Court Services Victoria

Financial Statements

For the financial year ended 30 June 2016

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# Court Services Victoria ‐ Financial Statements

## How this report is structured

The Courts Council of Court Services Victoria (CSV) has presented its audited general purpose financial statements for the financial year ended 30 June 2017 in the following structure to provide users with the information about CSV's stewardship of resources entrusted to it.

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Balance sheet

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# Declaration in the Financial Statements

The attached financial statements for Court Services Victoria have been prepared in accordance with Direction

5.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of Court Services Victoria at 30 June 2017.

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

We authorise the attached financial statements for issue on 14 September 2017.

The Honourable Chief Justice Marilyn Warren AC

Chair of the Courts Council Court Services Victoria

Melbourne

14 September 2017

David Ware

Chief Executive Officer Court Services Victoria

Melbourne

14 September 2017

Lisa Wills

Chief Finance Officer Court Services Victoria

Melbourne

14 September 2017

# Comprehensive operating statement

For the financial year ended 30 June 2017

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Note | 2017$'000 | 2016$'000 |
| Continuing operations | N/A | N/A | N/A |
| Income from transactions | N/A | N/A | N/A |
| Output appropriations | 2.3 | 332,215 | 309,603 |
| Special appropriations | 2.3 | 125,548 | 123,098 |
| Grants | 2.4.1 | 26,929 | 21,870 |
| Other income | 2.4.2 | 6,181 | 3,248 |
| Total income from transactions | N/A | 490,874 | 457,819 |
| Expenses from transactions | N/A | N/A | N/A |
| Employee expenses | 3.1.1 | 278,533 | 264,574 |
| Depreciation and amortisation | 5.1.1 | 43,895 | 30,489 |
| Interest expense | 7.1.1 | 7,174 | 8,201 |
| Grants and other transfers | 3.2 | 8,535 | 3,760 |
| Capital asset charge | 3.3 | 39,846 | 40,612 |
| Supplies and services | 3.4 | 115,429 | 110,655 |
| Total expenses from transactions | N/A | 493,412 | 458,291 |
| Net result from transactions (net operating balance) | N/A | (2,539) | (472) |
| Other economic flows included in net result | N/A | N/A | N/A |
| Net gain/(loss) on non-financial assets | 9.1 | 461  | 530  |
| Net gain/(loss) on financial instruments  | 9.1 | (13) | 8  |
| Other gains/(losses) from other economic flows | 9.1 | 3,774  | (4,593) |
| Total other economic flows included in net result | N/A | 4,221  | (4,054) |
| Net result | N/A | 1,682  | (4,526) |
| Other economic flows - other comprehensive income | N/A | N/A | N/A |
| Items that will not be reclassified to net result | N/A | N/A | N/A |
| Changes in physical asset revaluation reserve | N/A | 3,894 | 182,874 |
| Total other economic flows - other comprehensive income | N/A | 3,894 | 182,874 |
| Comprehensive result | N/A | 5,577  | 178,348 |

The accompanying notes form part of these financial statements.

# Balance sheet

As at 30 June 2017

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Note | 2017$'000 | 2016$'000 |
| Financial assets | N/A | N/A | N/A |
| Cash and deposits | 7.3 | 9,086 | 8,379 |
| Receivables | 6.1 | 81,879 | 64,785 |
| Total financial assets | N/A | 90,965 | 73,165 |
| Non-financial assets | N/A | N/A | N/A |
| Non-financial physical assets classified as held for sale | 9.3 | 233 | 153 |
| Property, plant and equipment  | 5.1 | 975,236 | 964,545 |
| Intangible assets | 5.2 | 18,254 | 25,235 |
| Prepayments | 6.3 | 2,129 | 1,736 |
| Total non-financial assets | N/A | 995,852 | 991,668 |
| Total assets | N/A | 1,086,817 | 1,064,833 |
| Liabilities | N/A | N/A | N/A |
| Payables | 6.2 | 31,116 | 22,894 |
| Borrowings | 7.1 | 79,075 | 90,807 |
| Provisions | 3.1.2 | 76,948 | 76,555 |
| Total liabilities | N/A | 187,139 | 190,256 |
| Net assets | N/A | 899,678 | 874,577 |
| Equity | N/A | N/A | N/A |
| Accumulated surplus/(deficit) | N/A | 1,248  | (434) |
| Contributed capital | N/A | 711,662 | 692,137 |
| Physical asset revaluation surplus | N/A | 186,768 | 182,874 |
| Net worth | N/A | 899,678 | 874,577 |

The accompanying notes form part of these financial statements.

# Statement of changes in equity

For the financial year ended 30 June 2017

2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Note | Physical asset revaluation surplus$’000 | Accumulated surplus/ (deficit)$’000 | Contributed capital$’000 | Total$’000 |
| Balance as at 1 July 2015 | N/A | N/A | 4,092  | 628,579  | 632,672  |
| Net result for the year | N/A | N/A | (4,527) | N/A | (4,527) |
| Other comprehensive income  | N/A | 182,874 | N/A | N/A | 182,874  |
| Administrative restructure - net assets received | 4.3 | N/A | N/A | 53,436  | 53,436  |
| Transactions with the State in its capacity as owners | N/A | N/A | N/A | 10,122  | 10,122  |
| Balance at 30 June 2016 | N/A | 182,874 | (434) | 692,137  | 874,577  |

2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Note | Physical asset revaluation surplus$’000 | Accumulated Surplus/ (Deficit)$’000 | Contributed capital$’000 | Total$’000 |
| Balance as at 1 July 2016 | N/A | 182,874 | (434) | 692,137  | 874,577  |
| Net result for the year | N/A | N/A | 1,682  | N/A | 1,682  |
| Other comprehensive income  | N/A | 3,894 | N/A | N/A | 3,894  |
| Transactions with the State in its capacity as owners | N/A | N/A | N/A | 19,525  | 19,525  |
| Balance at 30 June 2017 | N/A | 186,768  | 1,248  | 711,662  | 899,678  |

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

# Cash flow statement

For the financial year ended 30 June 2017

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Note | 2017$'000 | 2016$'000 |
| Cash flows from operating activities | N/A | N/A | N/A |
| Receipts | N/A | N/A | N/A |
| Receipts from Government | N/A | 437,229 | 430,131  |
| Receipts from other entities | N/A | 30,410 | 22,085  |
| Goods and services tax recovered from the Australian Taxation Office | N/A | 14,726 | 14,170  |
| Total receipts | N/A | 482,365 | 466,386  |
| Payments | N/A | N/A | N/A |
| Payments to suppliers and employees  | N/A | (397,624) | (389,955) |
| Payments of grants and other transfers | N/A | (6,076) | (1,661) |
| Capital assets charge payments | N/A | (39,846) | (40,612) |
| Interest and other costs of finance paid | N/A | (7,174) | (8,201) |
| Total payments | N/A | (450,719) | (440,429) |
| Net cash flows from/(used in) operating activities | 7.3.1 | 31,646 | 25,957  |
| Cash flows from investing activities | N/A | N/A | N/A |
| Purchases of non-financial assets | N/A | (40,977) | (28,275) |
| Proceeds from sales of non-financial assets  | N/A | 2,245 | 2,549  |
| Net cash flows from/(used in) investing activities | N/A | (38,733) | (25,726) |
| Cash flows from financing activities | N/A | N/A | N/A |
| Owner contributions by State Government | N/A | 19,525 | 10,012  |
| Repayment of borrowings and finance leases | N/A | (11,732) | (9,495) |
| Net cash provided by/(used in) financing activities | N/A | 7,793  | 517  |
| Net increase (decrease) in cash held | N/A | 707 | 748  |
| Cash and cash equivalents at the beginning of the financial year | N/A | 8,379 | 7,631  |
| Cash and cash equivalents at the end of the financial year | 7.3 | 9,086 | 8,379  |

The accompanying notes form part of these financial statements.

# About this report

Court Services Victoria (CSV) was established on 1 July 2014 under the Court Services Victoria Act 2014 as an independent statutory body to provide administrative services and facilities to support the Victorian courts and tribunals and the Judicial College of Victoria. CSV supports the performance of the judicial, quasi‐judicial and administrative functions of the Supreme Court of Victoria, the County Court of Victoria, the Magistrates’ Court of Victoria, the Children’s Court of Victoria, the Coroners Court of Victoria and the Victorian Civil and Administrative Tribunal (VCAT). The Court Services Victoria Act 2014 was amended on 19 April 2016 to require CSV to carry out the same functions for the Judicial Commission of Victoria, which commenced operations on 1 July 2017.

CSV's status as a statutory body allows the courts to operate independently of the direction of the executive branch of government, thus supporting the independence of the judiciary.

CSV's activities include overseeing court facilities and providing the people, information technology and financial management to deliver enhanced administrative services to the Victorian courts, VCAT and the Judicial College of Victoria. Some or all of these activities are provided through an administration function known as "Jurisdiction Services".

The Courts Council is CSV’s governing body and comprises the head of each court jurisdiction and VCAT and up to two independent members. There are seven committees that inform the work of the Courts Council.

Its principal address is:

Court Services Victoria

223 William Street

Melbourne, Vic 3000

## Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

Consistent with the requirements of Australian Accounting Standard AASB 1004 Contributions, contributions by owners (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CSV.

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 to or distributions by owners have also been designated as contributions by owner.

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

Judgements, estimates and assumptions are required to be made about financial information being presented. Significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading 'Significant judgement or estimates'.

These financial statements cover CSV as an individual reporting entity and include all the controlled activities of CSV.

All amounts in the financial statements have been rounded to the nearest $1,000 unless otherwise stated.

## Compliance information

These general purpose financial statements have been prepared in accordance with the Financial

Management Act 1994 (FMA) and applicable AAS, which include Interpretations issued by the 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 AASs paragraphs applicable to not‐for‐profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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

# Funding delivery of our services

Introduction

CSV's overall objective is the fair, timely and efficient dispensing of justice.

To enable CSV to fulfil its objective and provide outputs as described in Note 4, it receives income which is predominantly accrual based Parliamentary appropriations.

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Appropriations

2.3 Summary of compliance with annual Parliamentary and special appropriations

2.4 Income from transactions

2.5 Annotated income agreements

## Summary of income that funds the delivery of our services

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Notes | 2017$'000 | 2016$'000 |
| Output appropriations | 2.3 | 332,215 | 309,603 |
| Special appropriations | 2.3 | 125,548 | 123,098 |
| Grants | 2.4.1 | 26,929 | 21,870 |
| Other income | 2.4.2 | 6,181 | 3,248 |
| Total income from transactions | N/A | 490,874 | 457,819 |

Income is recognised to the extent it is probable that the economic benefits will flow to CSV 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 CSV does not have control are disclosed as administered income (see note 4.2).

## Appropriations

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by CSV and are recognised as income when applied to the purposes defined under the relevant Appropriations Act.

Output appropriations: Income received to deliver the outputs CSV provides to the Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Special appropriations: Income from special appropriations is recognised on a cash basis when the amount appropriated for the relevant purpose is received by CSV.

## Summary of compliance with annual Parliamentary and special appropriations

The following table discloses the details of the various annual Parliamentary appropriations received by CSV 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 CSV. Administered transactions are those that are undertaken on behalf of the State over which CSV has no control or discretion.

