled								
Provision of outputs	2,754,262	-	3,872,860	694,894	3,615,363	576,223	257,497	118,671
Regional Growth Fund	-	-	121,377	136,000	121,377	136,000	-	-
Additions to net assets	796,531	-	1,091,512	107,147	958,313	43,834	133,199	63,313
Administered								
Payments made on behalf of the state	850	-	65,194	61,535	61,799	60,878	3,395	657
Total	3,551,643	-	5,150,943	999,576	4,756,852	816,935	394,091	182,641

(i) A number of the department's output programs and capital projects have been rescheduled to the next financial year due to delays in commencements, completion of milestones, and/or contract finalisation. Timing differences were associated with a range of asset and output initiatives including VicRoads and Public Transport Victoria delivered projects; these included regional rolling stock and public transport ticketing. As a result the department has obtained approval to rephase a component of this unspent funding into future years and has also applied for the remaining output budget to be carried over into the next financial year.

(B) Summary of compliance with special appropriations

(\$ thousand)			
Appropriations applied			
Authority	Purpose	2015	2014
Operating			
Section 213A (4) of the <i>Transport (Compliance and Miscellaneous) Act 1983</i>	Refund to public transport operators for administrative costs associated with ticket infringements	908	-
Total operating		908	-

Note 5. Income from transactions

(A) Grants

	(\$ thousand)	
	2015	2014
Grants from government and others	105,527	84,008
Total grants	105,527	84,008

(B) Other income

	(\$ thousand)	
	2015	2014
Land development (Kew Residential Services Redevelopment)	88,684	100,877
Trust income	49,259	29,898
Sale proceeds – land	14,283	-
Fines	6,828	-
Fees from other government agencies	626	-
Rental income	-	113
Miscellaneous income	9,341	8,556
Total other income	169,021	139,444

Note 6. Expenses from transactions

(A) Employee expenses

	(\$ thousand)	
	2015	2014
Salaries, wages, annual leave, long service leave and on-costs	(236,291)	(115,787)
Total employee expenses	(236,291)	(115,787)

(B) Depreciation and amortisation

	(\$ thousand)	
	2015	2014
Depreciation of property, plant and equipment	(24,009)	(6,053)
Amortisation of intangible assets	(5,583)	(2,690)
Total depreciation and amortisation	(29,592)	(8,743)

(C) Interest expense

	(\$ thousand)	
	2015	2014
Interest on finance leases	(12,043)	(280)
Total interest expense	(12,043)	(280)

(D) Grants and other transfers

	(\$ thousand)	
	2015	2014
Grants to portfolio agencies		
Public Transport Victoria	(1,859,312)	-
VicRoads	(494,981)	-
Arts Agencies	(120,487)	-
Tourism Victoria	(73,570)	(59,419)
Linking Melbourne Authority	(58,503)	-
Taxi Services Commission	(42,966)	-
Film Victoria	(19,871)	(21,940)
Other grants to portfolio agencies	(90,917)	(70,895)
Total grants to portfolio agencies	(2,760,606)	(152,254)
Grants to local government, libraries and local ports		
Local government and libraries	(79,559)	(80,751)
Local ports	(4,168)	-
Total grants to local government, libraries and local ports	(83,727)	(80,751)
Grants and other transfers to State Government departments		
Other State Government departments	(37,064)	(38,119)
Total grants and other transfers to State Government departments	(37,064)	(38,119)
Grants to external organisations and individuals		
Other non-government agencies	(266,321)	(213,523)
Total grants to external organisations and individuals	(266,321)	(213,523)
Total grants and other transfers	(3,147,719)	(484,647)

(E) Other operating expenses

	(\$ thousand)	
	2015	2014
Supplies and services		
Contracts and services	(165,922)	(93,618)
Computer services and equipment	(23,354)	(19,387)
Accommodation	(14,088)	(7,698)
Administrative expenses	(53,143)	(30,809)
Total supplies and services	(256,507)	(151,512)
Operating lease rental expenses		
– Minimum lease payments	(23,198)	(16,606)
Total operating lease rental expenses	(23,198)	(16,606)
Cost of goods sold/distributed ^(a)	(98,868)	(114,765)
Total other operating expenses	(378,573)	(282,883)

(a) Costs relate primarily to Kew Residential Services redevelopment.

Note 7. Other economic flows included in net result

(A) Net gain/(loss) on non-financial assets

	Note	(\$ thousand)	
		2015	2014
Gross proceeds from sale of property, plant and equipment			
Leased vehicles		1,668	-
Total proceeds		1,668	-
Write-down of inventory		(29)	-
Disposal of leased vehicles	10	(972)	-
Recognition of non-financial assets		1,421	-
Derecognition of property, plant and equipment	10	(2,280)	-
Gain/(loss) on disposal of property, plant and equipment	10	(790)	113
Impairment of infrastructure	10	(26,385)	-
Gain/(loss) arising from changes in fair value of biological assets	11	525	-
Decrease attributable to demise	11	(97)	-
Loss on disposal of intangible assets	12	(1,083)	(4,963)
Impairment of intangible assets	12	(14,411)	-
Total net loss on non-financial assets		(44,101)	(4,850)
Net losses on non-financial assets		(42,433)	(4,850)

(B) Net gains/(losses) on financial instruments

	(\$ thousand)	
	2015	2014
Impairment of listed instruments ⁽ⁱ⁾	(2)	(40)
Total net gains/(losses) on financial instruments	(2)	(40)

(C) Other gains/(losses) from other economic flows

	(\$ thousand)	
	2015	2014
Net loss arising from revaluation of long service leave liability ⁽ⁱⁱ⁾	(244)	(32)
Total other gains/(losses) from other economic flows	(244)	(32)
Total	(42,679)	(4,922)

(i) Fair value adjustment to listed securities.

(ii) Revaluation gain/(loss) due to changes in bond rates.

Note 8. Receivables

	(\$ thousand)	
	2015	2014
Current receivables		
Contractual		
Other receivables – government ⁽ⁱ⁾	5,730	10,369
Other receivables – non-government	53,775	12,004
	59,505	22,373
Statutory		
Amounts owing from Victorian Government ⁽ⁱⁱ⁾	1,201,483	122,989
GST input tax credit recoverable from the ATO	18,022	4,969
	1,219,505	127,958
Total current receivables	1,279,010	150,331
Non-current receivables		
Contractual		
Receivables – government ⁽ⁱ⁾	3,319	1,996
Other receivables – non-government	20,404	-
	23,723	1,996
Statutory		
Amounts owing from Victorian Government ⁽ⁱⁱ⁾	8,837	2,844
	8,837	2,844
Total non-current receivables	32,560	4,840
Total receivables	1,311,570	155,171

(i) The average credit period on sales of goods is 30 days. No interest is charged on receivables.

(ii) The amounts recognised from Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the consolidated fund as the commitments fall due.

Note 9. Investments

(A) Investments accounted using the equity method

The department had a joint venture interest with Monash University in the Australian Regenerative Medical Institute (ARMI). ARMI was established to construct and operate a facility that 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.

Non-current investment in associate

Name of entity	Country of incorporation	Measurement method	Ownership interest ⁽ⁱ⁾		(\$ thousand)	
			2015 %	2014 %	2015	2014
Australian Regenerative Medicine Institute (ARMI)	Australia	Equity method	-	20.00	-	35,000

(i) The interest of the department in the joint venture was 20 per cent in accordance with the agreement. The fair value of the ownership interest held by DEDJTR was equal to the value of cash invested in the joint venture, which amounted to \$0 at 30 June 2015 (\$35 million at 30 June 2014). The joint venture was transferred to the Department of Health and Human Services as at 1 January 2015 as a result of machinery of government changes.

Summarised financial information of joint venture interest in Australian Regenerative Medical Institute

	(\$ thousand)	
	2015	2014
Current assets	-	318
Non-current assets	-	129,111
Total assets	-	129,429
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	-	129,429
Share of jointly controlled entity's net assets	-	35,000
Share of jointly controlled entity's result after tax	-	-
Dividends received from jointly controlled entity	-	-

Contingent assets and capital commitments

The department's share of the expenditure commitments, contingent liabilities and capital commitments of its jointly controlled entity are disclosed in Notes 20 and 21 respectively.

Fair value measurement hierarchy

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
(\$ thousand)				
Investment in associate at fair value				
Investment in associate	-	-	-	-
Total of investment in associate at fair value	-	-	-	-

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
(\$ thousand)				
Investment in associate at fair value				
Investment in associate	35,000	-	-	35,000
Total of investment in associate at fair value	35,000	-	-	35,000

(B) Equity and management investments

Current investments

Term deposits: the department had no current investments with maturities greater than three months.

	(\$ thousand)	
	2015	2014
Non-current investments		
Equity and management investments		
Listed securities	94	90
Total current and non-current investments and other financial assets	94	90

(C) Investments accounted for using the proportionate consolidation method

On 1 January 2015, the department assumed responsibility for the Royal Melbourne Showgrounds and Biosciences Research Centre joint operations transferred from the former Department of Environment and Primary Industries (DEPI). Refer to Note 3, Restructuring of administrative arrangements for more information on the resulting transfers.

Note 9: (continued)

Royal Melbourne Showgrounds

In October 2003, the state, represented by the former Department of Primary Industries, entered into a joint operation agreement with the Royal Agricultural Society of Victoria Limited (RASV) to redevelop the Royal Melbourne Showgrounds. The agreement came into effect on 30 June 2005.

Two joint operation structures were established, an unincorporated joint operation to carry out and deliver the joint operation project, and an incorporated joint operation entity, Showgrounds Nominees Pty Ltd, to hold the assets of the joint operation and to enter into agreements on behalf of the state and RASV.

The state's contribution to the joint venture is \$100.7 million (expressed in 2004 dollars) while RASV has contributed its freehold title to the showgrounds land valued at \$51 million in June 2005. In June 2006, Showgrounds Nominees Pty Ltd entered into a Development and Operations Agreement (on behalf of the state and RASV) with the concessionaire, PPP Solutions (Showgrounds) Nominee Pty Ltd, to design, construct, finance and maintain the new facilities at the showgrounds.

The project operation term is 25 years from the date of commercial acceptance of completed works, which occurred in August 2006. The joint operation project is being delivered under the Partnerships Victoria Policy framework.

Biosciences Research Centre

In April 2008, the state, represented by the former Department of Environment and Primary Industries (DEPI), entered into a joint operations agreement with La Trobe University (La Trobe) to establish a world-class research facility at the University's Melbourne campus in Bundoora, AgriBio, Centre for AgriBioscience.

A similar structure to the showgrounds joint operation has been adopted comprising an unincorporated joint operation to carry out and deliver the joint operation project, and an incorporated joint operation entity, Biosciences Research Centre Pty Ltd to hold the assets of the joint operation and to enter into agreements on behalf of the state and La Trobe.

The state's contribution to the joint operation is \$227.3 million (expressed in May 2009 dollars), while La Trobe's contribution is \$60.4 million (expressed in May 2009 dollars).

On 30 April 2009, Biosciences Research Centre Pty Ltd entered into a Project Agreement (on behalf of the State and La Trobe) with Plenary Research Pty Ltd (the concessionaire) to design, construct, finance and maintain the facility over the project's operating term. The project's operating term is 25 years from the date of commercial acceptance, which occurred 18 July 2012. The joint operation project is being delivered under the Partnerships Victoria Policy framework.

The department pays quarterly service payments in full each quarter as they fall due, with La Trobe reimbursing the State to its agreed share. La Trobe has elected to pay its contribution, in part, upfront.

In addition, La Trobe contributes on a quarterly basis 25 per cent of the general facilities management, maintenance and minor work costs associated with the services.

In accordance with the Joint Operation Agreement, the participants are required to fund the administration expenses of the joint operation in equal shares of 50 per cent each.

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			2015 %	2014 %
Royal Melbourne Showgrounds	To carry out the redevelopment of the Royal Melbourne Showgrounds	Australia	50	-
Biosciences Research Centre	To establish a world-class research facility	Australia	75	-

Joint ventures accounted for using the proportionate consolidation method

The department's interest in assets, liabilities, income and expenses employed in the above joint ventures is detailed below. The amounts are included in the financial statements under their respective categories.

	(\$ thousand)	
	2015	2014
Royal Melbourne Showgrounds		
Current assets		
Cash and deposits	287	-
Receivables – contributions receivable	4,700	-
Receivables – accrued income	181	-
Total current assets	5,168	-
Non-current assets		
Receivables – contributions receivable (Note 8)	20,404	-
Property, plant and equipment	90,930	-
Total non-current assets	111,334	-
Total assets	116,502	-
Current liabilities		
Payables	1,660	-
Borrowings	1,213	-
Unearned income	-	-
Total current liabilities	2,873	-
Non-current liabilities		
Borrowings	44,517	-
Unearned income	2,422	-
Total non-current liabilities	46,939	-
Total liabilities	49,812	-
Income	1,418	-
Expenses	3,356	-
Biosciences Research Centre		
Current assets		
Accrued income	6,164	-
Total current assets	6,164	-
Non-current assets		
Property, plant and equipment	139,773	-
Intangible assets	32,620	-
Total non-current assets	172,393	-
Total assets	178,557	-
Current liabilities		
Accrued expenses	6,164	-
Borrowings	1,761	-
Total current liabilities	7,925	-
Non-current liabilities		
Borrowings	199,052	-
Total non-current liabilities	199,052	-
Total liabilities	206,977	-
Income	14,684	-
Expenses	14,684	-

Contingent liabilities and commitments

Contingent liabilities and commitments arising from department's interests in joint ventures are disclosed in Note 20 Commitments for Expenditure and Note 21 Contingent assets and contingent liabilities.