2017

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2017 | Appropriation ActAnnual appropriation$'000 | Appropriation ActAdvance from Treasurer$'000 | Financial Management Act 1994Section 29$'000 | Financial Management Act 1994Section 31A$'000 | Financial Management Act 1994Section 32$'000 | Total Parliamentary authority$'000 | Appropriations applied$'000 | Reference | Variance$'000 |
| Controlled | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Provision of outputs | 257,238 | 5,122 | 70,725 | 9,703  | 9,840  | 352,629 | 332,215  | [See note 1](#Appropriations1) | 20,414 |
| Additions to net assets | 28,766 | 272 | N/A | (9,703) | 18,196  | 37,530 | 17,551 | [See note 2](#Appropriations2) | 19,980 |
| Total | 286,004 | 5,394 | 70,725 | 0 | 28,036 | 390,159 | 349,766 | N/A | 40,394 |

2016

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2016 | Appropriation ActAnnual appropriation$'000 | Appropriation ActAdvance from Treasurer$'000 | Financial Management Act 1994Section 29$'000 | Financial Management Act 1994Section 31A$'000 | Financial Management Act 1994Section 32$'000 | Total Parliamentary authority$'000 | Appropriations applied$'000 | Reference | Variance$'000 |
| Controlled | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Provision of outputs | 247,632 | 991 | 66,437 | (420) | 4,803  | 319,443 | 309,603  | N/A | 9,840 |
| Additions to net assets | 23,597 | 4,400 | 0 | 420  | 5,235  | 33,652 | 7,781 | N/A | 25,871 |
| Total | 271,229 | 5,391 | 66,437 | 0 | 10,038 | 353,094 | 317,384 | N/A | 35,711 |

Note:

1. The provisions of outputs variance of $20.414 million is primarily due to the delays in procurement and delivery schedules for ERSC initiatives and delayed approvals for 2016‐17 Court Fee Pool initiatives.
2. The additions to net assets variance of $19.98 million is primarily due to project delays, the most significant being the Shepparton Law Courts construction that commenced later than anticipated due to the undertaking of a more inclusive project design and development phase and the Court Safety and Security initiative to refurbish and redevelop 16 courts to improve staff and court user safety.

The following table discloses the details of the various annual Parliamentary appropriations received by CSV for the year.

1. Summary of compliance with special appropriations

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Authority | Purpose | 2017$'000 | 2016$'000 |
| 1 | Constitution Act 1975 (No. 8750/1975), s.82 (7) | Remuneration of Judges of the Supreme Court of Victoria and the Chief Justice | 20,005 | 20,430 |
| 2 | Constitution Act 1975 (No. 8750/1975), s.82 (7)  | Remuneration of the President and Judges of the Court of Appeal Division of the Supreme Court of Victoria | 6,873 | 7,220 |
| 3 | County Court Act 1958 (No. 6230/1958) s.10 (7) | Remuneration of Judges of the County Court of Victoria | 29,690 | 29,279 |
| 4 | Victims of Crime Assistance Act 1996 (No. 81/1996), s.69 | Operating costs of the Victims of Crime Assistance Tribunal | 3,009 | 2,698 |
| 5 | Magistrates’ Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10 | Remuneration of Magistrates of the Magistrates’ Court of Victoria | 49,865 | 48,227 |
| 6 | Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA | Remuneration of Members of the Victorian Civil and Administrative Tribunal | 16,082 | 15,244 |
| 7 | Juries Act 2000 (No. 53/2000), s.59 | Compensation to jurors from the WorkCover Authority Fund under the Accident Compensation Act 1985 | 24 | 0 |
| N/A | Subtotal | N/A | 125,548 | 123,098 |
| 8 | Constitution Act 1975 (No. 8750/1975), s.82 (7) | Capital component of remuneration of Judges of the Supreme Court of Victoria. | 323 | 398 |
| 9 | Constitution Act 1975 (No. 8750/1975), s.82 (7)  | Capital component of remuneration of Judgesof the Court of Appeals Division of the SupremeCourt of Victoria | 98 | 102 |
| 10 | County Court Act 1958 (No. 6230/1958) s.10 (7) | Capital component of remuneration of Judges of the County Court of Victoria | 526 | 577 |
| 11 | Magistrates’ Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10 | Capital component of remuneration ofMagistrates of the Magistrates’ Court of Victoria | 853 | 991 |
| 12 | Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA | Capital component of remuneration of Members of the Victorian Civil and Administrative Tribunal | 174 | 163 |
| N/A | Subtotal | N/A | 1,974 | 2,231 |
| N/A | Administered Special Appropriations Applied: Victims of Crime Assistance Act 1996 (No 81/1996), s.69 | Costs incurred by the Victims of Crime Assistance Tribunal and payments to victims of crime | 42,609 | 36,157 |
| N/A | Total | N/A | 42,609 | 36,157 |

## Income from transactions

### Grants

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| General government outside portfolio  | 26,857 | 21,703 |
| Other specific purpose | 73 | 168 |
| Total grants | 26,929 | 21,870 |

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to CSV without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed ‘non‐reciprocal’ transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For non‑reciprocal grants, CSV recognises revenue when the grant is receivable or received.

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

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). CSV recognises the income when it has satisfied its performance obligations under the terms of the grant.

### Other Income

|  |  |  |
| --- | --- | --- |
| Other Income | 2017$'000 | 2016$'000 |
| Heidelberg insurance payout | 0 | 3,000 |
| RT ‐ Application Fee | 0 | 248 |
| Capital contribution | 6,082 | 0 |
| Innovation and excellence in courts conference | 73 | 0 |
| Liberate e‐Learning | 12 | 0 |
| Plant and equipment received free of charge | 13 | 0 |
| Total other income | 6,181 | 3,248 |

## Annotated income agreements

CSV is permitted under section 29 of the FMA to have certain income annotated to the annual appropriation. The income which forms part of section 29 agreement is recognised by CSV and the receipts are 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.

The following is a listing of the FMA section 29 annotated income agreements approved by the Treasurer:

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| User charges, or sales of goods and services | N/A | N/A |
| Court fees and retail sale of courts data | 70,725 | 66,437 |
| Total annotated income agreements | 70,725 | 66,437 |

# The cost of delivering services

Introduction

This section provides an account of the expenses incurred by CSV in delivering the services and outputs it received income for, as outlined in section 2.

Structure

3.1 Expenses incurred in delivery of services

3.2 Grant and other transfers

3.3 Capital asset charge

3.4 Supplies and services

## Expenses incurred in delivery of services

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Notes | 2017$'000 | 2016$'000 |
| Employee benefit expenses | 3.1.1 | 278,533 | 264,574 |
| Grants and other transfers | 3.2 | 8,535 | 3,760 |
| Capital asset charge | 3.3 | 39,846 | 40,612 |
| Supplies and services | 3.4 | 115,429 | 110,655 |
| Total expenses incurred in delivery of services | N/A | 442,343 | 419,601 |

### Employee benefit expenses in the comprehensive operating statement

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Defined contribution superannuation expense | 15,869 | 14,818 |
| Defined benefit superannuation expense | 2,038 | 2,213 |
| Termination benefits | 632 | 723 |
| Salaries and wages | 213,795 | 203,395 |
| Leave expenses (annual leave and long service leave) | 26,251 | 24,626 |
| Other on‐costs (fringe benefits tax, payroll tax, training and workcover levy) | 19,949 | 18,799 |
| Total employee expenses | 278,533 | 264,574 |

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. CSV does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when CSV is demonstrably committed to terminating the employment of current employees according to formal plans without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

### Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Current provisions: | N/A | N/A |
| Annual leave | N/A | N/A |
| Unconditional and expected to settle within 12 months | 9,335 | 8,325 |
| Unconditional and expected to settle after 12 months | 1,853 | 1,921 |
| Long service leave | N/A | N/A |
| Unconditional and expected to settle within 12 months | 3,559 | 4,761 |
| Unconditional and expected to settle after 12 months | 44,711 | 43,475 |
| Provisions for on‐costs | N/A | N/A |
| Unconditional and expected to settle within 12 months | 3,055 | 3,468 |
| Unconditional and expected to settle after 12 months | 5,874 | 5,204 |
| Total current provisions for employee benefits | 68,387 | 67,154 |
| Non‐current provisions | N/A | N/A |
| Employee benefits | 7,645 | 8,396 |
| On‐costs | 915 | 1,005 |
| Total non‐current provisions for employee benefits | 8,561 | 9,402 |
| Total provisions for employee benefits | 76,948 | 76,555 |

#### Reconciliation of movement in on‐cost provision

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Opening balance | 9,677 | 9,445 |
| Additional provisions recognised | 5,243 | 5,137 |
| Reductions arising from payments/other sacrifices of future economic benefits | (5,076) | (4,905) |
| Closing balance | 9,844 | 9,677 |
| Current | 8,929 | 8,672 |
| Non‐current | 915 | 1,005 |
| Total | 9,844 | 9,677 |

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non‐monetary benefits, annual leave and on‐costs) are recognised as part of the employee benefit provision as current liabilities, because CSV does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates that are current at the reporting date. As CSV expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as CSV does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non‐vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non‐vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on‐costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional long service leave is disclosed as a current liability even where CSV does not expect to settle the liability within 12 months, as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current long service leave liability are measured at:

* undiscounted value – if CSV expects to wholly settle within 12 months; or
* present value – if CSV does not expect to wholly settle within 12 months.

Conditional long service leave 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 long service leave liability is measured at present value.

Any gain or loss following revaluation of the present value of non‐current long service leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

### Superannuation contributions

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

As noted previously, the defined benefit liability is recognised in DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of CSV.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Paid contribution for the year2017$'000 | Paid contribution for the year2016$'000 | Contribution outstanding at year end2017$'000 | Contribution outstanding at year end2016$'000 |
| Defined benefit plans: | N/A | N/A | N/A | N/A |
| Emergency Services and State Super - revised and new | 2,038 | 2,184 | 31 | 29 |
| Defined contribution plans: | N/A | N/A | N/A | N/A |
| VicSuper | 10,993 | 10,419 | 184 | 145 |
| Various other | 4,877 | 4,197 | 86 | 57 |
| Total | 17,907 | 16,800 | 301 | 231 |

Note: The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

## Grants and other transfers

|  |  |  |
| --- | --- | --- |
| Grants and other transfers | 2017$'000 | 2016$'000 |
| Payments for specific purposes to: | N/A | N/A |
| Judicial College of Victoria | 2,459 | 2,099 |
| Corrections Victoria Housing Program | 1,825 | 167 |
| Supreme Court Library | 925 | 350 |
| Department of Health and Human Services | 369 | 0 |
| Department of Justice and Regulation | 407 | 0 |
| Australian Bureau of Statistics | 76 | 0 |
| The Wellington Collingwood Gift Fund | 32 | 0 |
| Court Network | 857 | 0 |
| Jesuit Social Services | 20 | 0 |
| Forensicare | 131 | 0 |
| Other | 1,433 | 1,144 |
| Total grants and other transfers | 8,535 | 3,760 |

Grant expenses represent contributions of CSV resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grants can either be operating or capital in nature. 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.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

## Capital asset charge

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Capital asset charge | 39,846 | 40,612 |
| Total | 39,846 | 40,612 |

A capital asset charge is a charge levied on the written down value of controlled non‐current physical assets in CSV's balance sheet. It aims to attribute to CSV's outputs, a cost of capital used in service delivery. Imposing this charge provides incentives for CSV to identify and dispose of underutilised or surplus non‐current physical assets.

## Supplies and services

|  |  |  |
| --- | --- | --- |
| Supplies and services | 2017$'000 | 2016$'000 |
| Accommodation and property services | 26,608 | 25,356 |
| Outsourced contracts | 20,507 | 20,579 |
| Contractors, professional services and consultants | 17,742 | 16,630 |
| Printing, stationery and other office expenses | 11,149 | 11,223 |
| Technology services | 14,702 | 16,309 |
| Juror payments | 3,123 | 3,511 |
| Repairs and maintenance | 4,683 | 4,432 |
| Deceased removals and transfer costs (Coroners Court) | 4,271 | 4,262 |
| Interpreter and translation services | 2,945 | 2,445 |
| Other | 9,697 | 5,908 |
| Total supplies and services | 115,429 | 110,655 |

Supplies and services expenses generally represent day‐to‐day running costs incurred in normal operations.