Note 10. Property, plant and equipment

Classification by 'Purpose Groups'⁽ⁱ⁾ – carrying amounts

	Public administration		Transportation and communications		Public safety and environment		Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Land								
Land – fair value	83,339	107,650	163,877	-	328,231	-	575,447	107,650
	83,339	107,650	163,877	-	328,231	-	575,447	107,650
Buildings and structures								
Buildings and structures at fair value	6,459	6,459	73,258	-	518,298	-	598,015	6,459
Less: Accumulated depreciation	(594)	(470)	-	-	(77,652)	-	(78,246)	(470)
	5,865	5,989	73,258	-	440,646	-	519,769	5,989
Building leasehold								
Building leasehold – at fair value ⁽ⁱⁱ⁾	6,869	6,094	-	-	11,804	-	18,673	6,094
Less: Accumulated amortisation	-	(122)	-	-	(7,259)	-	(7,259)	(122)
	6,869	5,972	-	-	4,545	-	11,414	5,972
Leasehold Improvements								
Leasehold improvements – at fair value	33,422	31,719	19,165	-	993	-	53,580	31,719
Less: Accumulated amortisation	(18,264)	(15,773)	(6,092)	-	(953)	-	(25,309)	(15,773)
	15,158	15,946	13,073	-	40	-	28,271	15,946
Total land, buildings and structures, building leasehold and leasehold improvements	111,231	135,557	250,208	-	773,462	-	1,134,901	135,557

	Public administration		Transportation and communications		Public safety and environment		Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Plant and equipment								
Plant and equipment at fair value	5,012	4,854	1,900	-	103,973	-	110,885	4,854
Less: Accumulated depreciation	(3,988)	(3,830)	(377)	-	(77,853)	-	(82,218)	(3,830)
	1,024	1,024	1,523	-	26,120	-	28,667	1,024
Plant and equipment under finance lease – at fair value	4,715	4,985	2,032	-	17,479	-	24,226	4,985
Less: Accumulated depreciation	(1,491)	(1,812)	(543)	-	(6,062)	-	(8,096)	(1,812)
	3,224	3,173	1,489	-	11,417	-	16,130	3,173
Total plant and equipment	4,248	4,197	3,012	-	37,537	-	44,797	4,197
Property, plant and equipment in the course of construction	29,791	355,235	55,325	-	45,815	-	130,931	355,235
Total property, plant and equipment	145,270	494,989	308,545	-	856,814	-	1,310,629	494,989
Infrastructure								
Infrastructure at fair value	28,508	66,305	25,272	-	-	-	53,780	66,305
Less: Accumulated depreciation	(2,097)	(2,268)	-	-	-	-	(2,097)	(2,268)
Total infrastructure	26,411	64,037	25,272	-	-	-	51,683	64,037
Cultural assets								
Cultural assets at fair value	-	-	256	-	11,981	-	12,237	-
Less: Accumulated depreciation	-	-	-	-	(2,353)	-	(2,353)	-
Total cultural assets	-	-	256	-	9,628	-	9,884	-
Net carrying amount of property, plant, equipment, infrastructure and cultural assets	171,681	559,026	334,073	-	866,442	-	1,372,196	559,026

(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 asset's 'nature' (i.e. buildings, plant and equipment, etc.), with each sub-category being classified as a separate class of asset for financial reporting purposes.

(ii) Building leasehold is for a term of 150 years from the year 1990.

Note 10. (continued)

Classification by 'Public Administration' purpose group
– movements in carrying amounts

	Land at fair value		Buildings and structures at fair value		Buildings leasehold		Leasehold improvements	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening balance	107,650	93,887	5,989	10,045	5,972	6,033	15,946	14,336
Additions	-	16,150	-	-	-	-	1,702	1,580
Disposals	-	-	-	-	-	-	-	(73)
Net revaluation increments/decrements	-	-	-	-	957	-	-	-
Transfers via contributed capital	(21,677)	(7,425)	-	(5,809)	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-
Transfers to classified as held for sale	-	-	-	-	-	-	-	-
Net machinery of government transfers	-	5,038	-	2,044	-	-	-	2,843
Depreciation/amortisation expense	-	-	(124)	(291)	(61)	(61)	(2,490)	(2,740)
Received/given free of charge	-	-	-	-	-	-	-	-
Transfers to administered entity for disposal	(2,635)	-	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-	-	-
Recognition/(derecognition)	-	-	-	-	-	-	-	-
Closing balance	83,338	107,650	5,865	5,989	6,868	5,972	15,158	15,946

	Plant and equipment		Leased plant and equipment		In course of construction	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Opening balance	1,024	313	3,173	976	355,236	335,398
Additions	523	539	2,159	1,609	40,487	19,838
Disposals	(2)	(129)	(803)	(751)	-	-
Net revaluation increments/decrements	-	-	-	-	-	-
Transfers via contributed capital	-	-	-	(48)	(364,964)	-
Impairment of assets	-	-	-	-	-	-
Transfers to classified as held for sale	-	-	(47)	(25)	-	-
Net machinery of government transfers	-	847	(82)	2,692	-	-
Depreciation/amortisation expense	(468)	(546)	(1,105)	(1,280)	-	-
Received/given free of charge	-	-	(70)	-	-	-
Transfers to administered entity for disposal	-	-	-	-	-	-
Transfers between classes	-	-	-	-	(968)	-
Recognition/(derecognition)	(53)	-	-	-	-	-
Closing balance	1,024	1,024	3,225	3,173	29,791	355,236
	Infrastructure		Cultural assets		Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Opening balance	64,036	65,171	-	-	559,026	526,159
Additions	-	-	-	-	44,871	39,716
Disposals	-	-	-	-	(805)	(953)
Net revaluation increments/decrements	-	-	-	-	957	-
Transfers via contributed capital	(37,459)	-	-	-	(424,100)	(13,282)
Impairment of assets	-	-	-	-	-	-
Transfers to classified as held for sale	-	-	-	-	(47)	(25)
Net machinery of government transfers	-	-	-	-	(82)	13,464
Depreciation/amortisation expense	(1,134)	(1,135)	-	-	(5,382)	(6,053)
Received/given free of charge	-	-	-	-	(70)	-
Transfers to administered entity for disposal	-	-	-	-	(2,635)	-
Transfers between classes	968	-	-	-	-	-
Recognition/(derecognition)	-	-	-	-	(53)	-
Closing balance	26,411	64,036	-	-	171,680	559,026

Note 10. (continued)

Classification by 'Transportation and Communications' purpose group
– movements in carrying amounts

	Land at fair value		Buildings and structures at fair value		Buildings leasehold		Leasehold improvements	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening balance	-	-	-	-	-	-	-	-
Additions	5,617	-	-	-	-	-	27	-
Disposals	-	-	-	-	-	-	-	-
Net revaluation increments/decrements	(38,076)	-	5,521	-	-	-	-	-
Transfers via contributed capital	166,409	-	67,737	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-
Transfers to classified as held for sale	-	-	-	-	-	-	-	-
Net machinery of government transfers	28,177	-	-	-	-	-	9,978	-
Depreciation/ amortisation expense	-	-	-	-	-	-	(659)	-
Received/given free of charge	1,750	-	-	-	-	-	-	-
Transfers to administered entity for disposal	-	-	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-	3,727	-
Recognition/ (derecognition)	-	-	-	-	-	-	-	-
Closing balance	163,877	-	73,258	-	-	-	13,073	-

	Plant and equipment		Leased plant and equipment		In course of construction	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Opening balance	-	-	-	-	-	-
Additions	21	-	210	-	58,163	-
Disposals	(43)	-	(169)	-	-	-
Net revaluation increments/decrements	323	-	-	-	-	-
Transfers via contributed capital	220	-	-	-	-	-
Impairment of assets	-	-	-	-	(26,385)	-
Transfers to classified as held for sale	-	-	(8)	-	-	-
Net machinery of government transfers	1,323	-	1,637	-	27,275	-
Depreciation/amortisation expense	(101)	-	(191)	-	-	-
Received/given free of charge	-	-	11	-	-	-
Transfers to administered entity for disposal	-	-	-	-	-	-
Transfers between classes	(220)	-	-	-	(3,727)	-
Recognition/(derecognition)	-	-	-	-	-	-
Closing balance	1,523	-	1,490	-	55,326	-
	Infrastructure		Cultural assets		Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Opening balance	-	-	-	-	-	-
Additions	-	-	-	-	64,038	-
Disposals	-	-	-	-	(212)	-
Net revaluation increments/decrements	14,406	-	256	-	(17,570)	-
Transfers via contributed capital	-	-	-	-	234,366	-
Impairment of assets	-	-	-	-	(26,385)	-
Transfers to classified as held for sale	-	-	-	-	(8)	-
Net machinery of government transfers	10,997	-	-	-	79,387	-
Depreciation/amortisation expense	(131)	-	-	-	(1,082)	-
Received/given free of charge	-	-	-	-	1,761	-
Transfers to administered entity for disposal	-	-	-	-	-	-
Transfers between classes	-	-	-	-	(220)	-
Recognition/(derecognition)	-	-	-	-	-	-
Closing balance	25,272	-	256	-	334,075	-

Note 10. (continued)

Classification by 'Public Safety and Environment' purpose group
- movements in carrying amounts

	Land at fair value		Buildings and structures at fair value		Buildings leasehold		Leasehold improvements	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Opening balance	-	-	-	-	-	-	-	-
Additions	-	-	29	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Net revaluation increments/decrements	(851)	-	13	-	-	-	-	-
Transfers via contributed capital	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-
Transfers to classified as held for sale	(16,819)	-	-	-	-	-	-	-
Net machinery of government transfers	360,905	-	445,844	-	4,853	-	175	-
Depreciation/ amortisation expense	-	-	(10,538)	-	(308)	-	(135)	-
Received/given free of charge	-	-	(208)	-	-	-	-	-
Transfers to administered entity for disposal	(15,004)	-	(804)	-	-	-	-	-
Transfers between classes	-	-	6,311	-	-	-	-	-
Recognition/ (derecognition)	-	-	-	-	-	-	-	-
Closing balance	328,231	-	440,647	-	4,545	-	40	-

	Plant and equipment		Leased plant and equipment		In course of construction	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Opening balance	-	-	-	-	-	-
Additions	6,711	-	3,280	-	11,069	-
Disposals	(119)	-	(69)	-	-	-
Net revaluation increments/decrements	-	-	-	-	-	-
Transfers via contributed capital	-	-	-	-	-	-
Impairment of assets	2	-	-	-	-	-
Transfers to classified as held for sale	-	-	(296)	-	-	-
Net machinery of government transfers	23,840	-	11,796	-	42,027	-
Depreciation/amortisation expense	(4,059)	-	(2,219)	-	-	-
Received/given free of charge	-	-	-	-	-	-
Transfers to administered entity for disposal	(267)	-	-	-	(1)	-
Transfers between classes	10	-	(1,075)	-	(6,474)	-
Recognition/(derecognition)	2	-	-	-	(808)	-
Closing balance	26,120	-	11,417	-	45,813	-
	Infrastructure		Cultural assets		Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014
Opening balance	-	-	-	-	-	-
Additions	-	-	-	-	21,089	-
Disposals	-	-	-	-	(188)	-
Net revaluation increments/decrements	-	-	-	-	(838)	-
Transfers via contributed capital	-	-	-	-	-	-
Impairment of assets	-	-	-	-	2	-
Transfers to classified as held for sale	-	-	-	-	(17,115)	-
Net machinery of government transfers	-	-	9,896	-	899,336	-
Depreciation/amortisation expense	-	-	(286)	-	(17,545)	-
Received/given free of charge	-	-	-	-	(208)	-
Transfers to administered entity for disposal	-	-	-	-	(16,076)	-
Transfers between classes	-	-	18	-	(1,210)	-
Recognition/(derecognition)	-	-	-	-	(806)	-
Closing balance	-	-	9,628	-	866,441	-

Note 10. (continued)

Classification by Purpose Groups – movements in carrying amounts

	Note	Public administration		Transportation and communications		Public safety and environment		Total	
		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
		2015	2014	2015	2014	2015	2014	2015	2014
Opening balance		559,026	526,159	-	-	-	-	559,026	526,159
Additions		44,871	39,716	64,038	-	21,089	-	129,998	39,716
Disposals	7(A), 13	(805)	(953)	(212)	-	(188)	-	(1,205)	(953)
Net revaluation increments/decrements	23(C)	957	-	(17,570)	-	(838)	-	(17,451)	-
Transfers via contributed capital	3	(424,100)	(13,282)	234,366	-	-	-	(189,734)	(13,282)
Impairment of assets	7(A)	-	-	(26,385)	-	2	-	(26,383)	-
Transfers to classified as held for sale	13(A)	(47)	(25)	(8)	-	(17,115)	-	(17,170)	(25)
Net machinery of government transfers	3	(82)	13,464	79,387	-	899,336	-	978,641	13,464
Depreciation/amortisation expense	6(B)	(5,382)	(6,053)	(1,082)	-	(17,545)	-	(24,009)	(6,053)
Received/given free of charge		(70)	-	1,761	-	(208)	-	1,483	-
Transfers to administered entity for disposal		(2,635)	-	-	-	(16,076)	-	(18,711)	-
Transfers between classes		-	-	(220)	-	(1,210)	-	(1,430)	-
Recognition/(derecognition)	7(A)	(53)	-	-	-	(806)	-	(859)	-
Closing balance		171,680	559,026	334,075	-	866,441	-	1,372,196	559,026

The following useful lives of assets are used in the calculation of depreciation and amortisation:

Asset class	Useful life	
	2015	2014
Buildings and structures	25 to 100 years	33 to 50 years
Buildings leasehold	7 to 150 years	150 years
Infrastructure	4 to 90 years	90 years
Cultural assets	5 to 100 years	-
Leasehold improvements	8 to 15 years	8 to 15 years
Plant and equipment	3 to 42 years	3 to 10 years
Leased plant and equipment	1 to 3 years	1 to 3 years
Intangible produced assets – software development	1 to 5 years	1 to 5 years

Aggregate depreciation and amortisation allocated and recognised as an expense⁽ⁱ⁾:

Asset class	(\$ thousand)	
	2015	2014
Buildings and structures	10,661	291
Buildings leasehold	504	62
Infrastructure	1,266	1,135
Cultural assets	286	-
Leasehold improvements	3,149	2,739
Plant and equipment	4,628	546
Leased plant and equipment	3,515	1,280
Total	24,009	6,053

(i) Amortisation of \$5.6 million relating to intangible produced assets is disclosed in Note 12.

Restricted Assets

The department holds \$8 million of properties listed as heritage assets which cannot be modified or disposed without formal ministerial approval.

Freehold Land

An independent valuation of the department's land and buildings was performed by the Valuer General Victoria to determine their fair value. 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. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings of comparable size and location to the department. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2015.

Note 10. (continued)

Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount as at 30 June 2015	Carrying amount as at 30 June 2014	(\$ thousand)					
			Fair value measurement at end of reporting period using:					
			Level 1 ⁽ⁱ⁾		Level 2 ⁽ⁱ⁾		Level 3 ⁽ⁱ⁾	
			2015	2014	2015	2014	2015	2014
Land at fair value								
Non-specialised land	242,648	99,850	-	-	242,648	99,850	-	-
Specialised land	332,798	7,800	-	-	-	-	332,798	7,800
Total of land at fair value	575,446	107,650	-	-	242,648	99,850	332,798	7,800
Buildings at fair value								
Specialised/heritage buildings	420,085	5,989	-	-	-	-	420,085	5,989
Non-Specialised/heritage buildings	99,685	-	-	-	99,685	-	-	-
Total of buildings at fair value	519,770	5,989	-	-	99,685	-	420,085	5,989
Plant, equipment and vehicles at fair value								
Vehicles ⁽ⁱⁱ⁾	16,130	3,173	-	-	-	-	16,130	3,173
Plant and equipment	28,667	1,024	-	-	91	-	28,576	1,024
Total plant, equipment & vehicles at fair value	44,797	4,197	-	-	91	-	44,706	4,197
Infrastructure at fair value								
Infrastructure	51,683	64,037	-	-	-	-	51,683	64,037
Total of infrastructure at fair value	51,683	64,037	-	-	-	-	51,683	64,037
Cultural assets at fair value								
Cultural Assets	9,885	-	-	-	24	-	9,861	-
Total cultural assets at fair value	9,885	-	-	-	24	-	9,861	-
Building Leasehold improvements at fair value								
Leasehold improvements	28,270	15,946	-	-	-	-	28,270	15,946
Total leasehold improvements at fair value	28,270	15,946	-	-	-	-	28,270	15,946
Building leasehold at fair value								
Building leasehold	11,414	5,972	-	-	11,414	5,972	-	-
Total building leasehold at fair value	11,414	5,972	-	-	11,414	5,972	-	-
Total property, plant, equipment and infrastructure at fair value	1,241,265	203,791	-	-	353,862	105,822	887,403	97,969

(i) Classified in accordance with the fair value hierarchy.

(ii) Vehicles are categorised to level 3 assets as depreciated replacement cost is used in estimating fair value.

Note 10. (continued)

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are 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.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria (VGV) to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location, and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation for the Public Administration sector and the Public Safety and Environment sector was 30 June 2012. For the Transport and Communications sector the effective date of the valuation was 30 June 2015.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as level 2 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that 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 would be classified as level 3 assets.

The income approach is also used for land and buildings as a valuation technique that converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

For the Public Administration output group, the majority of specialised buildings are valued using the depreciated replacement cost method. As the depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as level 3 fair value measurements. For the Transport sector output group, the majority of specialised buildings are valued using the market approach, adjusted for the associated depreciation and allowance for the buildings restricted use. As restricted use adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of Public Administration's specialised land and specialised buildings was performed by the VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2012. An independent valuation of the transport sector's specialised land and specialised buildings was performed by the VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2015. An independent valuation of Agriculture's specialised land and specialised buildings was performed by the VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2011.

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.

Heritage, structures and infrastructure assets

Heritage, structures and infrastructure assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of the Public Administration's sector's heritage assets and infrastructure was performed by the VGV. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation was 30 June 2012. An independent valuation of the Transport sector's infrastructure was performed by the VGV. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation was 30 June 2015. An independent valuation of public safety and environment sector's structures was performed by the VGV. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation was 30 June 2011.

Motor vehicles under finance lease

Vehicles are valued using the depreciated replacement cost method. The department acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers who set relevant depreciation rates during use to reflect the utilisation of the vehicles. As depreciated replacement cost is considered as significant, unobservable inputs in nature, motor vehicles under finance lease are classified as Level 3 fair value measurements.

Historic and cultural assets

Cultural assets (artworks) are valued using the depreciated replacement method in the public administration and transport sectors where research of similar examples in existence in Australia was conducted and an estimated cost for replacement was established. Depreciation from this value was then attributed to the asset. For the Public Safety and Environment sector, cultural and historic assets are valued using the market approach. Under this valuation method, the historic and cultural assets are determined by a comparison to similar examples of the artists' work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years.

To the extent that Public Safety and Environment artwork and historic assets do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach. For the Transport and Public Administration sector, as a depreciated replacement cost is considered as a significant, unobservable input in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Public Safety and Environment sector's artwork and historic assets was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2011. An independent valuation of the Transport sector's artwork and historic assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2015. An independent valuation of the Public Administration sector's heritage assets was performed by the VGV. The valuation was performed based on the depreciated replacement cost of the assets.

Note 10. (continued)

Reconciliation of level 3 fair value

	(\$ thousand)		(\$ thousand)				
	Specialised land	Specialised buildings and structures	Plant and equipment and vehicles	Infrastructure	Cultural Assets	Leasehold Improvements	Total
2014							
Opening balance	5,400	4,057	1,289	65,171	-	14,336	90,253
Purchases	-	-	2,146	-	-	1,580	3,726
Disposals	-	-	(879)	-	-	(73)	(952)
Administrative restructure/transfers via contributed capital	2,400	1,997	3,467	-	-	2,843	10,707
Depreciation	-	(65)	(1,826)	(1,135)	-	(2,739)	(5,765)
Subtotal	2,400	1,932	2,908	(1,135)	-	1,611	7,716
Closing balance 30 June 2014	7,800	5,989	4,197	64,036	-	15,947	97,969
2015							
Purchases	5,617	30	12,884	-	-	1,729	20,260
Disposals	-	-	(1,185)	-	-	-	(1,185)
Transfers in/(out) of Level 3 – assets classified as held for sale	(16,819)	-	(352)	-	-	-	(17,171)
Transfers in/(out) – free of charge	1,750	-	(59)	-	-	-	1,691
Transfers in/(out) – machinery of government transfers	330,772	417,728	38,398	10,997	9,874	10,153	817,922
Transfers between classes	-	9,938	(1,065)	967	16	3,727	13,583
Transfers in/(out) via contributed capital	(12,079)	-	(252)	(37,459)	-	-	(49,790)
Subtotal	309,241	427,696	48,369	(25,495)	9,890	15,609	785,310
Gains or losses recognised in net result							
Depreciation	-	(13,613)	(8,118)	(1,266)	(286)	(3,284)	(26,567)
Impairment	-	-	2	-	-	-	2
Recognition/(derecognition), (write-down) of assets	-	-	(66)	-	-	-	(66)
Subtotal	-	(13,613)	(8,182)	(1,266)	(286)	(3,284)	(26,631)
Gains or losses recognised in other economic flows – other comprehensive income							
Revaluation	15,757	13	323	14,406	256	-	30,755
Subtotal	15,757	13	323	14,406	256	-	30,755
Closing balance 30 June 2015	332,798	420,085	44,707	51,681	9,860	28,272	887,403
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-	-	-

Note 10. (continued)

Description of significant unobservable inputs to level 3 valuations

Asset class	Valuation technique ⁽ⁱ⁾	Significant unobservable inputs ⁽ⁱ⁾
2015		
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
	Income cash flow	Present value discount rate of 4.5%
Specialised/heritage buildings	Depreciated replacement cost	Direct cost per square metre
		Useful life of specialised buildings
Cultural assets	Depreciated replacement cost	Cost per unit
		Useful life of infrastructure
Specialised Structures	Depreciated replacement cost	Cost per unit
		Useful life of infrastructure
Infrastructure	Depreciated replacement cost	Cost per unit
		Useful life of infrastructure
Plant & equipment	Depreciated replacement cost	Cost per unit
		Useful life of plant and equipment

Description of significant unobservable inputs to level 3 valuations

Asset class	Valuation technique ⁽ⁱ⁾	Significant unobservable inputs ⁽ⁱ⁾
2014		
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
	Income cash flow	Present value discount rate of 4.5%
Specialised/heritage buildings	Depreciated replacement cost	Direct cost per square metre
		Useful life of specialised buildings
Infrastructure	Depreciated replacement cost	Cost per unit
		Useful life of infrastructure

(i) Illustrations on the valuation techniques, significant unobservable inputs and related quantitative range of those inputs are indicative and should not be directly used without consultation with the department's independent Valuer.

Note 11. Biological assets

The department recognises breeding livestock as biological assets.

	(No.)	
	2015	2014
Breeding livestock – pigs, sheep and cattle (by head count)	6,984	-

Reconciliation of carrying amount

	(\$ thousand)		
Note	2015	2014	
Movements in carrying amounts of breeding livestock			
Balance at 1 July	-	-	
Transfer from the former Department of Environment and Primary Industries	1,845	-	
Decrease attributable to sales	(800)	-	
Increase due to purchases	257	-	
Gain arising from changes in fair value of biological assets	7(A) 525	-	
Decrease attributable to demise	7(A) (97)	-	
Balance at 30 June	1,730	-	

Fair value measurement

	(\$ thousand)		
	Carrying amount 30 June 2015	Level 2 fair value measurement 30 June 2015	Carrying amount 30 June 2014
Breeding livestock – pigs, sheep and cattle	1,730	1,730	-
Total biological assets	1,730	1,730	-

Breeding livestock are carried at fair value. Fair value is based on relevant market indicators which include store cattle prices, abattoir market prices, and cattle prices received/quoted for the department's cattle at the reporting date. Prices for cattle generally reflect the shorter term spot prices available in the market place and vary depending on the weight and condition of the animal.

To the extent that livestock do not contain significant, unobservable adjustments, these biological assets are classified as Level 2 under the market approach. Refer to Note 1(b) for the fair value hierarchy.

There have been no transfers between levels during the period. There were no changes to valuation techniques throughout the period to 30 June 2015.

Note 12. Intangible assets

	Computer software		Other		Total	
	(\$ thousand)		(\$ thousand)		(\$ thousand)	
Note	2015	2014	2015	2014	2015	2014
Gross carrying amount						
Opening balance	18,324	1,543	20,598	24,947	38,922	26,490
Additions	3,018	701	327	-	3,345	701
Machinery of government transfers	3 33,254	16,694	32,923	-	66,177	16,694
Disposals	7(A) (8,434)	(614)	-	(4,349)	(8,434)	(4,963)
Impairment	7(A) (22,053)	-	-	-	(22,053)	-
Transfers between classes	417	-	-	-	417	-
Closing balance	24,526	18,324	53,848	20,598	78,374	38,922
Accumulated amortisation						
Opening balance	(2,690)	-	-	-	(2,690)	-
Amortisation	6(B) (5,519)	(2,690)	(64)	-	(5,583)	(2,690)
Machinery of government transfers	3 (22,686)	-	(239)	-	(22,925)	-
Disposals	7(A) 7,351	-	-	-	7,351	-
Impairment	7(A) 7,642	-	-	-	7,642	-
Transfers between classes	(26)	-	-	-	(26)	-
Closing balance	(15,928)	(2,690)	(303)	-	(16,231)	(2,690)
Net book value at end of financial year	8,598	15,634	53,545	20,598	62,143	36,232

Significant intangible assets

The Resource Rights Allocation Management (RRAM) software system with a written down value of \$11.03m was written off during the year. In addition, one of the systems (Pro-planner Data Base SQL Version Profit System) from Creative Victoria with a written down value of \$2,553 was also written off. The two items were evaluated by management as being impaired and no longer required by the department.

Other intangible assets includes deferred expenditure of \$20.977 million at 30 June 2015 (2014: \$20.597 million) for the development of Parkville Gardens by Major Projects Victoria. The value for the development of Parkville Gardens is progressively expensed in line with the sale of properties. Parkville Gardens Development was tested for impairment at 30 June 2015 (2014: nil) and no write-down was charged to the net result.

Note 13. Non-financial physical assets classified as held for sale including disposal group assets and directly associated liabilities

(A) Non-financial physical assets including disposal group assets classified as held for sale

	(\$ thousand)	
	2015	2014
Current assets		
Land held for resale	16,819	-
Plant, equipment and other assets held for resale	186	-
Leased motor vehicles held for sale ⁽ⁱ⁾	41	25
Total	17,046	25

(B) Liabilities directly associated with assets classified as held for sale including disposal groups

	(\$ thousand)	
	2015	2014
Current liabilities		
Finance lease liabilities – motor vehicles	33	25
Total	33	25

(C) Fair value measurement of non-financial physical assets held for sale ⁽ⁱⁱ⁾

	Carrying amount as at 30 June 2015	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:					
			Level 1		Level 2		Level 3	
			2015	2014	2015	2014	2015	2014
Current assets								
Land held for resale	16,819	-	-	-	-	-	16,819	-
Plant, equipment and other assets held for resale	186	-	-	-	-	-	186	-
Leased motor vehicles held for sale ⁽ⁱ⁾	41	25	-	-	-	-	41	25
Total	17,046	25	-	-	-	-	17,046	25

(i) The Department holds a leased motor vehicle which it intends to sell in the next 12 months.

(ii) Classified in accordance with the fair value hierarchy, refer Note 1 (M).

Note 14. Inventories

	Note	(\$ thousand)	
		2015	2014
Current inventories			
Work in progress at net realisable value ⁽ⁱ⁾	1(M)	412	10,168
Total Inventories		412	10,168

(i) Major Projects Victoria manages the Kew Residential Services Redevelopment project.

The land for the project is held as inventory until it is sold.

Note 15. Payables

	Note	(\$ thousand)	
		2015	2014
Current payables			
Contractual			
Amounts payable to other government agencies ⁽ⁱ⁾	22	846,458	10,540
Other payables ⁽ⁱⁱ⁾	22	182,142	79,467
		1,028,600	90,007
Statutory			
Other payables		8,622	9,151
Total current payables		1,037,222	99,158
Non-current payables			
Contractual			
Other payables	22	52,983	1,200
Total non-current payables		52,983	1,200
Total payables		1,090,205	100,358

(i) Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

(ii) The average credit period is 30 days. Interest is not charged on late payments.

(A) Maturity analysis of contractual payables

Refer to Note 22 for the ageing analysis of contractual payables.

(B) Nature and extent of risk arising from contractual payables

Refer to Note 22 for the nature and extent of risks arising from contractual payables.

Note 16. Borrowings

	Note	(\$ thousand)	
		2015	2014
Current borrowings			
Finance lease liabilities ⁽ⁱ⁾	19	10,368	1,750
Advances from government ⁽ⁱⁱ⁾		20,585	-
Total current borrowings		30,953	1,750
Non-current borrowings			
Finance lease liabilities ⁽ⁱ⁾	19	252,401	1,451
Total non-current borrowings		252,401	1,451
Total borrowings	22	283,354	3,201

(i) Secured by the leased assets.

(ii) Advances from government are unsecured loans which bear no interest. The terms of the loans are generally agreed by the Minister at the time the advance is provided.

(A) Maturity analysis of interest borrowings

Refer to Note 22 for the ageing analysis of borrowings.

(B) Nature and extent of risk arising from borrowings

Refer to Note 22 for the nature and extent of risks arising from borrowings.

(C) Defaults and breaches

During the current and prior year, there were no defaults and breaches of loans.

Note 17. Provisions

(A) Employee provisions

	(\$ thousand)	
	30 June 2015	30 June 2014
Current provisions		
Employee benefits ⁽ⁱ⁾		
Annual leave		
- Unconditional and expected to wholly settle within 12 months ⁽ⁱⁱ⁾	26,451	8,168
- Unconditional and expected to wholly settle after 12 months ⁽ⁱⁱⁱ⁾	4,010	1,341
Long service leave		
- Unconditional and expected to wholly settle within 12 months ⁽ⁱⁱ⁾	25,102	7,372
- Unconditional and expected to wholly settle after 12 months ⁽ⁱⁱⁱ⁾	32,511	9,549
	88,074	26,430
Provisions related to employee benefit on-costs		
- Unconditional and expected to wholly settle within 12 months ⁽ⁱⁱ⁾	8,524	1,875
- Unconditional and expected to wholly settle after 12 months ⁽ⁱⁱⁱ⁾	6,554	2,845
Other employee provisions		
- Performance incentive schemes	1,551	680
	16,629	5,400
Total current provisions	104,703	31,830
Non-current provisions		
Employee benefits ⁽ⁱ⁾	8,033	2,850
Provisions related to employee benefit on-costs	804	508
Total non-current provisions	8,837	3,358
Total provisions	113,540	35,188
Employee benefits and related on-costs		
Current employee benefits		
Annual leave entitlements	30,461	9,509
Unconditional long service leave entitlements	57,613	16,921
Performance incentive schemes	1,551	680
Non-current employee benefits		
Conditional long service leave entitlements	8,033	2,850
Total employee benefits	97,658	29,960
Non-current provisions		
Current on-costs	15,078	4,720
Non-current on-costs	804	508
Total on-costs	15,882	5,228
Total employee benefits and related on-costs	113,540	35,188

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) Nominal amounts are disclosed.