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

# Disaggregated financial information by output

Introduction

CSV is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. This section provides a description of CSV outputs delivered during the year ended 30 June 2017 along with the objectives of those outputs.

## CSV outputs ‐ descriptions and objectives

CSV provides administrative services and facilities to support the Victorian Courts and Statutory Tribunals in the dispensation of criminal and civil matters.

CSV includes: Supreme Court of Victoria, County Court of Victoria, Magistrates’ Court of Victoria, Children’s Court of Victoria, Coroners Court of Victoria, Victorian Civil and Administrative Tribunal, and Jurisdiction Services, which provides corporate support to the Courts and the Tribunal, the cost of which is reflected in the Court's and Tribunal total output cost.

### Objectives

CSV overall objective is the fair, timely and efficient dispensing of justice.

Controlled income and expenses by jurisdiction for the year ended 30 June 2017

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  Item | Supreme Court of Victoria2017$'000 | Supreme Court of Victoria2016$'000 | County Court of Victoria2017$'000 | County Court of Victoria2016$'000 | Magistrates' Court of Victoria2017$'000 | Magistrates' Court of Victoria2016$'000 | Children's Court of Victoria2017$'000 | Children's Court of Victoria2016$'000 | Coroners Court of Victoria2017$'000 | Coroners Court of Victoria2016$'000 | Victorian Civil & Administrative Tribunal2017$'000 | Victorian Civil & Administrative Tribunal2016$'000 | Jurisdiction Services2017$'000 | Jurisdiction Services2016$'000 | Total2017$'000 | Total2016$'000 |
| Income from transactions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Output appropriations | 43,104 | 38,379 | 54,956 | 54,136 | 92,062  | 79,861  | 14,518 | 14,185 | 11,304  | 11,167  | 14,717  | 12,366  | 101,554 | 99,507 | 332,215 | 309,603 |
| Special appropriations | 26,913 | 28,217 | 29,690 | 30,517 | 43,688  | 43,802  | 5,682 | 5,553 | 3,493  | 3,563  | 16,082  | 14,997  | 0  | (3,551) | 125,548 | 123,098 |
| Grants | 73 | 154 | 0 | 0 | 7,577  | 3,224  | 349 | 290 | 0  | 0  | 18,591  | 17,893  | 339 | 309 | 26,929 | 21,870 |
| Other income | 73 | 0 | 0 | 0 | 5,378  | 3,000  | 0 | 0 | 0  | 0  | 0  | (2) | 729 | 250 | 6,181 | 3,248 |
| Total income from transactions | 70,162 | 66,750 | 84,646 | 84,653 | 148,705  | 129,888  | 20,549 | 20,028 | 14,798  | 14,730  | 49,391  | 45,255  | 102,622 | 96,516 | 490,874 | 457,819 |
| Expenses from transactions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Employee expenses | 50,408 | 49,495 | 47,087 | 46,185 | 94,040  | 85,525  | 14,629 | 13,296 | 8,390  | 8,058  | 40,367  | 37,639  | 23,613 | 24,375 | 278,533 | 264,574 |
| Depreciation and amortisation | 6,341 | 2,351 | 8,212 | 6,657 | 15,088  | 9,022  | 1,645 | 875 | 2  | 14  | 562  | 528  | 12,047 | 11,042 | 43,895 | 30,489 |
| Interest expense | 65 | 79 | 7,105 | 8,151 | 124  | 142  | 13 | 13 | 0  | 2  | 43  | 49  | (177) | (235) | 7,174 | 8,201 |
| Grants and other transfers | 350 | 462 | 1 | 1 | 3,998  | 256  | 407 | 136 | 0  | 0  | 0  | 0  | 3,779 | 2,904 | 8,535 | 3,760 |
| Capital asset charge | 0 | 0 | 0 | 0 | 0  | 0  | 0 | 0 | 0  | 0  | 0  | 0  | 39,846 | 40,612 | 39,846 | 40,612 |
| Supplies and services | 14,982 | 14,156 | 24,505 | 23,670 | 34,558  | 29,337  | 4,464 | 5,029 | 6,415  | 6,056  | 8,646  | 6,740  | 21,859 | 25,667 | 115,429 | 110,655 |
| Total expenses from transactions | 72,145 | 66,543 | 86,910 | 84,665 | 147,808  | 124,282  | 21,158 | 19,350 | 14,807  | 14,130  | 49,618  | 44,956  | 100,966 | 104,365 | 493,412 | 458,291 |
| Net result from transactions (net operating balance) | (1,983) | 207  | (2,264) | (12) | 898  | 5,605  | (609) | 678  | (9) | 600  | (228) | 298  | 1,657  | (7,849) | (2,539) | (472) |
| Other economic flows included in net result | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net gain/(loss) on non-financial assets | 0 | 0 | 0  | 0  | 0 | 0 | 0  | 0  | 0 | 0 | 0  | (3) | 461 | 534 | 461  | 530 |
| Net gain/(loss) on financial instruments  | 0 | 0 | 0  | 0  | 0 | 0 | 0  | 0  | 0 | 0 | 0 | 0 | (13) | 8  | (13) | 8 |
| Other gains/(losses) from other economic flows | 830  | (769) | 903  | (1,031) | 1,294  | (1,806) | 118  | (215) | 94  | (85) | 292  | (328) | 243  | (360) | 3,774  | (4,593) |
| Total other economic flows included in net result | 830  | (769) | 903  | (1,031) | 1,294  | (1,806) | 118  | (215) | 94  | (85) | 292  | (331) | 691  | 182  | 4,221  | (4,054) |
| Net Result from continuing operations | (1,153) | (562) | (1,362) | (1,044) | 2,192  | 3,799  | (492) | 463  | 85  | 516  | 65  | (33) | 2,347  | (8,031) | 1,682  | (4,527) |
| Other economic flows - other comprehensive income | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Items that will not be reclassified to net result | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Changes in physical asset revaluation reserve | N/A | 0 | N/A | 0 | N/A | 0 | N/A | 0 | N/A | 0 | N/A | 0 | 3,894 | 182,874 | 3,894  | 182,874 |
| Total other economic flows - other comprehensive income | 0 | 0 | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,894 | 182,874 | 3,894 | 182,874 |
| Comprehensive result | (1,153) | (562) | (1,362) | (1,044) | 2,192  | 3,799  | (492) | 463  | 85  | 516  | 65  | (33) | 6,241  | 174,843  | 5,577  | 178,347 |

Schedule B ‐ Controlled assets and liabilities by jurisdiction for the year ended 30 June 2017

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Assets | Supreme Court of Victoria2017$'000 | Supreme Court of Victoria2016$'000 | County Court of Victoria2017$'000 | County Court of Victoria2016$'000 | Magistrates' Court of Victoria2017$'000 | Magistrates' Court of Victoria2016$'000 | Children's Court of Victoria2017$'000 | Children's Court of Victoria2016$'000 | Coroners Court of Victoria2017$'000 | Coroners Court of Victoria2016$'000 | Victorian Civil & Administrative Tribunal2017$'000 | Victorian Civil & Administrative Tribunal2016$'000 | Jurisdiction Services2017$'000 | Jurisdiction Services2016$'000 | Total2017$'000 | Total2016$'000 |
| Financial assets | 1,001 | 346 | 531 | 345 | 4,526 | 4,747 | 107 | 869 | 14 | 164 | 2,407 | 2,721 | 82,378 | 63,973 | 90,965 | 73,165 |
| Non-financial assets ([see note](#ScheduleBNote)) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 995,852 | 991,668 | 995,852 | 991,668 |
| Total assets | 1,001 | 346 | 531 | 345 | 4,526 | 4,747 | 107 | 869 | 14 | 164 | 2,407 | 2,721 | 1,078,231 | 1,051,613 | 1,086,817 | 1,064,833 |
| Liabilities | 21,441 | 19,632 | 91,192 | 103,505 | 37,950 | 34,066 | 4,603 | 3,978 | 2,687 | 2,130 | 9,205 | 8,478 | 20,061 | 18,467 | 187,139 | 190,256 |
| Total liabilities | 21,441 | 19,632  | 91,192 | 103,505 | 37,950 | 34,066 | 4,603 | 3,978 | 2,687 | 2,130 | 9,205 | 8,478 | 20,061 | 18,467 | 187,139 | 190,256 |
| Net assets | (20,440) | (19,286) | (90,661) | (103,160) | (33,424) | (29,319) | (4,496) | (3,109) | (2,673) | (1,966) | (6,798) | (5,757) | 1,058,170 | 1,033,146 | 899,678 | 874,577 |

Note:

1. All non‐financial assets have been allocated to Jurisdiction Services as a number of buildings are used by various jurisdictions and tribunal

## Administered (non‐controlled) itemsfor the financial year ended 30 June 2017

Administered income includes taxes, fees and fines. Administered expenses include payments made on behalf of the State and payments into the consolidated fund. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid. Administered income is accounted for on a cash basis, with the only exception of VCAT fees collected on behalf of Consumer Affairs Victoria and the County Court, which are recognised on an accrual basis. CSV's controlled and administered items are consolidated into the financial statements of the State.

CSV does not gain control over assets arising from taxes and fines, consequently no income is recognised in CSV's financial statements. CSV collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income in the schedule of administered items.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Supreme Court of Victoria2017$'000 | Supreme Court of Victoria2016$'000  | County Court of Victoria2017$'000  | County Court of Victoria2016$'000  | Magistrates' Court of Victoria2017$'000  | Magistrates' Court of Victoria2016$'000  | Children's Court of Victoria2017$'000  | Children's Court of Victoria2016$'000  | Victorian Civil & Administrative Tribunal2017$'000  | Victorian Civil & Administrative Tribunal2016$'000  | Jurisdiction Services2017$'000  | Jurisdiction Services2016$'000  | Total2017$'000  | Total2016$'000  |
| Administered income from transactions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Special appropriations applied | 0 | 0 | 0 | 0 | 42,609  | 36,157 | 0 | 0 | 0 | 0 | 0 | 0 | 42,609 | 36,157 |
| Fines | 305 | 25 | 1,584 | 516 | 26,122 | 26,434 | 0 | 0 | 0 | 10 | 0 | 0 | 28,011 | 26,986 |
| Sales of goods and services (including fees) | 20,055 | 19,853 | 12,110 | 10,833 | 21,002 | 19,725 | 4 | 1 | 9,143 | 7,687 | 64 | 55 | 62,378 | 58,155 |
| Other income | 877 | 62 | 70 | 145 | 1,968 | 1,925 | 0 | 0 | 0 | 0 | 771 | 783 | 3,686 | 2,915 |
| Total administered income from transactions | 21,237 | 19,940 | 13,764 | 11,495 | 91,701  | 84,241 | 4 | 1 | 9,143 | 7,697 | 834 | 838 | 136,683 | 124,213 |
| Administered expenses from transactions | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Payments into the Consolidated Fund | (20,055) | (19,853) | (13,697) | (10,833) | (20,958) | (19,687) | 0  | 0  | (9,143) | (7,687) | (28,267) | (29,819) | (92,119) | (87,880) |
| Criminal injuries compensation | 0 | 0 | 0 | 0 | (43,409) | (36,157) | 0 | 0  | 0 | 0 | 0 | 0 | (43,409) | (36,157) |
| Other expenses | 0 | 0 | (1,602) | 783  | (52) | (57) | 0  | 0  | 0 | 0 | (826) | (690) | (2,481) | 36 |
| Total administered expenses from transactions | (20,055) | (19,853) | (15,299) | (10,050) | (64,419) | (55,901) | 0 | 0 | (9,143) | (7,687) | (29,093) | (30,509) | (138,008) | (124,001) |
| Total administered net result from transactions (net operating balance) | 1,183 | 87  | (1,535) | 1,444  | 27,281 | 28,341  | 4 | 1 | 0 | 10  | (28,258) | (29,671) | (1,325) | 212 |
| Administered other economic flows included in administered net result | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net gain/(loss) on non-financial assets | N/A | 0  | N/A | 0  | N/A | 0  | 0  | 0  | 0 | 0  | 0  | 0  | 0  | 0 |
| Net gain/(loss) on financial instruments | N/A | 0  | N/A | 0  | N/A | 0  | 0  | 0  | 0 | 0  | 0  | 0  | 0  | 0 |
| Other gains/(losses) from other economic flows | N/A | 0  | N/A | 0  | N/A | 0  | 0  | 0  | 0 | 0  | 0  | 0  | 0  | 0 |
| Total administered other economic flows | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total administered net result | 1,183 | 87  | (1,535) | 1,444  | 27,281 | 28,341  | 4 | 1 | 0 | 10  | (28,258) | (29,671) | (1,325) | 212 |

Note

1. Payments into the Consolidated Fund by Jurisdicition Services relates to fines and other income paid on behalf of the jurisdictions.