(iii) The amounts disclosed are discounted to present value.

Note 17. (continued)

(B) Other provisions

	(\$ thousand)	
	30 June 2015	30 June 2014
Land acquisition	58,113	-
Other	502	-
Total other provisions	58,615	-
Total provisions	172,155	35,188

(C) Movement in other provisions

	Land Acquisition	Other	Total
	(\$ thousand)		
	2015	2015	2015
Opening balance	-	-	-
Additions due to machinery of government changes	58,113	502	58,615
Closing balance	58,113	502	58,615
Current	58,113	502	58,615
Non-current	-	-	-
Closing balance	58,113	502	58,615

Note 18. Superannuation

Employees of DEDJTR are entitled to receive superannuation benefits and DEDJTR contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

DEDJTR 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. DTF recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of DEDJTR.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by DEDJTR are as follows:

	Paid contributions for the year		Contributions outstanding at year end ⁽ⁱ⁾	
	(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014
Fund				
Defined benefit plans⁽ⁱⁱ⁾				
State Superannuation Fund – revised and new	4,499	1,350	-	-
Defined contribution plans				
VicSuper	13,904	5,326	-	-
Other	5,049	2,097	-	-
Total	23,452	8,773	-	-

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

(ii) The above amounts were measured as at 30 June of each year, or in the case of employer contributions they relate to the years ended 30 June.

Note 19. Leases

(i) Leasing arrangements – Finance leases

Commissioned public private partnerships (PPPs)

Royal Melbourne Showgrounds

The State, represented by the former Department of Primary Industries has entered into a joint operation agreement with the Royal Agricultural Society of Victoria Limited (RASV) to redevelop the Royal Melbourne Showgrounds. The agreement came into effect on 30 June 2005. Two joint operation structures were established, an unincorporated joint operation to carry out and deliver the joint operation project, and an incorporated joint operation entity, Showgrounds Nominees Pty Ltd to hold the assets of the joint operation and to enter into agreements on behalf of the State and RASV.

In June 2006, Showgrounds Nominees Pty Ltd entered into a Development and Operations Agreement (on behalf of the State and RASV) with the Concessionaire, PPP Solutions (showgrounds) Nominee Pty Ltd to design, construct, finance and maintain the new facilities at the showgrounds. The project operation term is 25 years from the date of commercial acceptance of completed works, which occurred in August 2006. The showgrounds buildings will revert to the joint operation on the conclusion of the lease arrangement.

Commissioned PPPs related finance lease liabilities payable

	Minimum future lease payments		Present value of minimum future lease payments	
	(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014
Royal Melbourne Showgrounds				
Not longer than one year	5,724	-	1,213	-
Longer than one year but no later than five years	22,897	-	6,241	-
Longer than five years	63,752	-	38,276	-
Biosciences Research Centre				
Not longer than one year	19,423	-	1,761	-
Longer than one year but no later than five years	80,721	-	12,380	-
Longer than five years	353,779	-	186,671	-
	546,296	-	246,542	-

The payments that relate to the redevelopment of the showgrounds are accounted for as a finance lease as disclosed in the table below. In addition, the department also pays operating and maintenance costs.

Biosciences Research Centre

In April 2008, the State, represented by the former Department of Primary Industries entered into a joint operation agreement with La Trobe University (La Trobe) to establish a world class research facility known as AgriBio, Centre for AgriBioscience.

On 30 April 2009, Biosciences Research Centre Pty Ltd entered into a project agreement (on behalf of the State and La Trobe) with Plenary Research Pty Ltd (the Concessionaire) to design, construct, finance and maintain a facility over the project's operating term. The project's operating term is 25 years from the date of commercial acceptance, which occurred on July 18, 2012.

The service fee payments that relate to the project facility are accounted for as a finance lease as disclosed in the following table. In addition, the department also pays operating and maintenance costs.

(i) Leasing arrangements – Finance leases (continued)

Finance leases entered into by DEDJTR include Royal Melbourne Showgrounds, Biosciences Centre and motor vehicles.

	Note	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
		(\$ thousand)		(\$ thousand)	
		2015	2014	2015	2014
Finance lease liabilities payable (including PPPs)					
Not longer than one year		33,028	1,885	10,368	1,750
Longer than one year and not longer than five years		112,539	1,505	27,453	1,451
Longer than five years		416,136	-	224,948	-
Minimum lease payments⁽ⁱ⁾	16	561,703	3,390	262,769	3,201
Less future finance charges		(298,934)	(189)	-	-
Present value of minimum lease payments		262,769	3,201	262,769	3,201
Included in the financial statements as:					
Current borrowings	16	-	-	10,368	1,750
Non-current borrowings	16	-	-	252,401	1,451
Total interest bearing liabilities	22	-	-	262,769	3,201

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

(ii) Lessee – Operating leases

Leasing arrangements

Operating leases mainly relate to accommodation with lease terms of between two and 20 years. All operating lease contracts contain market review clauses in the event that the department exercises its option to renew. The department does not have an option to purchase the leased asset at the expiry of the lease period.

	(\$ thousand)	
	2015	2014
Non-cancellable operating leases		
Not longer than 1 year	35,739	20,135
Longer than 1 year but not longer than 5 years	127,350	76,018
Longer than 5 years	63,463	46,572
Non-cancellable operating leases (inclusive of GST)	226,552	142,725
less GST recoverable from the ATO ⁽ⁱ⁾	(20,144)	(12,567)
Non-cancellable operating leases (exclusive of GST)	206,408	130,158

(i) GST is not applicable to leases relating to overseas offices, which are included in this note.

Note 20. Commitments for expenditure

The following commitments have not been recognised as liabilities in the financial statements. Controlled commitments are payable as follows:

(A) Commitments other than public private partnerships (PPPs)

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 19 to the financial statements.

	(\$ thousand)	
	2015	2014
(i) Capital expenditure commitments		
Capital expenditure commitments include contracts for capital projects relating to infrastructure		
Not longer than 1 year	55,810	-
Longer than 1 year but not longer than 5 years	51,543	-
Longer than 5 years	22	-
Capital expenditure commitments (inclusive of GST)	107,375	-
Less GST recoverable from the ATO	(9,761)	-
Capital expenditure commitments (exclusive of GST)	97,614	-
(ii) Other operating commitments		
Commitments under outsourcing contracts for information technology and internal audit services at the reporting date but not recognised as liabilities, and other agriculture commitments for operating maintenance and life cycle costs are payable:		
Not longer than 1 year	8,428	500
Longer than 1 year but not longer than 5 years	9,206	-
Other operating commitments (inclusive of GST)	17,634	500
less GST recoverable from the ATO	(1,603)	(45)
Other operating commitments (exclusive of GST)	16,031	455
(iii) Grant commitments		
Commitments for the payment of grants under long-term contracts in existence at the reporting date but not recognised as liabilities and are payable:		
Not longer than 1 year	321,691	281,234
Longer than 1 year but not longer than 5 years	303,497	209,081
Longer than 5 years	14,003	1,221
Grant commitments (inclusive of GST)	639,191	491,536
less GST recoverable from the ATO	(58,108)	(44,685)
Grant commitments (exclusive of GST)	581,083	446,851

	(\$ thousand)	
	2015	2014
(iv) Major Projects Victoria		
Commitments for payments under contract in relation to projects in existence at the reporting date but not recognised as liabilities and are payable:		
Not longer than 1 year	68,306	51,140
Longer than 1 year but not longer than 5 years	5,994	828
Longer than 5 years	1,597	211
Major Projects Victoria (inclusive of GST)	75,897	52,179
less GST recoverable from the ATO	(6,900)	(4,744)
Major Projects Victoria (exclusive of GST)	68,997	47,435

(B) Public private partnerships commitments

(i) Commissioned public private partnerships – other finance lease commitments ⁽ⁱ⁾

	Nominal value		Net present value	
	(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014
Royal Melbourne Showgrounds ⁽ⁱⁱ⁾	20,649	-	11,703	-
Biosciences Research Centre ^{(iii) (iv)}	310,518	-	123,562	-
Total	331,167	-	135,265	-
less GST recoverable from the ATO	(30,106)	-	(12,297)	-
Capital expenditure commitments (exclusive of GST)	301,061	-	122,968	-

(i) Other commitments relate to operating maintenance and life cycle costs.

(ii) The figures represent 50 percent of the total commitment under the terms of the joint arrangement with Royal Melbourne Showgrounds.

(iii) The figures represent 100 percent of the operating commitment, and 25 percent of the general operating costs recouped from La Trobe University.

(iv) Other operating commitments for the Biosciences Research Centre exclude pass through costs related to utilities, waste management and insurance on the basis that they are variable in nature and cannot be reliably estimated.

The value of pass through costs in 2014-15 was \$3.02 million.

(ii) Commitments payable

	(\$ thousand)	
	2015	2014
Public private partnership commitments		
Not later than one year	9,334	-
Later than one year but no later than five years	38,012	-
Later than five years	283,821	-
Total public private partnership commitments	331,167	-
less GST recoverable from the ATO	(30,106)	-
Capital expenditure commitments (exclusive of GST)	301,061	-

Note 21. Contingent assets and liabilities

	(\$ thousand)	
	2015	2014
Contingent liabilities		
Legal disputes	350	-
Personal injury	430	-
Financial guarantee – letter of credit ICAAN, arrangement with Westpac	307	307
Mining rehabilitation	152	67
Total	1,239	374

Non-quantifiable contingent liabilities – controlled entity

There are a number of litigation matters underway at balance date, the details of which are not disclosed so as not to prejudice the cases.

Contingent liabilities are not secured over any of the assets of the department.

Compulsory property acquisition

The State has compulsorily acquired a number of properties (residential and commercial) through the *Land Acquisition and Compensation Act 1986* to facilitate delivery of various transport projects. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

Public acquisition overlays for the future development of rail and road infrastructure

Public acquisition overlays are in place in order to reserve certain areas of land for future development of rail and road infrastructure. Under Section 98 of the *Planning and Environment Act 1987*, the State has a legislative responsibility to compensate eligible land and property owners who face either:

- loss on sale – an eligible landowner is entitled to compensation for the incremental loss on sale when a property affected by a public acquisition overlay is sold for less than its market value, or
- financial loss – the entitlement to financial loss compensation is triggered when a development permit is refused because the property is required for a public purpose.

Compensation and purchase claims occur as a result of claims by land owners. The future liability depends on factors including the number of claims received and the prevailing value of land at the time the claim is made, which cannot be reliably quantified.

Non-quantifiable contingent liabilities – joint arrangements

Royal Melbourne Showgrounds

Under the State Support Deed – Core Land, the State has undertaken to ensure the performance of the payment obligations in favour of the Concessionaire and the performance of the joint venture financial obligations in favour of the security trustee.

Under the State's commitment to RASV, the State has agreed to support certain obligations of RASV that may arise out of the Joint Operation Agreement. In accordance with the terms set out in the State Commitment to RASV, the State will pay (in the form of a loan), the amount requested by RASV. If any outstanding loan amount remains unpaid at the date which is 25 years after the commencement of the operation term under the Development and Operation Agreement, RASV will be obliged to satisfy and discharge each such outstanding loan amount. This may take the form of a transfer to the State, of the whole of the RASV participating interest in the joint operation.

The State has also entered into an agreement through the State Support Deed – Non-Core Land with Showgrounds Retail Developments Pty Ltd and the RASV whereby the State agrees to support certain payment obligations of RASV that may arise under the Non-Core Development Agreement.

Biosciences Research Centre

The service fee payment obligations of Biosciences Research Centre Pty Ltd (on behalf of the joint venture participants) are supported by the State of Victoria via a State Support Deed. Under this deed, the State ensures that the joint operation participants have (severally) the financial capacity to meet their payment obligations to the company, thereby enabling the company to meet its obligations to pay the service fee to the Concessionaire pursuant to the project agreement. The State underwrites the risk of any default by the Biosciences Research Centre Pty Ltd.

Note 22. Financial instruments

(A) Financial risk management objectives and policies

The department's activities expose it primarily to the financial risk of changes in interest rates. The department does not enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

The department does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The department's principal financial instruments comprise:

- cash assets
- term deposits
- investments-equities
- receivables (excluding statutory receivables)
- payables (excluding statutory payables)
- borrowings, and
- finance lease liabilities payable.

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

The main purpose in holding financial instruments is to prudentially manage the department's financial risks within the government policy parameters.

The department uses different methods to measure and manage the different risks to which it is exposed.

The carrying amounts of the department's contractual financial assets and financial liabilities by category are disclosed in the table below:

Table 22.1: Categorisation of financial instruments

	(\$ thousand)		
	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
2015			
Contractual financial assets			
Cash and deposits	1,485,724	-	1,485,724
Receivables ⁽ⁱ⁾	83,228	-	83,228
Investments-equities	94	-	94
Total contractual financial assets	1,569,046	-	1,569,046
Contractual financial liabilities			
Payables ⁽ⁱ⁾			
– Supplies and services	-	1,081,583	1,081,583
Borrowings	-	283,354	283,354
Total contractual financial liabilities	-	1,364,937	1,364,937

Note 22. (continued)

Table 22.1: Categorisation of financial instruments (continued)

	(\$ thousand)		
	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
2014			
Contractual financial assets			
Cash and deposits	396,760	-	396,760
Receivables ⁽ⁱ⁾	24,369	-	24,369
Investments-equities	90	-	90
Total contractual financial assets	421,219	-	421,219
Contractual financial liabilities			
Payables ⁽ⁱ⁾			
– Supplies and services	-	91,207	91,207
Borrowings	-	3,201	3,201
Total contractual financial liabilities	-	94,408	94,408

(i) Receivables and payables disclosed above exclude Statutory Receivables (ie. GST recoverable) and Statutory Payables (ie. Taxes payable).

Table 22.2: Net holding gain/(loss) on financial instruments by category

	(\$ thousand)		
	Net holding gain/(loss)	Total interest income/(expense)	Total
2015			
Contractual financial assets			
Cash and deposits	-	6,179	6,179
Total contractual financial assets	-	6,179	6,179
Contractual financial liabilities			
Financial liabilities at amortised cost	-	(12,043)	(12,043)
Total contractual financial liabilities	-	(12,043)	(12,043)
2014			
Contractual financial assets			
Cash and deposits	-	5,312	5,312
Total contractual financial assets	-	5,312	5,312
Contractual financial liabilities			
Financial liabilities at amortised cost	-	(280)	(280)
Total contractual financial liabilities	-	(280)	(280)

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

For cash and cash equivalents, loans or receivables, and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from

revaluation of the financial assets, and minus any impairment recognised in the net result.