Administered (non‐controlled) items (continued) for the financial year ended 30 June 2017

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Supreme Court of Victoria2017$'000 | Supreme Court of Victoria2016$'000  | County Court of Victoria2017$'000  | County Court of Victoria2016$'000  | Magistrates' Court of Victoria2017$'000  | Magistrates' Court of Victoria2016$'000  | Children's Court of Victoria2017$'000  | Children's Court of Victoria2016$'000  | Victorian Civil & Administrative Tribunal2017$'000  | Victorian Civil & Administrative Tribunal2016$'000  | Jurisdictional Services2017$'000  | Jurisdictional Services2016$'000  | Total2017$'000  | Total2016$'000  |
| Administered financial assets | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Cash and deposits | 66 | 136  | 2,191  | 2,594  | 3,370  | 2,542  | 0  | 0  | 132  | 145  | 0  | 0  | 5,759 | 5,418 |
| Receivables | 30 | 177  | 2,336  | 2,893  | 943  | 942  | 0  | 0  | 240  | 650  | 2,832  | 1,879  | 6,381 | 6,541 |
| Total administered financial assets | 96 | 313  | 4,526  | 5,488  | 4,314  | 3,484  | 0  | 0  | 371  | 795  | 2,832  | 1,879  | 12,140  | 11,959  |
| Administered liabilities | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Creditors and accruals | 0 | 0  | 0  | 0  | 0  | (376) | 0  | 0  | (320) | (751) | (472) | 276  | (792) | (850) |
| Deposits payable | 51 | (27) | (1,314) | (1,715) | (5,944) | (5,080) | 0  | 0  | 600  | 607  | (1,866) | (1,492) | (8,472) | (7,708) |
| Provisions | 0 | 0  | 0  | 0  | (3,300) | (2,500) | 0  | 0  | 0  | 0  | 0  | 0  | (3,300) | (2,500) |
| Total administered liabilities | 51 | (27) | (1,314) | (1,715) | (9,244) | (7,956) | 0  | 0  | 280  | (144) | (2,338) | (1,216) | (12,564) | (11,058) |
| Total administered net assets | 147 | 286  | 3,213 | 3,772  | (4,930) | (4,472) | 0 | 0  | 651 | 651  | 494 | 663  | (425) | 900 |

## Restructuring of administrative arrangements

The following net assets of the Department of Justice and Regulation became the net assets of CSV for the financial year 2015‐16. CSV was not subject to any such restructuring in 2016‐17. The net assets transfer to CSV is treated as a contribution of capital by the Crown.

|  |  |  |
| --- | --- | --- |
| Item | Transferred from DJR2017$'000 | Transferred from DJR2016$'000 |
| Controlled | N/A | N/A |
| Property, plant and equipment - carrying value | N/A | 53,436 |
| Controlled net assets transferred | 0 | 53,436 |
| Net capital contribution | 0 | 53,436 |

# Key assets available to support output delivery

Introduction

CSV controls infrastructure that is utilised in fulfilling its objectives and conducting activities. The infrastructure represents the key resources that have been entrusted to CSV to be utilised for delivery of its outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3 in connection with how those fair values were determined.

Structure

5.1 Property, plant and equipment

5.2 Intangible assets

## Property, plant and equipment

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Gross carrying amount2017$'000 | Gross carrying amount2016$'0006 | Accumulated Depreciation2017$'000 | Accumulated Depreciation2016$'000 | Net carrying amount 2017$'000 | Net carrying amount 2016$'000 |
| Land at fair value  | 343,911 | 343,911 |  0 | 0 | 343,911 | 343,911 |
| Buildings at fair value  | 384,468 | 365,593 | (23,467) | (422) | 361,000 | 365,171 |
| Leasehold buildings at fair value subject to finance lease | 203,705 | 202,099 | (7,272) |  | 196,433 | 202,099 |
| Leasehold improvements at fair value | 8,321 | 20,110 | (2,831) | (4,296) | 5,490 | 15,814 |
| Plant and equipment at fair value | 3,460 | 3,441 | (1,111) | (719) | 2,349 | 2,722 |
| Plant and equipment under finance lease at fair value  | 13,269 | 12,409 | (4,299) | (3,943) | 8,969 | 8,465 |
| Computer & telecommunications equipment at fair value  | 7,717 | 5,912 | (2,842) | (1,624) | 4,875 | 4,288 |
| Cultural assets at fair value  | 896 | 866 | 0 | 0 | 896 | 866 |
| Assets under construction at cost | 51,313 | 21,209 | 0  | 0 | 51,313 | 21,209 |
| Total property, plant and equipment | 1,017,059 | 975,550 | (41,823) | (11,005) | 975,236 | 964,545 |

Initial recognition: Items of property, plant and equipment 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, a fair value is determined at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or its estimated useful lives.

Subsequent measurement: Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset’s highest and best use (considering legal or physical restrictions imposed on the asset and public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

Non‐specialised land, non‐specialised buildings and artworks: These assets are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Specialised land and specialised buildings: The market approach is also used for specialised land and buildings, although it is adjusted for the community service obligation to reflect the specialised nature of the land being valued.

The community service obligation adjustment reflects the valuer’s assessment of the impact of restrictions associated with an asset to the extent that these restrictions are also equally applicable to market participants.

For the majority of CSV's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

Heritage assets and infrastructure are valued using the depreciated replacement cost method. This valuation generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost 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.

Vehicles are valued using the depreciated replacement cost method. CSV 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 of vehicles is managed by VicFleet who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Fair value for plant and equipment that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method.

Note 8.3 includes additional information in connection with fair value determination of property, plant and equipment

### Depreciation

Charge for the period

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Buildings | 23,362 | 10,893 |
| Leasehold buildings at fair value subject to finance lease ([see note](#DepreciationNote)) | 7,272 | 5,723 |
| Leasehold improvements at fair value | 973 | 2,198 |
| Plant and equipment at fair value | 1,701 | 1,320 |
| Plant and equipment under finance lease at fair value | 2,603 | 2,699 |
| Software | 7,985 | 7,657 |
| Total property, plant and equipment | 43,895 | 30,489 |

1. Public private partnership arrangements.

All buildings, plant and equipment and other non‑financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under operating leases, assets held for sale, land and cultural assets.

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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

|  |  |
| --- | --- |
| Asset | Useful life years |
| Cultural assets | Indefinite |
| Buildings | N/A |
| * Structure/shell/building fabric
 | 6 to 50 |
| * Site engineering services
 | 6 to 50 |
| * Fit out
 | 3 to 25 |
| * Trunk reticulated building systems
 | 3 to 20 |
| Leasehold improvements  | 2 to 37 |
| Leasehold buildings | 1 to 38 |
| Plant and equipment | 1 to 10 |
| Computer and telecommunication equipment | 1 to 10 |
| Intangible assets | 3 to 7 |
| Antique furniture and artefacts | 80 |

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives

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).

Indefinite life assets: Land and 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.

Impairment: Non‐financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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 it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset’s carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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.

### Carrying values by 'purpose' groups

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Item |  |  | Public safety and environment 2017$'000 | Public safety and environment 2016$'000 |
|  | Crown land at fair value ([see note i](#CarryingValues1)) |  |  | 343,911 | 343,911 |
|  | Buildings at fair value ([see note i](#CarryingValues1)) |  |  | 361,000 | 365,171 |
|  | Leasehold buildings subject to finance lease at fair value ([see note ii](#CarryingValues2)) |  |  | 196,433 | 202,099 |
|  | Leasehold improvements at fair value ([see note ii](#CarryingValues2)) |  |  | 5,490 | 15,814 |
|  | Plant and equipment at fair value ([see note iii](#CarryingValues3)) |  |  | 2,349 | 2,722 |
|  | Plant and equipment under finance lease at fair value([see note iii](#CarryingValues3)) |  |  | 8,969 | 8,465 |
|  | Computer & telecommunications equipment at fair value ([see note iii](#CarryingValues3)) |  |  | 4,875 | 4,288 |
|  | Cultural assets at fair value ([see note i](#CarryingValues1)) |  |  | 896 | 866 |
|  | Assets under construction at cost |  |  | 51,313 | 21,209 |
|  | Total property, plant and equipment  |  |  | 975,236 | 964,545 |

Notes:

1. An independent revaluation of CSV land, buildings and cultural assets was performed by the Valuer‐General of Victoria as at 30 June 2016.
2. Fair value of finance leasehold buildings and improvements is depreciated replacement cost.
3. The fair value of plant, equipment, computer and telecommunications assets is depreciated cost. This represents a reasonable approximation of fair value as there is no evidence of a reliable market‐based fair value for this class of asset.
4. Property, plant, equipment, computer and telecommunications assets 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 in a purpose group are further sub ‐ categorised according to the asset’s ‘nature’ (e.g. buildings, plant etc.), with each sub ‐ category being classified as a separate class of asset for financial reporting purposes.

### Reconciliation of movements in carrying values of property, plant and equipment

2017

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Land at fair value$’000 | Buildings at fair value$’000 | Buildings leasehold at fair value$’000 | Leasehold improvements at fair value$’000 | Plant and equipment at fair value$’000 | Computer & communication equipment$’000 | Leased plant & equipment at fair value$’000 | Cultural assets at fair value$’000 | Assets under construction at cost$’000 | Total$’000 |
| Opening balance | 343,911 | 365,171 | 202,099 | 15,814 | 2,722 | 4,288 | 8,465 | 866 | 21,209 | 964,545  |
| Additions | N/A | 6,075  | N/A | 174  | 19  | N/A | 4,971  | 30  | 33,302  | 44,572  |
| Disposals | N/A | N/A | N/A | N/A | N/A | N/A | (1,632) | N/A | N/A | (1,632) |
| Depreciation | N/A | (23,362) | (7,272) | (973) | (484) | (1,217) | (2,603) | N/A | N/A | (35,911) |
| Revaluation of property | N/A | 2,281  | 1,606  | N/A | 8  | N/A | N/A | N/A | N/A | 3,894  |
| Transfer between asset classes | N/A | 9,441  | N/A | (9,525) | 84  | N/A | N/A | N/A | N/A | (0) |
| Transfer to disposal group held for sale | N/A | N/A | N/A | N/A | N/A | N/A | (233) | N/A | N/A | (233) |
| Transfer in/out of assets under construction | N/A | 1,395  | N/A | N/A | N/A | 1,804  | N/A | N/A | (3,199) | 0  |
| Closing balance | 343,911 | 361,000 | 196,433 | 5,490 | 2,350 | 4,875 | 8,969 | 896 | 51,313 | 975,236 |

2016

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Land at fair value$’000 | Buildings at fair value$’000 | Buildings leasehold at fair value$’000 | Leasehold improvements at fair value$’000 | Plant and equipment at fair value$’000 | Computer & communication equipment$’000 | Leased plant & equipment at fair value$’000 | Cultural assets at fair value$’000 | Assets under construction at cost$’000 | Total$’000 |
| Opening balance | 163,016 | 304,395 | 207,822 | 17,516 | 5,670 | 5,214 | 7,387 | 826 | 14,725 | 726,571 |
| Additions | N/A | 14  | N/A | N/A | 77  | 28  | 5,496  | 9  | 20,997  | 26,622 |
| Disposals | N/A | N/A | N/A | N/A | (9) | N/A | (1,567) | N/A | N/A | (1,576) |
| Machinery of government transfer in  | 49,120  | 4,316  | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 53,436 |
| Depreciation | N/A | (10,893) | (5,723) | (2,198) | (500) | (819) | (2,699) | N/A | N/A | (22,833) |
| Revaluation of property | 131,775  | 51,068  | N/A | N/A | N/A | N/A | N/A | 31  | N/A | 182,874 |
| Transfer between asset classes | N/A | 669  | N/A | N/A | (2,516) | (135) | N/A | N/A | 1,585  | (396) |
| Transfer to disposal group held for sale | N/A | N/A | N/A | N/A | N/A | N/A | (153) | N/A | N/A | (153) |
| Transfer in/out of assets under construction | N/A | 15,602  | N/A | 496  | N/A | N/A | N/A | N/A | (16,098) | 0 |
| Closing balance | 343,911 | 365,171 | 202,099 | 15,814 | 2,722 | 4,288 | 8,465 | 866 | 21,209 | 964,545 |

## Intangible assets

|  |  |  |
| --- | --- | --- |
| Item | Computer Software 2017$'000 | Computer Software 2016$'000 |
| Gross carrying amount  | N/A | N/A |
| Opening balance | 40,304 | 39,374 |
| Additions | 43  | 45 |
| Additions to work in progress | 961  | 488 |
| Transfer between asset classes | N/A | 396 |
| Gross value at the end of the financial year | 41,308 | 40,304 |
| Accumulated depreciation, amortisation and impairment | N/A | N/A |
| Opening balance | (15,069) | (7,412) |
| Depreciation | (7,985) | (7,657) |
| Closing balance | (23,053) | (15,069) |
| Net book value at the end of the financial year | 18,254 | 25,235 |

Notes:

1. The consumption of intangible produced assets is included in ‘depreciation’ line item on the comprehensive operating statement.

### Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and 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.

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:

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

### Subsequent measurement

Intangible produced assets with finite useful lives, are depreciated as an ‘expense from transactions’ on a straight line basis over their useful lives. Produced intangible assets have useful lives of between 3 and 5 years (2016: 3 and 5 years).

Intangible non‑produced assets with finite lives are amortised as an ‘other economic flow’ on a straight‑line basis over their useful lives. The amortisation period is 3 to 5 years (2016: 3 and 5 years).

### Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in section 5.1.1.

# Other assets and liabilities

Introduction

6.1 Receivables

6.2 Payables

6.3 Other non‐financial assets

## Receivables

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Current receivables | N/A | N/A |
| Contractual | N/A | N/A |
| Other receivables  | 2,649 | 4,630  |
| Provision for doubtful contractual receivables  | (15) | (4) |
| Statutory | N/A | N/A |
| Amounts owing from Victorian Government  | 77,548 | 58,310  |
| GST input tax credit recoverable | 1,697 | 1,849  |
| Total receivables | 81,879 | 64,785  |
| Represented by: | N/A | N/A |
| Current receivables | 78,335 | 60,780 |
| Non-current receivables | 3,544 | 4,005 |

Contractual receivables are classified as financial instruments and categorised as ‘loans and receivables’. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

### Ageing analysis of contractual financial assets

2017

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 2017 | Carrying amount ($'000) | Not past due and not impaired ($'000) | Past due but not impaired Less than 1 month ($'000) | Past due but not impaired 1 to 3 months ($'000) | Past due but not impaired 3 months to 1 year ($'000) | Past due but not impaired 1‐5 Years ($'000) |
| Receivables | N/A | N/A | N/A | N/A | N/A | N/A |
| Other receivables | 2,634 | 2,363 | 127 | 73 | 39 | 32 |
| Total contractual financial assets | 2,634 | 2,363 | 127 | 73 | 39 | 32 |

2016

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 2016 | Carrying amount ($'000) | Not past due and not impaired ($'000) | Past due but not impaired Less than 1 month ($'000) | Past due but not impaired 1 to 3 months ($'000) | Past due but not impaired 3 months to 1 year ($'000) | Past due but not impaired 1‐5 Years ($'000) |
| Receivables | N/A | N/A | N/A | N/A | N/A | N/A |
| Other receivables | 4,626 | 3,181 | 1,438 | 3 | 5 | N/A |
| Total contractual financial assets | 4,626 | 3,181 | 1,438 | 3 | 5 | 0 |

No interest is charged for the first 30 days from the invoice date. The average credit period for sales of goods / services and other receivables is 30 days. There are no material financial assets that are individually determined to be impaired. Currently, CSV 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.

## Payables

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Current Payables | N/A | N/A |
| Contractual | N/A | N/A |
| Trade creditors and other payables  | 15,578 | 16,086 |
| Unearned revenue | 1,438 | N/A |
| Accrued capital works | 5,305 | 453 |
| Salaries and wages  | 4,731 | 3,635 |
| Statutory | N/A | N/A |
| Payroll tax | 1,007 | 864 |
| Fringe benefits tax | 834 | 813 |
| Amounts payable to the Judicial College of Victoria | 2,223 | 1,042 |
| Total payables | 31,116 | 22,894 |
| Represented by: | N/A | N/A |
| Current payables | 31,077 | 22,841  |
| Non-current payables | 39 | 53  |

Payables consist of:

* contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to CSV prior to the end of the financial year that are unpaid; and
* statutory payables, that 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 contracts.

Payables for supplies and services have an average credit period of 30 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

### Maturity analysis of contractual financial liabilities

2017

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2017 | Carrying amount($'000) | Nominal Amount($'000) | Maturity dates Less than 1 month($'000) | Maturity dates 1 to 3 months($'000) | Maturity dates 3 months to 1 year($'000) | Maturity dates 1 to 5 years($'000) | Maturity dates Greater than 5 years($'000) |
| Other trade creditors and other payables | 15,578 | 15,578 | 15,578 | N/A | N/A | N/A | N/A |
| Accrued capital works | 5,305 | 5,305 | 5,305 | N/A | N/A | N/A | N/A |
| Accrued salaries | 4,731 | 4,731 | 4,731 | N/A | N/A | N/A | N/A |
| Total | 25,614 | 25,614 | 25,614 | 0 | 0 | 0 | 0 |

2016

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2016 | Carrying amount($'000) | Nominal Amount($'000) | Maturity dates Less than 1 month($'000) | Maturity dates 1 to 3 months($'000) | Maturity dates 3 months to 1 year($'000) | Maturity dates 1 to 5 years($'000) | Maturity dates Greater than 5 years($'000) |
| Other trade creditors and other payables | 16,086 | 16,086 | 16,086 | N/A | N/A | N/A | N/A |
| Accrued capital works | 453 | 453 | 453 | N/A | N/A | N/A | N/A |
| Accrued salaries | 3,635 | 3,635 | 3,635 | N/A | N/A | N/A | N/A |
| Total | 20,175 | 20,175 | 20,175 | 0 | 0 | 0 | 0 |

## Other non‐financial assets

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Current other assets | N/A | N/A |
| Prepayments | 2,129 | 1,736 |
| Total current other non-financial assets | 2,129 | 1,736 |
| Non-current other assets |  0 | 0 |
| Total non-current other assets | N/A | N/A |
| Total other non-financial assets  | 2,129 | 1,736 |

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

# How we financed our operations

Introduction

This section provides information on the sources of finance utilised by CSV during its operations and other information related to the financing of activities.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

Structure

7.1 Borrowings

7.2 Leases

7.3 Cash flow information and balances

7.4 Trust account balances

7.5 Commitments for expenditure

## Borrowings

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Current borrowings | N/A | N/A |
| Finance lease liabilities ([see note](#Borrowings1)) | N/A | N/A |
| * Public Private Partnership (PPP) related finance lease liabilities
 | 12,299 | 12,303 |
| * Non‐PPP related finance lease liabilities
 | 4,509 | 4,275 |
| Total current borrowings | 16,808 | 16,579 |
| Non‐current borrowings | N/A | N/A |
| Finance lease liabilities | N/A | N/A |
| * PPP related finance lease liabilities
 | 57,541 | 69,840 |
| * Non‐PPP related finance lease liabilities
 | 4,726 | 4,388 |
| Total non‐current borrowings | 62,267 | 74,228 |
| Total borrowings | 79,075 | 90,807 |

Notes:

1. Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

‘Borrowings’ refer to interest bearing liabilities mainly raised from public borrowings raised through finance leases and other interest bearing arrangements.

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether CSV has categorised its interest bearing liabilities as either ‘financial liabilities designated at fair value through profit or loss’, or financial liabilities at ‘amortised cost’. The classification depends on the nature and purpose of the interest bearing liabilities. CSV determines the classification of its interest bearing liabilities at initial recognition.

Defaults and breaches: During the current and prior year, there were no defaults or breaches of any of the loans.

### Maturity analysis of borrowings

2017

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2017 | Carrying amount($'000) | Nominal amount($'000) | Maturity datesLess than 1 month($'000) | Maturity dates1 to 3 months ($'000) | Maturity dates3 months to 1 year ($'000) | Maturity dates1 to 5 years ($'000) | Maturity dates Greater than 5 years ($'000) |
| Contractual Payables: | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| PPP Finance lease liabilities | 69,840 | 86,892 | 1,496 | 4,633 | 12,064 | 68,699 | 0 |
| Other finance lease liabilities payable | 9,235 | 9,586 | 1,335 | 873 | 2,522 | 4,855 | 0 |
| Total | 79,075 | 96,478 | 2,831 | 5,507 | 14,586 | 73,554 | 0 |

2016

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2016 | Carrying amount($'000) | Nominal amount($'000) | Maturity dates Less than 1 month($'000) | Maturity dates 1 to 3 months($'000) | Maturity dates 3 months to 1 year($'000) | Maturity dates 1 to 5 years($'000) | Maturity dates Greater than 5 years($'000) |
| Contractual Payables:  | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Borrowings: | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| PPP Finance lease liabilities | 82,144 | 106,217 | 1,594 | 4,926 | 12,806 | 70,893 | 15,999 |
| Other finance lease liabilities payable | 8,663 | 9,034 | 1,091 | 581 | 2,850 | 4,512 | N/A |
| Total | 90,807 | 115,252 | 2,685 | 5,507 | 15,656 | 75,405 | 15,999 |

#### Interest expense

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Interest on finance leases | 7,174 | 8,201 |
| Total interest expense | 7,174 | 8,201 |

Interest on finance leases comprises interest relating to the County Court Facility Public Private Partnership (PPP) arrangement of $7.02 million (2016: $8.05 million) and motor vehicles of $0.15 million (2016: $0.15million).