For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, and plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

(B) Credit risk

Credit risk arises from the contractual financial assets of the department, which comprise cash and deposits, non-statutory receivables and available-for-sale contractual financial assets. The department's exposure to credit risk arises from the potential default of the 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 financial assets is minimal because its main debtor is the Victorian Government. For debtors other than government, it is the department's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements where appropriate.

The department does not engage in hedging for its financial assets and mainly holds financial assets that are on fixed interest except for cash assets which are mainly cash at bank. As with the policy for debtors, the department's policy is to only deal with domestic banks with high credit ratings.

Provision for impairment for contractual financial assets is recognised when there is objective evidence that the department will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the department's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Table 22.3: Credit quality of contractual financial assets that are neither past due nor impaired

	(\$ thousand)				
	Government agencies (AAA credit rating)	Other (minimum BBB credit rating)	Internally rated bank deposits	Other	Total
2015					
Cash and deposits	1,421,626	61,996	2,102	-	1,485,724
Receivables ⁽ⁱ⁾	39,611	-	-	43,617	83,228
Investments-equities	-	-	-	94	94
Total contractual financial assets	1,461,237	61,996	2,102	43,711	1,569,046
2014					
Cash and deposits	348,329	46,600	1,831	-	396,760
Receivables ⁽ⁱ⁾	12,365	-	-	12,004	24,369
Investments-equities	-	-	-	90	90
Total contractual financial assets	360,694	46,600	1,831	12,094	421,219

(i) The carrying amounts disclosed exclude statutory receivables (e.g. amounts owing from the State of Victoria and GST recoverable)

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the department does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no 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.

Table 22.4 discloses the ageing of financial assets that are past due but not impaired.

Note 22: (continued)

(C) Liquidity risk

Liquidity risk is the risk that the department would be unable to meet its financial obligations as and when they fall due. The department operates under the government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The department's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet. The department manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets
- careful maturity planning of its financial obligations based on forecasts of future cash flows
- a high credit rating for the State of Victoria (Moody's Investor Services & Standard & Poor's triple-A), which assists in accessing the debt market at a lower interest rate.

The department's exposure to liquidity risk is deemed insignificant based on prior the period's data and current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

Table 22.5 discloses the contractual maturity analysis for the department's contractual financial liabilities.

(D) Market risk

The department's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below:

Foreign currency risk

The department is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

The department manages its risk through continuous monitoring of movements in exchange rates and ensures availability of funds through rigorous cash flow planning and monitoring. Based on past and

current assessment of economic outlook, it is deemed unnecessary for the department to enter into any hedging arrangements to manage risk.

Interest rate risk

Exposure to interest rate risk is insignificant and might arise primarily through the department's interest bearing liabilities and assets. The only interest bearing liabilities and assets are the motor vehicle finance lease liabilities and term deposits. The department's interest bearing assets are managed by Treasury Corporation Victoria and any movement in interest rates is monitored on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in Table 22.6. In addition, the department's sensitivity to interest rate risk is set out in Table 22.7.

Sensitivity analysis disclosure

The department's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The department's fund managers cannot be expected to predict movements in market rates and prices; sensitivity analyses are shown for illustrative purposes only. The following movements are "reasonably possible" over the next 12 months:

A shift of +100 basis points (1%) and -100 basis points (1%) in market interest rates (AUD) from year-end rates.

Table 22.7 discloses the impact on the department's net result and equity for each category of financial instrument held by the department at the end of the reporting period as presented to key management personnel if the above movements were to occur.

Table 22.4: Ageing analysis of contractual financial assets

(\$ thousand)						
	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years
2015						
Cash and deposits	1,485,724	1,485,724	-	-	-	-
Receivables ⁽ⁱ⁾	83,228	52,191	1,668	2,712	574	26,083
Investments	94	94	-	-	-	-
Total	1,569,046	1,538,009	1,668	2,712	574	26,083
2014						
Cash and deposits	396,760	396,760	-	-	-	-
Receivables ⁽ⁱ⁾	24,369	23,281	37	1,006	43	2
Investments	90	90	-	-	-	-
Total	421,219	420,131	37	1,006	43	2

(i) The carrying amounts disclosed here exclude statutory receivables (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Table 22.5: Maturity analysis of contractual financial liabilities ⁽ⁱⁱ⁾

(\$ thousand)						
	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 years
2015						
Payables ⁽ⁱ⁾	1,081,583	1,081,583	1,081,583	-	-	-
Finance lease liabilities	283,354	582,288	28,246	6,947	18,531	528,564
Total	1,364,937	1,663,871	1,109,829	6,947	18,531	528,564
2014						
Payables ⁽ⁱ⁾	91,207	91,207	91,207	-	-	-
Finance lease liabilities	3,202	3,390	289	235	1,360	1,506
Total	94,409	94,597	91,496	235	1,360	1,506

(i) The carrying amounts disclosed exclude statutory payables (e.g. GST payables).

(ii) Maturity analysis is presented using the contractual and discounted cash flow.

Note 22: (continued)

Table 22.6: Interest rate exposure of financial instruments

	Weighted average interest rate	(\$ thousand)			
		Interest rate exposure			
		Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
2015					
Financial assets					
Cash and deposits	2.25%	1,485,724	15,720	275,515	1,194,489
Receivables ⁽ⁱ⁾		83,228	-	-	83,228
Investments-equities		94	-	-	94
Total financial assets		1,569,046	15,720	275,515	1,277,811
Financial liabilities					
Payables		1,081,583	-	-	1,081,583
Borrowings	7.47%	283,354	283,354	-	-
Total financial liabilities		1,364,937	283,354	-	1,081,583
2014					
Financial assets					
Cash and deposits	2.43%	396,760	-	252,310	144,450
Receivables ⁽ⁱ⁾		24,369	-	-	24,369
Investments-equities		90	-	-	90
Total financial assets		421,219	-	252,310	168,909
Financial liabilities					
Payables		91,207	-	-	91,207
Borrowings	6.19%	3,202	3,202	-	-
Total financial liabilities		94,409	3,202	-	91,207

(i) The carrying amounts disclosed exclude statutory receivables and payables (e.g. amounts owing from Victorian Government, GST recoverable and GST payable).

Table 22.7: Interest rate risk sensitivity

	Carrying amount	(\$ thousand)			
		Interest rate			
		-100 basis points		+100 basis points	
	Carrying amount	Net Result	Available-for-sale revaluation surplus	Net Result	Available-for-sale revaluation surplus
2015					
Contractual financial assets					
Cash and deposits	1,485,724	(2,755)	-	2,755	-
Receivables	83,228	-	-	-	-
Investments-equities	94	-	-	-	-
Total impact		(2,755)	-	2,755	-
Contractual financial liabilities					
Payables	1,081,583	-	-	-	-
Borrowings	283,354	-	-	-	-
Total impact		-	-	-	-
2014					
Contractual financial assets					
Cash and deposits	396,760	(2,523)	-	2,523	-
Receivables	24,369	-	-	-	-
Investments-equities	90	-	-	-	-
Total impact		(2,523)	-	2,523	-
Contractual financial liabilities					
Payables	91,207	-	-	-	-
Borrowings	3,202	-	-	-	-
Total impact		-	-	-	-

(E) Fair value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 – The fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

Level 2 – The fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.

Level 3 – The fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The department 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 will be paid in full.

Note 22: (continued)

Table 22.8: Comparison between carrying amount and fair value

	(\$ thousand)			
	Carrying amount	Fair value	Carrying amount	Fair value
	2015		2014	
Contractual financial assets				
Cash and deposits	1,485,724	1,485,724	396,760	396,760
Receivables ⁽ⁱ⁾	83,228	83,228	24,369	24,369
Investments-equities	94	94	90	90
Total contractual financial assets	1,569,046	1,569,046	421,219	421,219
Contractual financial liabilities				
Payables ⁽ⁱ⁾				
- Supplies and services	1,081,583	1,081,583	91,207	91,207
Borrowings	283,354	283,354	3,202	3,202
Total contractual financial liabilities	1,364,937	1,364,937	94,409	94,409

(i) The carrying amounts exclude statutory amounts (e.g. amounts owing from government, GST input tax credit recoverable, and GST payable).

Table 22.9: Financial assets measured at fair value ⁽ⁱⁱ⁾

	(\$ thousand)			
	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3
2015				
Financial assets at fair value				
Cash and deposits	1,485,724	1,485,724	-	-
Receivables	83,228	83,228	-	-
Investments-equities	94	94	-	-
Total	1,569,046	1,569,046	-	-
2014				
Financial assets at fair value through profit or loss				
Cash and deposits	396,760	396,760	-	-
Receivables	24,369	24,369	-	-
Investments-equities	90	90	-	-
Total	421,219	421,219	-	-

(i) There is no difference between level 1 and level 2.

(ii) The fair value hierarchies are disclosed by class of financial instrument.

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 23. Cash flow information

(A) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash-on-hand and in bank (including funds held in trust), net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Note	(\$ thousand)	
		2015	2014
Cash and short term deposits ⁽ⁱ⁾		61,114	48,432
Funds held in trust (some trusts also have short term deposits)	28	1,424,610	348,328
Balance as per cash flow statement		1,485,724	396,760

(i) Due to the State of Victoria's investment policy and government funding arrangements, the department does not hold a large cash reserve in its bank accounts. Cash received by the department from the generation of income is generally paid into the State's bank account, known as the Public Account. Similarly, any departmental expenditure, including those in the form of cheques drawn by the department for the payment of goods and services to its suppliers and creditors are made via the Public Account. The process is such that, the Public Account would remit to the department the cash required for the amount drawn on the cheques. This remittance by the Public Account occurs upon the presentation of the cheques by the department's suppliers or creditors.

The above funding arrangements often result in the department having a notional shortfall in the cash at bank required for payment of unrepresented cheques at the reporting period.

At 30 June 2015, cash at bank included the amount of a notional shortfall for the payment of unrepresented cheques of \$984,125 (2014: \$66,021).

Note 23. (continued)

(B) Non cash financing and investing activities

	(\$ thousand)	
	2015	2014
Acquisition of plant and equipment by way of finance lease	-	1,609
Total	-	1,609

(C) Reconciliation of net result for the period

	(\$ thousand)	
	2015	2014
Net result for the period	149,401	33,924
Non-cash movements		
Loss on sale or disposal of non-current assets	42,433	4,850
Depreciation and amortisation of non-financial assets and intangible assets	29,592	8,743
Provision for doubtful debts	-	(28)
Impairment of non-current assets	-	43
Resources provided free of charge or for nominal consideration	1,597	-
Resources received free of charge or for nominal consideration	(1,798)	-
Revaluation of long service leave liability	246	-
Movements in assets and liabilities		
(Increase)/decrease in receivables	(283,442)	(11,513)
(Increase)/decrease in prepayments	6,708	(853)
Increase/(decrease) in payables	45,339	24,697
Increase/(decrease) in provisions	118,986	3,150
Net cash flows from/(used) in operating activities	109,062	63,013

Note 24. Equity

(A) Contributed capital

		(\$ thousand)	
	Note	2015	2014
Balance at beginning of financial year		780,721	489,561
Capital transactions with the State in its capacity as owner arising from:			
Capital appropriations	4	958,313	43,835
Capital funding to agencies within portfolio ⁽ⁱ⁾		(850,886)	(5,800)
Administrative restructure and other transfers – net assets received	3	1,905,798	266,359
Administrative restructure and other transfers – net assets transferred	3	(17,274)	-
Net assets transferred to other Government entities ⁽ⁱⁱ⁾		(478,559)	(13,234)
Balance at end of financial year		2,298,113	780,721

(i) Capital funding to agencies within portfolio:

	(\$ thousand)	
	2015	2014
Public Transport Victoria	(573,346)	-
VicRoads	(160,412)	-
VicTrack	(88,063)	-
Linking Melbourne Authority	(10,298)	-
Port of Hastings	(7,600)	-
Federation Square	(3,678)	(3,950)
Melbourne Olympic Park Trust	(3,390)	-
Victorian Arts Centre	(2,300)	-
State Sport Centres Trust	(1,320)	-
State Library	(300)	-
Geelong Performing Arts	(100)	-
Taxi Services Commission	(79)	-
Emerald Tourist Railway Board	-	(1,850)
Total capital funding to agencies within portfolio	(850,886)	(5,800)

Note 24. (continued)

(ii) Net assets transferred to other government entities

	(\$ thousand)	
	2015	2014
Melbourne Market Authority (Epping Markets Construction)	(386,642)	-
VicTrack (William Barack Bridge)	(37,460)	-
DHHS (Joint venture interest in Australian Regenerative Medical Institute)	(35,000)	-
Departmental Administered (Agricultural land)	(12,865)	-
Departmental Administered (Land at 40 Bay Street, Port Melbourne)	(3,729)	-
Departmental Administered (Land at Marysville)	(2,635)	-
Dockland Studios Melbourne (Capital works on sound stage and pedestrian bridge)	(228)	-
Departmental Administered (Beacon Cove)	-	(13,234)
	(478,559)	(13,234)

(B) Accumulated surplus/(deficit)

	(\$ thousand)	
	2015	2014
Balance at beginning of financial year	249,103	209,859
Net result for the year	149,401	33,924
Net transfer from physical asset revaluation surplus	2,997	5,320
Balance at end of financial year	401,501	249,103

(C) Physical asset revaluation surplus

	(\$ thousand)	
	2015	2014
Physical asset revaluation surplus⁽ⁱ⁾		
Balance at beginning of financial year	25,650	30,970
Revaluation increment/(decrements)	(17,451)	-
Transfers to accumulated surplus	(2,997)	(5,320)
Balance at end of financial year	5,202	25,650
Net change in reserve	(20,448)	(5,320)

(i) The physical asset revaluation surplus arises from the revaluation of land, buildings, plant, equipment and cultural assets.

Note 25. Administered (non-controlled) items

In addition to the specific departmental operations which are included in the financial statements (comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement), the department administers or manages other activities and resources on behalf of the State. The transactions relating to these activities are reported as administered items (refer to Notes 1(D)).

(A) Administered income and expenses

	Trade and Export Facilitation		Innovation and Technology		Tourism, Marketing and Major Sports		Employment		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered income from transactions									
Appropriations – payments made on behalf of the State		-	-	-	-	61,608	60,878	-	-
Vehicle registration fees		-	-	-	-	-	-	-	-
Stamp duty on vehicles and vehicle transfers		-	-	-	-	-	-	-	-
Driver licence fees		-	-	-	-	-	-	-	-
Sale of goods and services		(2)	(1)	390	1,063	2,090	2,092	-	-
Royalties		-	-	-	-	-	-	-	-
Asset sale proceeds		-	-	-	-	-	-	-	-
Port of Melbourne Corporation licence fee		-	-	-	-	-	-	-	-
Regulatory fees, fines, leases and licences		-	-	-	-	-	-	-	-
CityLink concession deed income	25(C)	-	-	-	-	-	-	-	-
Statutory fines		-	-	-	-	-	-	-	-
Transfer and permit fees		-	-	-	-	-	-	-	-
Interest		-	-	-	-	10,420	10,404	-	-
Commonwealth grants		-	-	-	-	-	-	-	-
Other income		-	-	-	-	-	-	-	-
Total administered income from transactions		(2)	(1)	390	1,063	74,118	73,374	-	-

Note 25. (continued)

	Regional Development and Regional Cities		Energy and Resources		Investment Attraction, Facilitation and Major Projects		Small Business Assistance		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered income from transactions									
Appropriations – payments made on behalf of the State		-	-	-	-	-	-	-	-
Vehicle registration fees		-	-	-	-	-	-	-	-
Stamp duty on vehicles and vehicle transfers		-	-	-	-	-	-	-	-
Driver licence fees		-	-	-	-	-	-	-	-
Sale of goods and services		736	393	656	276	(5)	(4)	(2)	(2)
Royalties		-	-	43,355	51,997	-	-	-	-
Asset sale proceeds		-	-	-	-	-	-	-	-
Port of Melbourne Corporation licence fee		-	-	-	-	-	-	-	-
Regulatory fees, fines, leases and licences		-	-	4,272	5,177	-	-	-	-
CityLink concession deed income	25(C)	-	-	-	-	-	-	-	-
Statutory fines		-	-	-	-	-	-	-	-
Transfer and permit fees		-	-	-	-	-	-	-	-
Interest		-	-	86	42	-	-	-	-
Commonwealth grants		-	-	-	-	-	-	-	-
Other income		-	-	-	-	-	357	-	-
Total administered income from transactions		736	393	48,369	57,492	(5)	353	(2)	(2)

	Transport Safety and Security		Integrated Transport Services		Transport System Development and Maintenance		Arts Portfolio Agencies		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered income from transactions									
Appropriations – payments made on behalf of the State		-	-	191	-	-	-	-	-
Vehicle registration fees		688,425	-	-	-	-	-	-	-
Stamp duty on vehicles and vehicle transfers		359,712	-	-	-	-	-	-	-
Driver licence fees		64,421	-	-	-	-	-	-	-
Sale of goods and services		1,231	-	1,160	-	3,243	-	-	-
Royalties		-	-	-	-	-	-	-	-
Asset sale proceeds		219	-	-	-	-	-	-	-
Port of Melbourne Corporation licence fee		39,183	-	-	-	-	-	-	-
Regulatory fees, fines, leases and licences		12,392	-	743	-	-	-	-	-
CityLink concession deed income	25(C)	-	-	-	-	15,557	-	-	-
Statutory fines		-	-	15,471	-	-	-	-	-
Transfer and permit fees		13,190	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-
Commonwealth grants		200	-	-	-	-	-	-	-
Other income		3,986	-	211	-	-	-	-	-
Total administered income from transactions		1,182,959	-	17,776	-	18,800	-	-	-

Note 25. (continued)

	Access, Industry Development and Innovation		Cultural Infrastructure and Facilities		Agriculture		Biosecurity		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered income from transactions									
Appropriations – payments made on behalf of the State		-	-	-	-	-	-	-	-
Vehicle registration fees		-	-	-	-	-	-	-	-
Stamp duty on vehicles and vehicle transfers		-	-	-	-	-	-	-	-
Driver licence fees		-	-	-	-	-	-	-	-
Sale of goods and services		-	-	-	-	36,015	-	3,316	-
Royalties		-	-	-	-	-	-	-	-
Asset sale proceeds		-	-	-	-	41,609	-	-	-
Port of Melbourne Corporation licence fee		-	-	-	-	-	-	-	-
Regulatory fees, fines, leases and licences		-	-	-	-	54	-	119	-
CityLink concession deed income	25(C)	-	-	-	-	-	-	-	-
Statutory fines		-	-	-	-	-	-	-	-
Transfer and permit fees		-	-	-	-	-	-	-	-
Interest		-	-	-	-	1	-	-	-
Commonwealth grants		-	-	-	-	-	-	-	-
Other income		-	-	-	-	3,013	-	63	-
Total administered income from transactions		-	-	-	-	80,692	-	3,498	-

	Sustainably Manage Fish and Forest Resources		Industrial Relations		Departmental Total		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014
Administered income from transactions							
Appropriations – payments made on behalf of the State		-	-	-	-	61,799	60,878
Vehicle registration fees		-	-	-	-	688,425	-
Stamp duty on vehicles and vehicle transfers		-	-	-	-	359,712	-
Driver licence fees		-	-	-	-	64,421	-
Sale of goods and services		440	-	-	-	49,268	3,817
Royalties		-	-	-	-	43,355	51,997
Asset sale proceeds		2	-	-	-	41,830	-
Port of Melbourne Corporation licence fee		-	-	-	-	39,183	-
Regulatory fees, fines, leases and licences		16,811	-	-	-	34,391	5,177
CityLink concession deed income	25(C)	-	-	-	-	15,557	-
Statutory fines		-	-	-	-	15,471	-
Transfer and permit fees		-	-	-	-	13,190	-
Interest		-	-	-	-	10,507	10,446
Commonwealth grants		-	-	-	-	200	-
Other income		-	-	-	-	7,273	357
Total administered income from transactions		17,253	-	-	-	1,444,582	132,672

Note 25. (continued)

	Trade and Export Facilitation		Innovation and Technology		Tourism, Marketing and Major Sports		Employment		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered expenses from transactions									
Payments into Consolidated Fund		-	-	(1,827)	(2,266)	(10,518)	(8,354)	-	-
Interest expense		-	-	-	-	(40,652)	(40,671)	-	-
CityLink concession deed expense	25(C)	-	-	-	-	-	-	-	-
Assets transferred to local government		-	-	-	-	-	-	-	-
Other expenses		-	-	(1)	-	(20,957)	(20,207)	-	-
Total administered expenses from transactions		-	-	(1,828)	(2,266)	(72,127)	(69,232)	-	-
Total administered net result from transactions		(2)	(1)	(1,438)	(1,203)	1,991	4,142	-	-
Administered other economic flows included in administered net result									
Net gain/(loss) on non-financial assets		-	-	-	-	-	-	-	-
Net gain/(loss) on financial instruments		-	-	(196)	-	-	-	-	-
Total administered other economic flows		-	-	(196)	-	-	-	-	-
Total administered comprehensive result		(2)	(1)	(1,634)	(1,203)	1,991	4,142	-	-

	Regional Development and Regional Cities		Energy and Resources		Investment Attraction, Facilitation and Major Projects		Small Business Assistance		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered expenses from transactions									
Payments into Consolidated Fund		(1,689)	(396)	(50,817)	(57,527)	(11,986)	(21,107)	-	-
Interest expense		-	-	-	-	-	-	-	-
CityLink concession deed income	25(C)	-	-	-	-	-	-	-	-
Assets transferred to local government		-	-	-	-	-	-	-	-
Other expenses		(1)	-	(1)	-	(1)	(12,509)	(1)	-
Total administered expenses from transactions		(1,690)	(396)	(50,818)	(57,527)	(11,987)	(33,616)	(1)	-
Total administered net result from transactions		(954)	(3)	(2,449)	(35)	(11,992)	(33,263)	(3)	(2)
Administered other economic flows included in administered net result									
Net gain/(loss) on non-financial assets		(1,428)	-	-	-	11,986	20,721	-	-
Net gain/(loss) on financial instruments		-	-	-	12	-	-	-	-
Total administered other economic flows		(1,428)	-	-	12	11,986	20,721	-	-
Total administered comprehensive result		(2,382)	(3)	(2,449)	(23)	(6)	(12,542)	(3)	(2)

Note 25. (continued)

	Transport Safety and Security		Integrated Transport Services		Transport System Development and Maintenance		Arts Portfolio Agencies		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered expenses from transactions									
Payments into Consolidated Fund		(1,182,538)	-	(9,120)	-	(7,321)	-	-	-
Interest expense		-	-	-	-	-	-	-	-
CityLink concession deed expense	25(C)	-	-	-	-	(14,699)	-	-	-
Assets transferred to local government		(5,700)	-	-	-	-	-	-	-
Other expenses		(3)	-	-	-	-	-	-	-
Total administered expenses from transactions		(1,188,241)	-	(9,120)	-	(22,020)	-	-	-
Total administered net result from transactions		(5,282)	-	8,656	-	(3,220)	-	-	-
Administered other economic flows included in administered net result									
Net gain/(loss) on non-financial assets		-	-	-	-	(4,900)	-	(1,268)	-
Net gain/(loss) on financial instruments		-	-	-	-	-	-	-	-
Total administered other economic flows		-	-	-	-	(4,900)	-	(1,268)	-
Total administered comprehensive result		(5,282)	-	8,656	-	(8,120)	-	(1,268)	-

	Note	Access, Industry Development and Innovation		Cultural Infrastructure and Facilities		Agriculture		Biosecurity	
		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
		2015	2014	2015	2014	2015	2014	2015	2014
Administered expenses from transactions									
Payments into Consolidated Fund		-	-	(4,950)	-	(73,442)	-	(3,895)	-
Interest expense		-	-	-	-	-	-	-	-
CityLink concession deed income	25(C)	-	-	-	-	-	-	-	-
Assets transferred to local government		-	-	-	-	-	-	-	-
Other expenses		-	-	-	-	-	-	-	-
Total administered expenses from transactions		-	-	(4,950)	-	(73,442)	-	(3,895)	-
Total administered net result from transactions		-	-	(4,950)	-	7,250	-	(397)	-
Administered other economic flows included in administered net result									
Net gain/(loss) on non-financial assets		(1,231)	-	3,719	-	(12,773)	-	-	-
Net gain/(loss) on financial instruments		-	-	-	-	-	-	-	-
Total administered other economic flows		(1,231)	-	3,719	-	(12,773)	-	-	-
Total administered comprehensive result		(1,231)	-	(1,231)	-	(5,523)	-	(397)	-

Note 25. (continued)

	Sustainably Manage Fish and Forest Resources		Industrial Relations		Departmental Total		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014
Administered expenses from transactions							
Payments into Consolidated Fund		(18,996)	-	-	-	(1,377,099)	(89,650)
Interest expense		-	-	-	-	(40,652)	(40,671)
CityLink concession deed income	25(C)	-	-	-	-	(14,699)	-
Assets transferred to local government		-	-	-	-	(5,700)	-
Other expenses		-	-	-	-	(20,965)	(32,716)
Total administered expenses from transactions		(18,996)	-	-	-	(1,459,115)	(163,037)
Total administered net result from transactions		(1,743)	-	-	-	(14,533)	(30,365)
Administered other economic flows included in administered net result							
Net gain/(loss) on non-financial assets		-	-	-	-	(5,895)	20,721
Net gain/(loss) on financial instruments		-	-	-	-	(196)	12
Total administered other economic flows		-	-	-	-	(6,091)	20,733
Total administered comprehensive result		(1,743)	-	-	-	(20,624)	(9,632)

(B) Administered assets and liabilities

	Note	Trade and Export Facilitation		Innovation and Technology		Tourism, Marketing and Major Sports		Employment	
		(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
		2015	2014	2015	2014	2015	2014	2015	2014
Administered expenses from transactions									
Cash and receivables		-	-	7,088	1,891	3,274	5,473	-	-
Trust funds		(16)	(14)	(43)	(37)	(23)	(20)	(5)	(5)
Loans		-	-	(798)	6,035	279,652	279,646	-	-
Total administered financial assets		(16)	(14)	6,247	7,889	282,903	285,099	(5)	(5)
Administered non-financial assets		-	-	-	-	-	-	-	-
Total administered non-financial assets		-	-	-	-	-	-	-	-
Total administered assets		(16)	(14)	6,247	7,889	282,903	285,099	(5)	(5)
Administered liabilities									
Creditors and accruals		-	-	-	-	(16,741)	(16,128)	-	-
Unearned income		-	-	-	-	(67,789)	(69,882)	-	-
Deferred CityLink redevelopment income	25(C)	-	-	-	-	-	-	-	-
Interest bearing liabilities		-	-	-	-	(458,341)	(460,266)	-	-
Total administered liabilities		-	-	-	-	(542,871)	(546,276)	-	-
Total administered net assets		(16)	(14)	6,247	7,889	(259,968)	(261,177)	(5)	(5)

Note 25. (continued)

Note	Regional Development and Regional Cities		Energy and Resources		Investment Attraction, Facilitation and Major Projects		Small Business Assistance	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Administered financial assets								
	275	321	48,655	50,536	-	-	-	-
Cash and receivables								
Trust funds	(8)	(3)	4,160	584	(35)	(30)	(10)	(8)
Loans	-	-	-	-	-	-	-	-
Total administered financial assets	267	318	52,815	51,120	(35)	(30)	(10)	(8)
Administered non-financial assets	-	-	-	-	-	-	-	-
Total administered non-financial assets	-	-	-	-	-	-	-	-
Total administered assets	267	318	52,815	51,120	(35)	(30)	(10)	(8)
Administered liabilities								
	-	-	(147)	(147)	-	-	-	-
Creditors and accruals								
Unearned income	6	-	(1,200)	(1,260)	-	-	-	-
Deferred CityLink redevelopment income	25(C)	-	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-	-	-	-
Total administered liabilities	6	-	(1,347)	(1,407)	-	-	-	-
Total administered net assets	273	318	51,468	49,713	(35)	(30)	(10)	(8)

Note	Transport Safety and Security		Integrated Transport Services		Transport System Development and Maintenance		Arts Portfolio Agencies	
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014	2015	2014	2015	2014
Administered financial assets								
	10,540	-	23,996	-	18,957	-	-	-
Cash and receivables								
Trust funds	-	-	2,845	-	9,473	-	-	-
Loans	-	-	-	-	-	-	-	-
Total administered financial assets	10,540	-	26,841	-	28,430	-	-	-
Administered non-financial assets	-	-	-	-	-	-	-	-
Total administered non-financial assets	-	-	-	-	-	-	-	-
Total administered assets	10,540	-	26,841	-	28,430	-	-	-
Administered liabilities								
	(9,530)	-	(1,807)	-	(40)	-	-	-
Creditors and accruals								
Unearned income	-	-	-	-	(36)	-	-	-
Deferred CityLink redevelopment income	25(C)	-	-	-	(341,155)	-	-	-
Interest bearing liabilities	-	-	-	-	-	-	-	-
Total administered liabilities	(9,530)	-	(1,807)	-	(341,231)	-	-	-
Total administered net assets	1,010	-	25,034	-	(312,801)	-	-	-

Note 25. (continued)

	Access, Industry Development and Innovation		Cultural Infrastructure and Facilities		Agriculture		Biosecurity		
	(\$ thousand)		(\$ thousand)		(\$ thousand)		(\$ thousand)		
	Note	2015	2014	2015	2014	2015	2014	2015	2014
Administered financial assets									
Cash and receivables		-	-	-	-	9,046	-	458	-
Trust funds		-	-	-	-	288	-	81	-
Loans		-	-	-	-	-	-	-	-
Total administered financial assets		-	-	-	-	9,334	-	539	-
Administered non-financial assets		-	-	-	-	-	-	-	-
Total administered non-financial assets		-	-	-	-	-	-	-	-
Total administered assets		-	-	-	-	9,334	-	539	-
Administered liabilities									
Creditors and accruals		-	-	-	-	(719)	-	(91)	-
Unearned income		-	-	-	-	(20,048)	-	(34)	-
Deferred CityLink redevelopment income	25(C)	-	-	-	-	-	-	-	-
Interest bearing liabilities		-	-	-	-	-	-	-	-
Total administered liabilities		-	-	-	-	(20,767)	-	(125)	-
Total administered net assets		-	-	-	-	(11,433)	-	414	-