Interest expense is recognised in the period in which it is incurred

## Leases

### Finance lease liabilities (CSV as lessee)

Finance lease liabilities payable

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Minimum future lease payments([see note 1](#FinanceLease1))2017$'000 | Minimum future lease payments([see note 1](#FinanceLease1))2016$'000 | Present value of minimum lease payments 2017$'000 | Present value of minimum lease payments 2016$'000 |
| Commissioned PPP related finance lease liabilities payable | N/A | N/A | N/A | N/A |
| Not longer than 1 year | 18,194 | 19,325 | 12,299 | 12,303 |
| Longer than 1 year and not longer than 5 years | 68,699 | 70,893 | 57,541 | 54,538 |
| Longer than 5 years | N/A | 15,999 | N/A | 15,302 |
| Other finance lease liabilities payable ([see note ii](#FinanceLease2)) | N/A | N/A | N/A | N/A |
| Not longer than 1 year | 4,730 | 4,522 | 4,509 | 4,275 |
| Longer than 1 year and not longer than 5 years | 4,855 | 4,512 | 4,726 | 4,388 |
| Minimum future lease payments | 96,478 | 115,252 | 79,075 | 90,807 |
| Less future finance charges | (17,403) | (24,445) | N/A | N/A |
| Present value of minimum lease payments | 79,075 | 90,807 | 79,075 | 90,807 |
| Included in the financial statements as: | N/A | N/A | N/A | N/A |
| Current borrowings lease liabilities (note 7.1) | N/A | N/A | 16,808 | 16,579 |
| Non-current borrowings lease liabilities (note 7.1) | N/A | N/A | 62,267 | 74,228 |
| Total lease liabilities | 0 | 0 | 79,075 | 90,807 |

Note:

1. Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.
2. Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 7.5.

Commissioned public private partnership: The state entered into a 20 year contract with the private sector for the design, construction and management of the County Court. The facility provides the County Court and court users with accommodation services throughout the term of the contract, which ends in 2022. The operation and maintenance commitments are disclosed in Note 7.5.

### Finance lease liabilities (CSV as lessee)

Other leasing arrangements: The other finance lease relates to motor vehicles leased through the VicFleet lease facility. The lease term is the period over which the vehicle is to be leased. Generally, vehicles must be retained for three years or 60,000 kms, whichever occurs first. On disposal of the vehicle any profit or loss on sale is borne by CSV.

## Cash flow information and balances

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

For cash flow statement presentation purposes, cash and cash equivalents are included on the balance sheet, as indicated in the reconciliation below.

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Cash | (1,718) | (1,519) |
| Funds held in trust | 10,804 | 9,898 |
| Balance as per cash flow statement | 9,086 | 8,379 |

Due to the State’s investment policy and funding arrangements, CSV does not hold a large cash reserve in its bank accounts. Cash received from generation of income is generally paid into the State’s bank account (‘public account’). Similarly, CSV expenditure, including in the form of cheques drawn for the payments to its suppliers and creditors, is made via the public account. The public account remits to CSV the cash required upon presentation of cheques by CSV's suppliers or creditors.

These funding arrangements often result in CSV having a notional shortfall in the cash at bank required for payment of unpresented cheques at reporting date. At 30 June 2017, cash at bank included the amount of a notional shortfall for the payment of unpresented cheques of $1.4 million (2016: $1.2 million).

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These funding arrangements often result in CSV having a notional shortfall in the cash at bank required for payment of unpresented cheques at reporting date. At 30 June 2017, cash at bank included the amount of a notional shortfall for the payment of unpresented cheques of $1.4 million (2016: $1.2 million).

### Reconciliation of net result for the period to cash flow from operating activities

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Net result for the period | 1,682 | (4,527) |
| Non-cash movements: | N/A | N/A |
| (Gain)/loss on sale or disposal of non-current assets | (461) | 530  |
| Depreciation and amortisation of non-current assets | 43,895 | 30,489 |
| Allowance for doubtful debts and bad debts | 10 | (8) |
| Resources free of charge | (13) | 250  |
| Movements in net assets and liabilities: | N/A | N/A |
| Decrease/(increase) in receivables | (16,838) | (3,745) |
| Decrease/(increase) in prepayments | (393) | (534) |
| Increase/(decrease) in payables | 3,371 | (3,366) |
| Increase/(decrease) in provisions | 393 | 6,867 |
| Net cash from/(used in) operating activities | 31,646 | 25,957  |

## Trust account balances

Funds held in trust are quarantined for use specifically for the purposes under which each trust fund has been established and are not used for operating purposes.

Trust account balances relating to trust accounts controlled and/or administered by CSV.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Openingbalance as at1 July 2016$'000 | Totalreceipts$'000 | Totalpayments$'000 | Closingbalance as at30 June 2017$'000 | Openingbalance as at1 July 2015$'000 | Totalreceipts$'000 | Totalpayments$'000 | Closingbalance as at30 June 2016$'000 |
| Cash and cash equivalents and investments | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Controlled trusts | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Treasury Trust Fund | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for CSV | 8,143 | 13,346 | 12,567 | 8,922 | 9,097 | 9,437 | 10,391 | 8,143 |
| Vehicle Lease Trust Account | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for the sale of VicFleet motor vehicles | 0 | 500 | 413 | 87  | 0 | 556 | 556 | 0 |
| Victorian Civil and Administrative Tribunal Trust Account | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes. | 1,755 | 18,591  | 18,552  | 1,795 | 0 | 18,553 | 16,797 | 1,755 |
| Total controlled trusts | 9,898 | 32,437  | 31,531  | 10,804 | 9,097 | 28,546 | 27,745 | 9,898 |
| Administered trusts | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Courtlink Trust Account | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for the Magistrates' Courts court orders | 1,243 | 43,870  | 43,958  | 1,156 | 507 | 44,421 | 43,685 | 1,243 |
| Suspense Account | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for CSV | 556 | 51 | 28 | 579 | 565 | 53 | 62 | 556 |
| Public Service Commuter Club | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for the Public Service Commuter Club | (245) | 770 | 830 | (305) | (348) | 782 | 679 | (245) |
| Revenue Suspense | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for the allocation of revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Treasury Trust Fund | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for CSV | 862 | 407 | 15  | 1,254 | 517 | 346 | 1 | 862 |
| Security Account | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Holds monies as security for good behaviour | 69 | 16 | 0 | 85 | 45 | 24 | 0 | 69 |
| Victorian Civil and Administrative Tribunal Trust Account | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Financial Management Act 1994 (No. 18/1994), Part 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes. | 650 | 20 | 430 | 240 | 0 | 650 | 0 | 650 |
| Total | 3,135 | 45,134 | 45,261 | 3,008 | 1,286 | 46,276 | 44,427 | 3,135 |

### Third party funds under management

CSV holds funds comprising of cash, property and other tangible assets under management in trust for certain clients and individuals. They are not used for government purposes and therefore are not included in CSV’s financial statements.

Any earnings on the investments held pending distribution are also applied to the trust assets under management as appropriate.

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Courts | N/A | N/A |
| Bail Monies | 4,191 | 3,834 |
| Court Infant Investment Accounts | 20 | 21 |
| Crimes Compensation Infant Investment Accounts | 0 | 496 |
| Assets under management by the Senior Master of the Supreme Court (Funds in Court) | 1,726,077 | 1,628,290 |
| Total | 1,730,288 | 1,632,640 |

Since 1 July 2004, the Courts Legislation Act 2004 allows funds held in the County Court Infant Investment Trust Accounts, the VOCAT Infant Investment Trust Accounts and the Magistrates’ Court Infant Investment Trust Accounts to be transferable to the management of the Senior Master’s Office (Funds in Court) of the Supreme Court. The decision for transferring funds is discretionary. Each court retains discretion as to where control of the funds is held and each case is considered individually to determine whether the funds should be transferred to the Senior Master. Although in the majority of cases, funds have been transferred from the courts to the Senior Master, the courts have used their discretion to retain control of a portion of the funds held for persons with a disability.

## Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

### Total commitments payable

Nominal Amounts: 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Less than 1 year$'000 | Between 1 and 5 years$'000 | Over 5 years$'000 | Total$'000 |
| Public private partnership - operation and maintenance commitments (7.2.1)  | 13,748 | 56,002 | 0 | 69,750 |
| Capital expenditure commitments payable | 34,546 | 2,893 | 0 | 37,439 |
| Operating and lease commitments payable  | 15,540 | 13,758 | 150 | 29,448 |
| Other commitments payable | 134 | 53 | 0 | 187 |
| Total commitments (inclusive of GST) | 63,968 | 72,705 | 150 | 136,823 |
| Less GST recoverable | 5,815 | 6,610 | 14 | 12,438 |
| Total commitments (exclusive of GST) | 58,153 | 66,096 | 136 | 124,385 |

Nominal Amounts: 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Less than 1 year$'000 | Between 1 and 5 years$'000 | Over 5 years$'000 | Total$'000 |
| Public private partnership - operation and maintenance commitments (7.2.1)  | 13,651 | 55,594 | 14,156 | 83,401 |
| Capital expenditure commitments payable | 52,255 | 23,617 | 0 | 75,872 |
| Operating and lease commitments payable  | 8,159 | 16,379 | 0 | 24,538 |
| Other commitments payable | 4,747 | 2,850 | 16 | 7,613 |
| Total commitments (inclusive of GST) | 78,812 | 98,440 | 14,172 | 191,424 |
| Less GST recoverable | 7,165 | 8,949 | 1,288 | 17,402 |
| Total commitments (exclusive of GST) | 71,647 | 89,491 | 12,884 | 174,022 |

### Public private partnership

CSV 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, CSV 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 accounting policy. The remaining components are accounted for as commitments for operating costs which are expensed in the comprehensive operating statement as they are incurred.

CSV has entered into this type of SCA for the design, construction and management of the County Court. Details of the County Court SCA can be found at Note 7.2.1.

The other, less common form of SCA is one in which CSV 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 CSV and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, are returned to the grantor CSV. CSV has not entered into this type of concession arrangement.

# Risks, contingencies and valuation judgements

Introduction

CSV is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for CSV relate mainly to fair value determination.

Structure

8.1 Financial instruments specific disclosures

8.2 Contingent assets and contingent liabilities

8.3 Fair value determination

## Financial instruments specific disclosures

### Introduction

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 CSV's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

### Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities 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 (and for assets, less any impairment). CSV recognises the following assets in this category:

* cash; and
* receivables (excluding statutory receivables).

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or 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 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 net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost, with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. CSV recognises the following liabilities in this category:

* payables (excluding statutory payables); and
* borrowings (including finance lease liabilities).

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an ‘other economic flow’ included in the net result.

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, CSV 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.

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
* CSV 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
* CSV has transferred its rights to receive cash flows from the asset and either:
	+ transferred substantially all the risks and rewards of the asset; or
	+ neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets: At the end of each reporting period, CSV 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.

The allowance is the difference between the financial asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non‐contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non‐ derivative financial instruments assets, which 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 unit maturity.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an ‘other economic flow’ in the comprehensive operating statement.