	Note	Sustainably Manage Fish and Forest Resources		Industrial Relations		Departmental Total	
		(\$ thousand)		(\$ thousand)		(\$ thousand)	
		2015	2014	2015	2014	2015	2014
Administered financial assets							
Cash and receivables		365	-	-	-	122,654	58,221
Trust funds		78	-	-	-	16,785	467
Loans		-	-	-	-	278,854	285,681
Total administered financial assets		443	-	-	-	418,293	344,369
Administered non-financial assets		-	-	-	-	-	-
Total administered non-financial assets		-	-	-	-	-	-
Total administered assets		443	-	-	-	418,293	344,369
Administered liabilities							
Creditors and accruals		(204)	-	-	-	(29,279)	(16,275)
Unearned income		-	-	-	-	(89,101)	(71,142)
Deferred CityLink redevelopment income	25(C)	-	-	-	-	(341,155)	-
Interest bearing liabilities		-	-	-	-	(458,341)	(460,266)
Total administered liabilities		(204)	-	-	-	(917,876)	(547,683)
Total administered net assets		239	-	-	-	(499,583)	(203,314)

Note 25. (continued)

(C) CityLink Concession Deed

Summary of CityLink Concession Deed income, expenses, assets and liabilities:

	(\$ thousand)	
	2015	2014
CityLink concession notes income		
Concession notes revenue	15,557	-
Total CityLink concession notes income	15,557	-
CityLink expense		
CityLink concession notes deferred revenue revaluation increment	(14,699)	-
Total CityLink expense	(14,699)	-
Net income	858	-
CityLink liabilities		
Present value of deferred CityLink revenue ⁽ⁱ⁾	341,155	-
Total CityLink liabilities	341,155	-

Cash flows relating to concession notes:

Goods and services tax collected	4,780	-
Goods and services tax paid to the Australian Taxation Office	(4,780)	-
Net Cash Flow	-	-

Reconciliation of the present value of deferred CityLink revenue:

Present value at the beginning of the period (transferred from DTPLI)	342,013	-
Concession notes revenue	(15,557)	-
Revaluation increment	14,699	-
Present value at the end of the period	341,155	-

(i) The present value of deferred CityLink revenue is the value of the concession notes revenue due to be received by the Victorian Government in future periods in accordance with the Melbourne CityLink Concession Deed. (refer also to the next page)

(D) Administered contingencies

City Link contingent assets

CityLink compensable enhancement claims

The Melbourne City Link Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent of additional revenue derived by CityLink Melbourne Limited (CML) as a result of certain events that particularly benefit CityLink, including changes to the adjoining road network.

Compensable enhancement claims have previously been lodged in respect of works for improving traffic flows on the West Gate Freeway (between Lorimer and Montague Streets), and in the vicinity of the intersection of Bulla Road and the Tullamarine Freeway.

The claims were lodged on 20 May 2005 and 29 September 2006 respectively, and are still outstanding.

Peninsula Link compensable enhancement claim

The EastLink Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent of any additional revenue derived by ConnectEast Pty Ltd

(ConnectEast) as a result of certain events that particularly benefit EastLink, including changes to the adjoining road network.

On 2 January 2014, the State lodged a compensable enhancement claim arising as a result of the opening of Peninsula Link. The claim remains outstanding.

Melbourne Park unquantified contingent liability

In 2010, the State entered into an agreement with Tennis Australia and the Melbourne and Olympic Park Trust for the Australian Open to remain at Melbourne Park until 2036. The agreement contains a number of conditions including that the government will invest in further improvements to Melbourne Park in three stages or pay a rights fee (if an agreed investment threshold is reached) to retain the Australian Open at Melbourne Park until 2036. The government announced stage 1 of the Melbourne Park redevelopment with a total estimated investment of \$366 million in the 2010-11 budget. In January 2014 the government announced a further \$338 million total estimated investment to stage 2 of the redevelopment.

(E) Administered commitments

Melbourne Convention Centre Development Project

(i) Finance lease commitments in relation to the MCC development project for construction of the new facility:

	Nominal value		Net present value ⁽ⁱ⁾	
	(\$ thousand)		(\$ thousand)	
	2015	2014	2015	2014
Not longer than 1 year	43,396	42,307	41,000	39,987
Longer than 1 year but not longer than 5 years	185,068	180,414	139,689	136,377
Longer than 5 years	801,986	850,036	277,652	283,902
Total value of expected future commitments	1,030,450	1,072,757	458,341	460,266

(i) The net present value is calculated using a discount rate of 9.40% per annum

Note 25: (continued)

(ii) Operating lease commitments in relation to the MCC development project for services, maintenance and refurbishments:

	(\$ thousand)		(\$ thousand)	
	Nominal value		Net present value ⁽ⁱ⁾	
	2015	2014	2015	2014
Not longer than 1 year	18,924	18,480	16,662	17,597
Longer than 1 year but not longer than 5 years	80,342	78,463	58,254	61,525
Longer than 5 years	341,321	362,123	125,757	139,149
Total value of expected future commitments	440,587	459,066	200,673	218,271

(i) The net present value is calculated using a discount rate of 8.14% per annum

In May 2006, the State of Victoria entered into an agreement under its Partnerships Victoria policy for the development and maintenance of the Melbourne Convention Centre (MCC) facility by a private sector consortium (the lessor).

The lessor was responsible for construction of the new facility which commenced in June 2006 and commercial acceptance was achieved on 31 March 2009. Upon its completion, the Department on behalf of the State of Victoria was granted a 25 year finance lease by the lessor, and entered into an agreement under which the new facility will be operated by the Melbourne Convention and Exhibition Trust (MCET).

It is estimated as at 30 June 2015 that future lease payments relating to the new facility amount to \$458.3 million (2014: \$460.3 million) in net present value terms, or \$1,030.4 million (2014: \$1,072.8 million) in nominal dollars, to be paid to the lessor over a 25 year period which commenced 1 January 2009. At the same time, the Department on behalf of the State of Victoria has entered into a loan agreement with MCET under which MCET undertakes to repay the State of Victoria fifty per cent (\$227.5 million) of the value of the asset (\$455 million) over a 25 year period.

As part of the 25 year lease arrangement the lessor will provide services, maintenance, and refurbishments in return for a fixed (inflation adjusted) quarterly service payment from the State of Victoria. It is estimated that as at 30 June 2015, these future service payments amount to \$200.7 million (2014: \$218.3 million) in net present value terms, or \$440.6 million (2014: \$459.1 million) in nominal dollars, over the 25 year lease term.

Ownership of the MCC facility will transfer to the State of Victoria at the end of the 25 year lease period at no cost.

Note 26. Ex gratia expenses

(There were no ex gratia payments for the twelve months ended 30 June 2015 (2013-14: \$0).

Note 27. Annotated income agreements

The following is a listing of the *Financial Management Act 1994* Section 29 annotated income agreements approved by the Treasurer:

	(\$ thousand)	
	Actual	
	2015	2014
User charges, sale of goods and services		
Agriculture and veterinary chemical permits	347	-
BRC – La Trobe contribution to quarterly services payments	4,119	-
Commercial forest	346	-
Cultivating and processing of poppies	80	-
Grants from Catchment Management Authorities	3,379	-
Paper Australia Pulpwood Agreement	12,208	-
Port Phillip Bay scallop fisheries auction	637	-
Research and experimental projects – industry contributions	20,501	20
Seafood Industry Victoria levy	503	-
Marysville Convention Centre	740	-
Regional Victoria Living Expo	1,202	396
	44,062	416
Asset sales		
Proceeds from the sale of the former Circus Oz site in Port Melbourne	2,475	-
	2,475	-

Note 27: (continued)

	(\$ thousand)	
	Actual	
	2015	2014
Commonwealth payments		
Gardiner Foundation contributions from Commonwealth funded bodies	396	-
Cooperative Research Centre contributions	7,607	-
Research development corporations contributions	14,903	-
Coal Seam Gas and Large Coal Mining Development	245	4,050
Plant and exotic disease preparedness and eradication	76	-
Nation Building – road projects	150,331	-
Nation Building – land transport research facilities	200	-
Black spot projects	13,344	-
Managed motorways	6,400	-
Interstate road transport	8,880	-
Nation Building / Building Australia – rail projects	143,883	-
Clean Energy Future: Regional Structural Adjustment Assistance Program	1,300	-
National Urban Water and Desalination Plan: New Melbourne Wholesale Market Stormwater Harvesting and Reuse Project	-	357
	347,565	4,407
Municipal payments		
Domestic Animals Act	2,251	-
	2,251	-
Total annotated income agreements	396,353	4,823

Note 28. Trust account balances

(A) Trust account balances relating to trust accounts controlled by the department:
The following list of controlled trust account balances, is based on accrual accounting principles.

Controlled trusts	(\$ thousand)				
	2014	MOG ⁽ⁱ⁾	Revenue	Expense	2015
State trusts					
Better Roads Victoria Trust Account	-	644,611	455,201	(268,843)	830,969
Established under the <i>Business Franchise (Petroleum Products) Act 1979</i> to provide funding for road improvements across Victoria.					
Regional Growth Fund					
(Established under the <i>Regional Growth Fund Act 2011</i> to support regional cities and country communities in infrastructure, facilities, services, job creation, career opportunities and to increase investment)	225,993	-	136,579	(120,435)	242,137
State Development Special Projects Trust Account ⁽ⁱⁱ⁾	81,703	4,763	120,385	(116,722)	90,129
Established under S.19 of the <i>Financial Management Act 1994</i> , to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the State of Victoria.					
Departmental Projects Trust Account	-	240,721	31,444	(7,155)	265,010
Established under S.19 of the <i>Financial Management Act 1994</i> , to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the State of Victoria.					
Disease Compensation fund	-	18,133	3,526	(2,582)	19,077
Established under S.5 of the <i>Livestock Disease Control Act 1994</i> to support the control and eradication of any outbreak and to provide compensation for livestock destroyed due to suffering or suspected of suffering from diseases.					
Plant, Equipment and Machinery Trust Accounts	-	16,786	2,393	(1,191)	17,988
Operate under S.23 of the <i>Conservation, Forests and Lands Act 1987</i> and S.141 of the <i>Fisheries Act 1995</i> to enable the purchase of plant, equipment or machinery required for the purposes of the Acts, and for the operation, maintenance and repair of that plant, equipment or machinery, and to enable the payment of any other expenses in relation thereto.					
Energy and Earth Resources Trust Account	6,434	-	17	(128)	6,323
Established for the purpose of rehabilitating mine sites in accordance with the <i>Mineral Resources (Sustainable Development) Act 1990</i> , and to provide funding for seismic geoscience acquisition programs and other publications.					

Note 28: (continued)

	(\$ thousand)				
Controlled trusts	2014	MOG ⁽ⁱ⁾	Revenue	Expense	2015
Recreational Fishing Licences Trust Account Operates under S.151B of the <i>Fisheries Act</i> 1995 to disburse revenue derived from the sale of recreational fishing licenses to projects that will further improve recreational fishing opportunities in Victoria, and to fund costs incurred in the administration of recreational fishing licences and the account.	-	2,553	6,076	(5,715)	2,914
Arts Fund Established under the <i>Arts Victoria Act</i> 1972 to provide funds to develop and improve knowledge, understanding, appreciation and practice of the arts in Victoria.	-	3,820	1,095	(1,135)	3,780
Treasury Trust Fund (Established under the <i>Financial Management Act</i> 1994 to record the receipt and disbursement of unclaimed monies and other funds held in trust.)	439	1,667	367	(32)	2,441
VicFleet Vehicle Lease Trust Account Established under S.19(2) of the <i>Financial Management Act</i> 1994 as a specific purpose operating account. It receives funding and makes payments in relation to the government motor vehicle pool.	438	1,015	574	(225)	1,802
Commonwealth trusts					
Commonwealth Treasury Trust Fund Established under S.19 of the <i>Financial Management Act</i> 1994, for the purpose of holding funds from the Commonwealth Government.	26,404	-	40,929	(4,166)	63,167
Natural Disasters Relief Trust Fund Operates under the Natural Disaster Relief and Recovery Arrangements (NDRRA) funded by the Commonwealth Government to assist with natural disaster relief and recovery costs.	1,209	-	2,624	(2,665)	1,168
Total controlled trusts	342,620	934,069	801,210	(530,994)	1,546,905

(i) MOG refers to the machinery of government change which occurred as at 1 January 2015 – refer also to Note 1(C)

(ii) The name of this trust fund has been changed to match the name used in the State's financial report, previously (in the 2013-14 financial statements of DSDBI) this trust fund was described as "Department Working Trust Account".

	(\$ thousand)			
Controlled trusts	2013	Revenue*	Expense	2014
State trusts				
Better Roads Victoria Trust Account Established under the <i>Business Franchise (Petroleum Products) Act</i> 1979 to provide funding for road improvements across Victoria.	-	-	-	-
Regional Growth Fund * Established under the <i>Regional Growth Fund Act</i> 2011 to support regional cities and country communities in infrastructure, facilities, services, job creation, career opportunities and to increase investment.	-	353,806	(127,813)	225,993
State Development Special Projects Trust Account ^{*(ii)} Established under S.19 of the <i>Financial Management Act</i> 1994, to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the State of Victoria.	43,373	124,384	(86,054)	81,703
Departmental Projects Trust Account Established under S.19 of the <i>Financial Management Act</i> 1994, to assist in facilitating, encouraging, promoting and carrying out activities leading to a balanced economic development of the State of Victoria.	-	-	-	-
Disease Compensation fund Established under S.5 of the <i>Livestock Disease Control Act</i> 1994 to support the control and eradication of any outbreak and to provide compensation for livestock destroyed due to suffering or suspected of suffering from diseases.	-	-	-	-
Plant, Equipment and Machinery Trust Accounts Operate under S.23 of the <i>Conservation, Forests and Lands Act</i> 1987 and S.141 of the <i>Fisheries Act</i> 1995 to enable the purchase of plant, equipment or machinery required for the purposes of the Acts, and for the operation, maintenance and repair of that plant, equipment or machinery, and to enable the payment of any other expenses in relation thereto.	-	-	-	-
Energy and Earth Resources Trust Account Established for the purpose of rehabilitating mine sites in accordance with the <i>Mineral Resources (Sustainable Development) Act</i> 1990, and to provide funding for seismic geoscience acquisition programs and other publications.	-	9,524	(3,091)	6,434

Note 28. (continued)

	(\$ thousand)			
Controlled trusts	2013	Revenue*	Expense	2014
Recreational Fishing Licences Trust Account Operates under S.151B of the <i>Fisheries Act</i> 1995 to disburse revenue derived from the sale of recreational fishing licenses to projects that will further improve recreational fishing opportunities in Victoria, and to fund costs incurred in the administration of recreational fishing licences and the account.	-	-	-	-
Arts Fund Established under the <i>Arts Victoria Act 1972</i> to provide funds to develop and improve knowledge, understanding, appreciation and practice of the arts in Victoria.	-	-	-	-
Treasury Trust Fund Established under the <i>Financial Management Act 1994</i> to record the receipt and disbursement of unclaimed monies and other funds held in trust.	470	7,109	(7,140)	439
VicFleet Vehicle Lease Trust Account * Established under S.19(2) of the <i>Financial Management Act 1994</i> as a specific purpose operating account. It receives funding and makes payments in relation to the government motor vehicle pool.	92	392	(46)	438
Commonwealth trusts				
Commonwealth Treasury Trust Fund * Established under S.19 of the <i>Financial Management Act 1994</i> , for the purpose of holding funds from the Commonwealth Government.	3,530	32,667	(9,792)	26,404
Natural Disasters Relief Trust Fund Operates under the Natural Disaster Relief and Recovery Arrangements (NDRRA) funded by the Commonwealth Government to assist with natural disaster relief and recovery costs.	-	4,997	(3,788)	1,209
Total controlled trusts	47,373	532,879	(237,724)	342,620

* Includes machinery of government changes.

(ii) The name of this trust fund has been changed to match the name used in the state's financial report, previously (in the 2013-14 financial statements of DSDBI) this trust fund was described as "Department Working Trust Account".

(B) Trust account balances relating to trust accounts administered by the department

The following list of administered trust account balances, is based on accrual accounting principles.

	(\$ thousand)				
Administered trusts	2014	MOG ⁽ⁱ⁾	Revenue	Expense	2015
State trusts					
Lysterfield Reclamation Levy Trust Fund Established under S.7 of the <i>Extractive Industries (Lysterfield) Act 1986</i> for the purposes of applying monies received in the trust to the reclamation of certain lands in accordance with the Act.	3,717	-	386	-	4,103
Treasury Trust Fund Established under the <i>Financial Management Act 1994</i> to record the receipt and disbursement of unclaimed monies and other funds held in trust.	(9)	1,229	1,750	(1,619)	1,351
ANZAC Day Proceeds Trust Fund 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.	-	40	191	-	231
Public Service Commuters Club Established under the <i>Financial Management Act 1994</i> 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 Corporation.	(122)	(48)	-	(29)	(199)
Total administered trusts	3,586	1,221	2,327	(1,648)	5,486

(i) MOG refers to the machinery of government change which occurred as at 1 January 2015 – refer also to Note 1(C)

Note 28. (continued)

Administered trusts	(\$ thousand)			
	2013	Revenue*	Expense	2014
State trusts				
Lysterfield Reclamation Levy Trust Fund *	-	3,717	-	3,717
Established under S.7 of the <i>Extractive Industries (Lysterfield) Act 1986</i> for the purposes of applying monies received in the trust to the reclamation of certain lands in accordance with the Act.				
Treasury Trust Fund *	-	-	(9)	(9)
Established under the <i>Financial Management Act 1994</i> to record the receipt and disbursement of unclaimed monies and other funds held in trust.				
ANZAC Day Proceeds Trust Fund	-	-	-	-
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.				
Public Service Commuters Club	(101)	(21)	-	(122)
Established under the <i>Financial Management Act 1994</i> 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 Corporation.				
Total controlled trusts	(101)	3,696	(9)	3,586

* Includes machinery of government changes.

(C) Trust account cash balances

The following is a list of cash held in trust account balances relating to trusts controlled and administered by the department.

Controlled trusts	(\$ thousand)	
	2015	2014
State trusts		
Better Roads Victoria Trust Account	925,028	-
Regional Growth Fund	258,014	236,143
State Development Special Projects Trust Account *	91,407	82,269
Departmental Projects Trust Account	61,733	-
Disease Compensation fund	19,168	-
Treasury Trust Fund	10,438	438
Energy and Earth Resources Trust Account	6,308	6,403
Recreational Fishing Licences Trust	5,073	-
Arts Fund	3,566	-
Plant and Equipment Trust Account	3,142	-
VicFleet Vehicle Lease Trust Account	1,432	365
Commonwealth trusts		
Commonwealth Treasury Trust Accounts	39,301	22,710
Total controlled trusts	1,424,610	348,328
Administered trusts		
State trusts		
Treasury Trust Fund	12,883	139
Lysterfield Levy Trust Fund	4,032	450
ANZAC Day Proceeds Trust Fund	231	-
Public Service Commuter Club Trust	(361)	(122)
Total administered trusts	16,785	467

* The name of this trust fund has been changed to match the name used in the state's financial report, previously (in the 2013-14 financial statements of DSDBI) this trust fund was described as "Department Working Trust Account".

The department's Public Service Commuters Club Trust sits in deficit due to the timing between the purchase of travel tickets and reimbursement from employees. The Trust's working capital is funded by the Department of Treasury and Finance, and the overall trust balance is in surplus.

(D) Trust accounts opened and closed by the department:

During the 2015 financial year the following trust accounts were opened and operate within the State Development Special Projects Trust Account:

- Strategic Events Trust Fund
- Global Health Melbourne International Partnering Fund

The governing legislation is Section 19 of the *Financial Management Act 1994*.

Note 29. 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.

The persons who held the positions of ministers and accountable officer in DEDJTR and the former Department of State Development, Business and Innovation (DSDBI) are as follows:

Secretary, Department of Economic Development, Jobs, Transport and Resources	
Mr Richard Bolt	1 January 2015 to 30 June 2015
Secretary, Department of State Development, Business and Innovation	
Mr Howard Ronaldson	1 July 2014 to 11 December 2014
Mr Rob Barr (Acting)	12 December 2014 to 31 December 2014
Minister for Public Transport	
The Hon. Jacinta Allan MP	4 December 2014 to 30 June 2015
Minister for Employment	
The Hon. Jacinta Allan MP	4 December 2014 to 30 June 2015
Minister for Industry	
The Hon. Lily D'Ambrosio MP	4 December 2014 to 30 June 2015
Minister for Roads & Roads Safety	
The Hon. Luke Donnellan MP	4 December 2014 to 30 June 2015
Minister for Ports	
The Hon. Luke Donnellan MP	4 December 2014 to 30 June 2015
Minister for Creative Industries	
The Hon. Martin Foley MP	4 December 2014 to 30 June 2015
Minister for Training and Skills	
The Hon. Steve Herbert MLC	4 December 2014 to 30 June 2015
Minister for Industrial Relations	
The Hon. Natalie Hutchins MP	4 December 2014 to 30 June 2015
Minister for Agriculture	
The Hon. Jaala Pulford MLC	4 December 2014 to 30 June 2015
Minister for Regional Development	
The Hon. Jaala Pulford MLC	4 December 2014 to 30 June 2015
Minister for Small Business, Innovation and Trade	
The Hon. Adem Somyurek	4 December 2014 to 30 June 2015
Minister for Tourism and Major Events	
The Hon. John Eren MP	4 December 2014 to 30 June 2015
The Hon. Louise Asher MP	1 July 2014 to 3 December 2014
Minister for Energy and Resources	
The Hon. Lily D'Ambrosio MP	4 December 2014 to 30 June 2015
The Hon. Russell Northe MP	1 July 2014 to 3 December 2014
Minister for Innovation	
The Hon. Louise Asher MP	1 July 2014 to 3 December 2014
Minister for Employment and Trade	
The Hon. Louise Asher MP	1 July 2014 to 3 December 2014
Minister for Major Projects	
The Hon. David Hodgett MP	1 July 2014 to 3 December 2014

Minister for Regional Cities	
The Hon. Dr Denis Naphine MP	1 July 2014 to 3 December 2014
Minister for Manufacturing	
The Hon. David Hodgett MP	1 July 2014 to 3 December 2014
Minister for State Development	
The Hon. Peter Ryan MP	1 July 2014 to 3 December 2014
Minister for Regional and Rural Development	
The Hon. Peter Ryan MP	1 July 2014 to 3 December 2014
Minister for Technology	
The Hon. Gordon Rich-Phillips MLC	1 July 2014 to 3 December 2014
Minister responsible for the Aviation Industry	
The Hon. Gordon Rich-Phillips MLC	1 July 2014 to 3 December 2014
Minister for Small Business	
The Hon. Russell Northe MP	1 July 2014 to 3 December 2014

Accountable officers' remuneration

Total remuneration received or receivable by the accountable officers in connection with the management of the department during the reporting period is as follows:

Income Band	Total Remuneration	
	2015	2014
	No.	No.
\$ 10,000 - \$ 19,999	1	-
\$200,000 - \$209,999	1	-
\$240,000 - \$249,999	1	-
\$420,000 - \$429,999	-	1
Total numbers	3	1

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report. Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Note 30. Remuneration of executives and payments to other personnel

(A) Remuneration of executives

The number 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, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period. There has been a significant increase in the number of executive officers over the year, largely due to machinery of government changes which came into effect on 1 January 2015.

	Total Remuneration		Base Remuneration	
	2015	2014	2015	2014
Income Band	No.	No.	No.	No.
Less than \$100,000	49	17	58	21
\$100,000 – \$109,999	18	2	13	1
\$110,000 – \$119,999	9	1	8	1
\$120,000 – \$129,999	7	-	6	1
\$130,000 – \$139,999	4	-	4	-
\$140,000 – \$149,999	6	4	6	2
\$150,000 – \$159,999	2	4	2	2
\$160,000 – \$169,999	4	3	4	6
\$170,000 – \$179,999	6	4	7	6
\$180,000 – \$189,999	4	6	5	2
\$190,000 – \$199,999	8	2	6	3
\$200,000 – \$209,999	3	2	5	4
\$210,000 – \$219,999	2	4	1	3
\$220,000 – \$229,999	-	3	4	1
\$230,000 – \$239,999	3	2	2	2
\$240,000 – \$249,999	4	1	3	2
\$250,000 – \$259,999	4	2	1	-
\$260,000 – \$269,999	-	-	-	2
\$270,000 – \$279,999	1	1	1	1
\$280,000 – \$289,999	-	2	2	3
\$290,000 – \$299,999	2	2	2	-
\$300,000 – \$309,999	3	1	-	-
\$310,000 – \$319,999	-	1	-	1
\$330,000 – \$339,999	-	-	-	1
\$340,000 – \$349,999	-	-	1	-
\$350,000 – \$359,999	1	1	-	-
\$360,000 – \$369,999	-	-	-	1
\$370,000 – \$379,999	-	1	1	-

	Total Remuneration		Base Remuneration	
	2015	2014	2015	2014
Income Band	No.	No.	No.	No.
\$390,000 – \$399,999	1	-	-	-
\$410,000 – \$419,999	1	-	-	-
Total numbers	142	66	142	66
Total annualised employee equivalent (AEE) ^(a)	83.6	47.9	83.6	47.9
Total amount (\$ thousand)	19,269	11,074	18,290	10,300

(a) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

(B) Payments to other personnel

(i.e. contractors with significant management responsibilities)

The following disclosures are made in relation to other personnel of the department, i.e. contractors charged with significant management responsibilities.

Payments have been made to a number of contractors with significant management responsibilities, which are disclosed in the \$10,000 expense band. These contractors are responsible for planning, directing or controlling, directly or indirectly, the department's activities.

	Total other personnel	
	2015	2014
Expense band	No.	No.
Less than \$100,000	-	2
\$100,000 – \$109,999	1	-
\$110,000 – \$119,999	-	1
\$130,000 – \$139,999	-	1
\$140,000 – \$149,999	1	1
\$150,000 – \$159,999	1	-
\$210,000 – \$219,999	1	-
\$220,000 – \$229,999	1	-
\$230,000 – \$239,999	-	-
\$270,000 – \$279,999	1	-
\$280,000 – \$289,999	-	1
\$290,000 – \$299,999	-	2
\$310,000 – \$319,999	1	-
\$320,000 – \$329,999	3	-
\$340,000 – \$349,999	1	-
\$350,000 – \$359,999	-	2
\$390,000 – \$399,999	1	-
Total numbers	12	10
Total amount (exclusive of GST) (\$ thousand)	3,158	2,043

Note 31. Remuneration of auditors

	(\$ thousand)	
	2015	2014
Victorian Auditor-General's Office		
Audit of the financial statements	525	295
Total	525	295

Note 32. Subsequent events

There are no subsequent events to report.

Note 33. Glossary of terms

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Borrowings

Borrowings refers to interest bearing liabilities mainly from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangements. Borrowings also include non-interest bearing advances from government that are acquired for policy purposes.

Comprehensive result

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

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs which is paid to the Department of Treasury and Finance.

Commitments

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

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

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 receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, 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 asset

A financial asset is any asset that is:

- cash
- an equity instrument of another entity
- a contractual right 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
- 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 instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- A contractual or statutory obligation:
 - to deliver cash or another financial asset to another entity, or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity, or

- A contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments, or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- a balance sheet as at the end of the period
- a comprehensive operating statement for the period
- a statement of changes in equity for the period
- a cash flow statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information
- comprehensive information in respect of the preceding period as specified in paragraphs 38 of *AASB 101 Presentation of Financial Statements*, and
- a statement of financial position 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 paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed 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.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at a price significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Grants for on-passing

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

Infrastructure systems

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, ports, utilities and public transport assets owned by the State.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced assets in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expenses include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Joint ventures

Joint ventures are contractual arrangements between the department and one or more other parties to undertake an economic activity that is subject to joint control and have rights to the net assets of the arrangement. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions/ net operating balance

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

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals; revaluations and impairments of non-financial physical and intangible assets
- fair value changes of financial instruments and agricultural assets, and
- depletion of natural assets (non-produced) by their use or removal.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other *Australian Accounting Standards*.

The components of other economic flows – other comprehensive income include:

- a. changes in physical asset revaluation surplus
- b. share of net movement in revaluation surplus of associates and joint ventures, and
- c. gains and losses on remeasuring available-for-sale financial assets.

Payables

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

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start-up costs associated with capital projects).

Public financial corporation sector

Public financial corporations are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Quasi corporation

An unincorporated enterprise that functions as if it were a corporation, has the same relationship with its owner as a corporation, and keeps a separate set of accounts.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and service

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges include sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs incurred in the normal operations of the department.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax, land tax and duties levied principally on conveyances and land transfers
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing
- insurance duty relating to compulsory third party, life and non-life policies
- insurance company contributions to fire brigades

- motor vehicle taxes, including registration fees and duty on registrations and transfers
- levies (including the environmental levy) on statutory corporations in other sectors of government, and
- other taxes, including landfill levies, licence and concession fees.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (eg 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
200x	year period
200x-0x	year period

The financial statements and notes are presented based on the illustration for a government department in the *2014-15 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the department's annual reports.