### Financial instruments: Categorisation

2017

|  |  |  |  |
| --- | --- | --- | --- |
| 2017 | Contractual financial assets- loans and receivables($'000) | Contractual financial liabilities amortised cost($'000) | Total($'000) |
| Contractual financial assets | N/A | N/A | N/A |
| Cash and deposits/(overdrawn) | (1,718) | 0 | (1,718) |
| Funds held in Trust | 10,804 | 0 | 10,804  |
| Receivable  | N/A | N/A | N/A |
| * Other receivables
 | 2,634 | 0 | 2,634  |
| Total contractual financial assets | 11,720 | 0 | 11,720 |
| Contractual financial liabilities | N/A | N/A | N/A |
| Payable: | N/A | N/A | N/A |
| Trade creditors and other payables |  0 | 15,578 | 15,578  |
| Accrued capital works |  0 | 5,305 | 5,305  |
| Salary and wages |  0 | 4,731 | 4,731  |
| Borrowings: | N/A | N/A | N/A |
| PPP related finance lease liabilities | 0 | 69,840 | 69,840  |
| Non PPP related finance lease liabilities | 0 | 9,235 | 9,235  |
| Total contractual financial liabilities | 0 | 104,689 | 104,689 |

2016

|  |  |  |  |
| --- | --- | --- | --- |
| 2016 | Contractual financial assets- loans and receivables($'000) | Contractual financial liabilities amortised cost($'000) | Total($'000) |
| Contractual financial assets | N/A | N/A | N/A |
| Cash and deposits/(overdrawn) | (1,519) | 0 | (1,519) |
| Funds held in Trust | 9,898 | 0 | 9,898 |
| Receivable  | N/A | N/A | N/A |
| * Other receivables
 | 4,626 | 0 | 4,626 |
| Total contractual financial assets | 13,005 | 0 | 13,005 |
| Contractual financial liabilities | N/A | N/A | N/A |
| Payable: | N/A | N/A | N/A |
| Trade creditors and other payables |  0 | 16,086 | 16,086 |
| Accrued capital works | 0 | 453 | 453 |
| Salary and wages | N/A | 3,635 | 3,635 |
| Borrowings: | N/A | N/A | N/A |
| PPP related finance lease liabilities | 0 | 82,144 | 82,144 |
| Non PPP related finance lease liabilities | 0 | 8,663 | 8,663 |
| Total contractual financial liabilities | 0 | 110,982 | 110,982 |

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

|  |  |  |
| --- | --- | --- |
| Item | 2017Total expense$'000 | 2016Total expense$'000 |
| Contractual financial liabilities under the PPP arrangement for the County Court Facility | (7,022) | (8,055) |
| Contractual financial liabilities for VicFleet | (152) | (146) |
| Total | (7,174) | (8,201) |

### Financial risk management objectives and policies

As a whole, CSV’s financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

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 8.3 to the financial statements.

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

CSV main financial risks include credit risk and liquidity risk. CSV manages these financial risks in accordance with its financial risk management policy.

CSV's uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with CSV's Finance Portfolio Committee.

#### Financial instruments: Credit Risk

Credit risk refers to the possibility that a debtor will default on its financial obligations as and when they fall due. CSV's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to CSV. Credit risk is measured at fair value and is monitored on a regular basis

Credit risk associated with CSV's contractual financial assets is minimal as its main debtor is the Victorian Government. For debtors other than the Government, CSV monitors outstanding debtors on a monthly basis.

In addition, CSV does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank.

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

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

There has been no material change to CSV’s credit risk profile in 2016‐17.

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

2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2017  | Financial institutions(triple-A credit rating)($'000) | Government agencies(triple-A credit rating)($'000) | Other(min triple-B credit rating)($'000) | Total($'000) |
| Cash and deposits/(overdrawn) | 0 | (1,718) | 0 | (1,718) |
| Funds held in trust | 0 | 10,804 | 0 | 10,804 |
| Other receivables | 0 | 2,560 | 74 | 2,634 |
| Total contractual financial assets | 0  | 11,646 | 74  | 11,720 |

2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2016  | Financial institutions(triple-A credit rating)($'000) | Government agencies(triple-A credit rating)($'000) | Other(min triple-B credit rating)($'000) | Total($'000) |
| Cash and deposits/(overdrawn) | 0 | (1,519) | 0 | **(1,519)** |
| Funds held in trust | 0 | 9,898 | 0 | **9,898** |
| Other receivables | 0 | 4,437 | 189 | **4,626** |
| Total contractual financial assets | 0  | **12,817** | 189  | **13,005** |

Note:
Amounts disclosed in this table exclude statutory amounts (e.g. amounts owning from Victorian Government and GST input tax credit recoverable and tax payable).

#### Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. CSV 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.

CSV is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. CSV’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

## Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non‐occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non‐quantifiable.

There are no contingent assets as at 30 June 2017 (2016: nil).

Quantifiable contingent liabilities (arising from outside of government)

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Contingent liabilities | N/A | N/A |
| Liabilities pending the outcome of legal action | 755 | 400 |
| Make good provision ([see note](#QuantifiableContingent)) | 512 | 570 |
| Total contingent liabilities | 1,267 | 970 |

1. Provision for various leased properties that CSV needs to make good at the end of the lease term.

#### Contingent liabilities

Contingent liabilities are:

* possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or non‐occurrence of one or more uncertain future events not wholly within the control of the entity; or
* present obligations that arise from past events but are not recognised because:
	+ it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
	+ the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non‐quantifiable.

##### Non‐quantifiable contingent liabilities

A number of potential obligations are non‐quantifiable at this time arising from:

* indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
* performance guarantees, warranties, letters of comfort and the like;
* deeds in respect of certain obligations; and
* unclaimed monies, which may be subject to future claims by the general public against the State.

## Fair value determination

### Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of CSV.

This section sets out information on how CSV determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

* Financial assets and liabilities at fair value through operating result;
* Available for sale financial assets; and
* Land, buildings, plant and equipment

CSV determines the policies and procedures for determining fair values for both financial and non‐financial assets and liabilities as required.

#### Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

CSV 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.

#### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

* carrying amount and the fair value (which would be the same for those assets measured at fair value);
* the level of the fair value hierarchy that was used to determine the fair value; and
* in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
	+ a reconciliation of the movements in fair values from the beginning of the year to the end; and
	+ details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer Note 8.3.1) and non‐financial physical assets (refer 8.3.2).

### Fair value determination of financial assets and liabilities

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

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

CSV currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short‐term nature or with the expectation that they will be paid in full by the end of the 2017‐18 reporting period.

These financial instruments include: Financial assets

* Cash and deposits; and
* Other receivables.

Financial liabilities

* For supplies and services;
* Amounts payable to government agencies; and
* Other payables.

### Fair value determination: Non‐financial physical assets

#### Fair value measurement hierarchy

2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2017 | Carrying amount as at 30 June 2017 | Fair value measurement at end of reporting period using:Level 1 $‘000 | Fair value measurement at end of reporting period using:Level 2 $’000 | Fair value measurement at end of reporting period using:Level 3 ([see note](#FairValueMeasurement1))$’000 |
| Land at fair value | N/A | N/A | N/A | N/A |
| Specialised land | 343,911 | 0 | 0 | 343,911 |
| Total of land at fair value | 343,911 | 0 | 0 | 343,911 |
| Buildings at fair value | N/A | N/A | N/A | N/A |
| Specialised buildings | 246,393 | 0 | 0 | 246,393 |
| Heritage assets | 114,607 | 0 | 0 | 114,607 |
| Total of buildings at fair value | 361,000 | 0 | 0 | 361,000 |
| Plant, equipment and vehicles at fair value | N/A | N/A | N/A | N/A |
| Plant and equipment | 2,349 | 0 | 0 | 2,349 |
| Total of plant, equipment and vehicles at fair value | 2,349 | 0 | 0 | 2,349 |
| Computer & telecommunications equipment at fair value | N/A | N/A | N/A | N/A |
| Computer & telecommunications equipment  | 4,875 | 0 | 0 | 4,875 |
| Total of computer & telecommunications equipment at fair value | 4,875 | 0 | 0 | 4,875 |
| Cultural assets at fair value | N/A | N/A | N/A | N/A |
| Artworks | 896 | 0 | 896 | N/A |
| Total of cultural assets at fair value | 896 | 0 | 896 | 0 |

2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2016 | Carrying amount as at 30 June 2017 | Fair value measurement at end of reporting period using:Level 1 $‘000 | Fair value measurement at end of reporting period using:Level 2 $’000 | Fair value measurement at end of reporting period using:Level 3 ([see note](#FairValueMeasurement1))$’000 |
| Land at fair value | N/A | N/A | N/A | N/A |
| Specialised land | 343,911 | 0 | 0 | 343,911 |
| Total of land at fair value | **343,911** | **0** | **0** | **343,911** |
| Buildings at fair value | N/A | N/A | N/A | N/A |
| Specialised buildings | 244,568 | 0 | 0 | 244,568 |
| Heritage assets | 120,603 | 0 | 0 | 120,603 |
| Total of buildings at fair value | **365,171** | **0** | **0** | **365,171** |
| Plant, equipment and vehicles at fair value | N/A | N/A | N/A | N/A |
| Plant and equipment | 2,722 | 0 | 0 | 2,722 |
| Total of plant, equipment and vehicles at fair value | **2,722** | **0** | **0** | **2,722** |
| Computer & telecommunications equipment at fair value | N/A | N/A | N/A | N/A |
| Computer & telecommunications equipment  | 4,288 | 0 | 0 | 4,288 |
| Total of computer & telecommunications equipment at fair value | **4,288** | **0** | **0** | **4,288** |
| Cultural assets at fair value | N/A | N/A | N/A | N/A |
| Artworks | 866 | 0 | 866 | 0 |
| Total of cultural assets at fair value | **866** | **0** | **866** | **0** |

Notes:

1. CSV holds $114.61 million worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.
2. There have been no transfers between levels during the period.

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.

For the majority of CSV’s specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of CSV's specialised land and specialised buildings was performed by the Valuer‑General of Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2016.

In accordance with FRD 103F, CSV has reviewed it non financial physical assets based on the Valuer‐General of Victoria indices. The review indicates that there is no exceptionally material movement in land, and no adjustment is thereby necessary this financial year

Leasehold Buildings are valued using the depreciation replacement value. An Independent valuation of CSV leasehold buildings was performed by the Valuer‐General Victoria as at 30 June 2016.

Heritage assets are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost 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.

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 CSV's heritage assets was performed by the Valuer‑General of Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2016.

Vehicles are valued using the depreciated replacement cost method. CSV 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 VicFleet who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

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 2017. For all assets measured at fair value, the current use is considered the highest and best use.

#### Reconciliation of level 3 fair value movements

2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2017 | Specialised land$'000 | Specialised buildings$'000 | Plant and equipment$'000 | Computer &communication equipment$’000 |
| Opening balance | 343,911 | 365,171 | 2,722 | 4,288 |
| Purchases (sales) | 0 | 6,075 | 19  | 0 |
| Transfers in (out) of level 3 | 0 | 9,441  | 84  | 0 |
| Disposal | 0 | 0 | 0 | 0 |
| Depreciation | 0 | (23,362) | (484) | (1,217) |
| Accumulated depreciation transferred to reduce the carrying value | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 2,281  | 8  | 0 |
| Transfer in/out of assets under construction | 0 | 1,395  | 0 | 1,804 |
| Closing balance | 343,911 | 361,000 | 2,350 | 4,875 |

2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2017 | Specialised land$'000 | Specialised buildings$'000 | Plant and equipment$'000 | Computer &communication equipment$’000 |
| Opening balance | 163,016 | 304,395 | 5,670 | 5,214 |
| Purchases (sales) | 49,120 | 4,330 | 77  | 28  |
| Transfers in (out) of level 3 | 0 | 669 | (2,516) | (135) |
| Disposal | 0 | 0 | (9) | 0 |
| Depreciation | 0 | (10,893) | (500) | (819) |
| Accumulated depreciation transferred to reduce the carrying value | 0 | 0 | 0 | 0 |
| Revaluation | 131,775 | 51,068  | 0 | 0 |
| Transfer in/out of assets under construction | 0 | 15,602  | 0 | 0 |
| Closing balance | 343,911 | 365,171 | 2,722 | 4,288 |

Specialised buildings includes heritage buildings

Description of significant unobservable inputs to Level 3 valuation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Details | Valuation technique | Significant unobservable inputs used in valuation | Range (weighted average) | Sensitivity of fair value measurement to changes in significant unobservable inputs |
| Specialised land | Market approach | CSO adjustment | 25 per cent | Significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value. |
| Specialised buildings Structure/shell/building fabric | Depreciated replacement cost | Useful life | 6 ‐ 37 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Specialised buildings Site engineering services | Depreciated replacement cost | Useful life | 6 ‐ 33 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Specialised buildings Fit out | Depreciated replacement cost | Useful life | 3 ‐ 25 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Specialised buildings Trunk reticulated building systems | Depreciated replacement cost | Useful life | 3 ‐ 20 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Heritage buildings Structure/shell/building fabric | Depreciated replacement cost | Useful life | 50 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Heritage buildings Site engineering services | Depreciated replacement cost | Useful life | 50 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Heritage buildings Fit out | Depreciated replacement cost | Useful life | 10 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Heritage buildings Trunk reticulated building systems | Depreciated replacement cost | Useful life | 10 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Leasehold improvements | Depreciated replacement cost | Term of lease | 2 ‐ 37 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |
| Plant and equipment | Depreciated replacement cost | Useful life | 1 ‐ 10 years | Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation. |

# Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

9.1 Other economic flows included in net result

9.2 Non ‐ financial physical assets classified as held for sale

9.3 Responsible persons

9.4 Remuneration of executives and other personnel

9.5 Remuneration of auditors

9.6 Other accounting policies

9.7 Australian Accounting Standards issued that are not yet effective

## Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| (a) Net gain/(loss) on non-financial assets | N/A | N/A |
| Net gain/(loss) on disposal of property, plant and equipment | 461  | 530 |
| Total net gain/(loss) on non-financial assets | 461  | 530 |
| (b) Net gain/(loss) on financial instruments | N/A | N/A |
| Bad debts written off | (13) | 8 |
| Total net gain/(loss) on financial instruments | (13) | 8 |
| (c) Other gains/(losses) from other economic flows | N/A | N/A |
| Net gain/(loss) arising from revaluation of long service leave liability  | 3,774  | (4,593) |
| Total other gains/(losses) from other economic flows | 3,774  | (4,593) |

## Non‐financial physical assets classified as held for sale

|  |  |  |
| --- | --- | --- |
| Item | 2017$'000 | 2016$'000 |
| Finance lease motor vehicles held for sale | 233 | 153 |
| Total non‐financial physical assets classified as held for sale | 233 | 153 |

## Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officer in CSV are as follows:

Responsible Minister

Attorney‐General, The Hon. Martin Pakula MP 1 July 2016 to 30 June 2017

Acting Attorney‐General, The Hon. Natalie Hutchins MP 1 July 2016 to 5 July 2016

Acting Attorney‐General, The Hon. Jill Hennessy MP 6 July 2016 to 10 July 2016

Acting Attorney‐General, The Hon. Lisa Neville MP 2 September 2016 to 13 September 2016

Acting Attorney‐General, The Hon. Steve Herbert MP 16 September 2016 to 25 September 2016

Acting Attorney‐General, The Hon. Gayle Tierney MP 17 December 2016 to 20 December 2016

Acting Attorney‐General, The Hon. Lisa Neville MP 21 December 2016 to 24 December 2016

Acting Attorney‐General, The Hon. Jill Hennessy MP 25 December 2016 to 29 December 2016

Acting Attorney‐General, The Hon. Gayle Tierney MP 30 December 2016 to 8 January 2017

Acting Attorney‐General, The Hon. Lisa Neville MP 23 January 2017 to 29 January 2017

Acting Attorney‐General, The Hon. Lisa Neville MP 24 February 2017 to 1 March 2017

The Attorney ‐General remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Accountable Officer

Chief Executive Officer, Kerry Osborne 1 July 2016 to 28 November 2016 Acting Chief Executive Officer, Brian Stevenson 17 November 2016 to 29 January 2017 Chief Executive Officer, David Ware 30 January 2017 to 30 June 2017

Chair of the Courts Council

The Hon. Chief Justice Marilyn Warren AC 1 July 2016 to 30 June 2017

Responsible Body: Courts Council

The Honourable Chief Justice Marilyn Warren AC 1 July 2016 to 30 June 2017 The Honourable Justice Gregory Garde AO RFD 1 July 2016 to 30 June 2017

His Honour Chief Judge Peter Kidd 1 July 2016 to 30 June 2017

His Honour Chief Magistrate Peter Lauritsen 1 July 2016 to 30 June 2017

Her Honour Judge Amanda Chambers 1 July 2016 to 30 June 2017

Her Honour Judge Sara Hinchey 1 July 2016 to 30 June 2017

Dr Philip Williams 1 July 2016 to 30 June 2017

Remuneration: Accountable Officer

|  |  |  |
| --- | --- | --- |
| Remuneration | 2017No. | 2016No. |
| $40,000-$49,999 | 0 | 1 |
| $60,000-$69,999 | 1 | 0 |
| $110,000-$119,999 | 0 | 1 |
| $210,000- $219,999 | 1 | 0 |
| $250,000- $259,999 | 0 | 1 |
| $390,000 - $399,999 | 1 | 0 |
| Total | 3 | 3 |

Remuneration received or receivable by the independent member during the reporting period was in the range: $20,000‐$29,999 ($20,000‐$29,999 in 2016‐17).

Judicial members of the responsible body are remunerated under the Judicial Salaries Act 2004 as holders of judicial positions defined by the respective acts of law that create the Victorian judiciary, namely the Constitution Act 1975 s 82, County Court Act 1958 s.10, Magistrates Court Act shc.1 Pt1 cl.10 and Victorian Civil and Administrative Tribunal Act 1998 s.17AA. The Judicial members receive no additional remuneration in their capacity as members of the Courts Council.

The key management personnel of CSV is the Courts Council and Chief Executive officer.

## Remuneration of executives and other personnel

The number of executive officers, other than ministers. The responsible body and accountable officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short‐term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non‐monetary benefits such as allowances and free or subsidised goods or services.

Post‐employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long‐term benefits include long service leave, other long service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers

|  |  |
| --- | --- |
| Item | 2017 |
| Short-term employee benefits | 2,130  |
| Post-employment benefits  | 175  |
| Other long-term benefits  | 67  |
| Termination benefits  | 111  |
| Total remuneration ([see note a](#RemunerationA))  | 2,483  |
| Total number of executives | 11  |
| Total annualised employee equivalents ([see note b](#RemunerationB)) | 11  |

Notes

1. No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year’s financial statements for executive remuneration for the 2015-16 reporting period.
2. Annualised employee equivalent is based on the time fraction worked over the reporting period.

## Remuneration of auditors

|  |  |  |
| --- | --- | --- |
| N/A | 2017$'000 | 2016$'000 |
| Victorian Auditor-General's Office | N/A | N/A |
| Audit of the financial statements | 224 | 209 |
| Total remuneration of auditors | 224 | 209 |

## Other accounting policies

### Contributions by owners

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CSV.

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 to or distributions by owners have also been designated as contributions by owners.

### Reassessment of estimated useful lives of assets

An independent valuation of CSV specialised land and specialised buildings was performed by the Valuer‐General Victoria as at 30 June 2016. The valuation was performed using the market approach adjusted for CSO and componentisation of buildings.

Componentisation of buildings is a change in accounting policy. The nature and amount of change in an accounting estimate that has an effect in the current period and is expected to have an effect in future periods.

Assuming the assets are held until the end of their estimated useful lives, depreciation of CSV assets for the next four years in relation to these assets will be increased by the following amounts:

Year Ending 2017 $12,183,000

Year Ending 2018 $12,183,000

Year Ending 2019 $12,183,000

Year Ending 2020 $10,789,000

Year four estimated depreciation is reduced as some components of the assets will be fully depreciated over 3 years.

## Australian Accounting Standards issued that are not yet effective

|  |  |  |  |
| --- | --- | --- | --- |
| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning after | Impact on CSV financial statements |
| AASB 15 Revenue from Contracts with Customers | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. | 1-Jan-18 | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications. |
| AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 | Amends the measurement of trade receivables and the recognition of dividends.Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. | 1-Jan-17 except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from1-Jan-18 | The assessment has indicated that there will be no significant impact for CSV. |
| AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 | This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. | 1-Jan-18 | This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.  |
| AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities | This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. | 1-Jan-19 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |
| AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities | This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events* require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and
* clarifies circumstances when a contract with a customer is within the scope of AASB 15.
 | 1-Jan-19 | The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above. |
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet. | 1-Jan-19 | The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.No change for lessors.  |
| AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | The Standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities. | 1-Jan-17 | The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136. |
| AASB 1058 Income of Not-for-Profit Entities | This Standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.  | 1-Jan-19 | The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.  |

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016‐17 reporting period (as

* AASB 2016‐1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
* AASB 2016‐2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
* AASB 2016‐5 Amendments to Australian Accounting Standards – Classification and Measurements of Share‐based Payment Transactions
* AASB 2016‐6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

Notes:

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

# Glossary

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Controlled item generally refers to the capacity of CSV to benefit from that item in the pursuit of the entity’s objectives and to deny or regulate the access of others to that benefit.

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

Community Service Obligation (CSO) is an allowance made to reflect the difference between unrestricted freehold land and assets held by the Public Sector which may be affected by social and economic restraints. This may arise because the land is Crown land and in a public use zone or it is considered an iconic property that would be difficult to sell.

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

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

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 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 is any asset that is:

1. cash;
2. an equity instrument of another entity;
3. a contractual right:
	* to receive cash or another financial asset from another entity; or
	* to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
4. 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 is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

1. a contractual obligation:
	* to deliver cash or another financial asset to another entity; or
	* to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
2. 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 in this report comprises:

1. a balance sheet as at the end of the period;
2. a comprehensive operating statement for the period;
3. a statement of changes in equity for the period;
4. a cash flow statement for the period;
5. notes, comprising a summary of significant accounting policies and other explanatory information;
6. comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
7. 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.

Grant expenses and other transfers are 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 comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non‐ market in nature, those that are largely for collective consumption by the community and those that 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 are grants paid to one institutional sector (e.g. a State general government entity) to be passed on to another institutional sector (e.g. local government or a private non‐profit institution).

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.

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

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

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

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as ‘other non‐owner movements in equity’.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non‐financial assets are all assets that are not financial assets. It includes land, buildings, plant and equipment, cultural and heritage assets and intangibles.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as ‘other non‐owner movements in equity’. Refer also ‘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. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non‐current 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.

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. They include changes in physical asset revaluation surplus and 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 include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software and research and development costs (not including the start‐up costs associated with capital projects).

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

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

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

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

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

Hypen‐ zero, or rounded to zero

(xxx) 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 2016‐17 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the CSV’s annual reports.

# Appendix 1 Budgetary Reporting: Explanation of material variances between budget and actual outcome

## Comprehensive operating statement for the financial year ended 30 June 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Variance note | Original budget2017($ million) | Actual2017($ million) | Variance($ million) |
| Continuing operations | N/A | N/A | N/A | N/A |
| Income from transactions | N/A | N/A | N/A | N/A |
| Output appropriations | N/A | 325.0 | 332.2 | 7.2 |
| Special appropriations | 1 | 145.0 | 125.5 |  (19.5) |
| Grants | 2 | 17.0 | 26.9 | 9.9 |
| Other income | N/A | N/A | 6.2 | 6.2 |
| Total income from transactions | N/A | 487.0 | 490.9 | 3.9 |
| Expenses from transactions | N/A | N/A | N/A | N/A |
| Employee expenses | 3 | 295.0 | 278.5 | (16.5) |
| Depreciation and amortisation | N/A | 34.0 | 43.9 | 9.9  |
| Interest expense | 4 | 11.0 | 7.2 |  (3.8) |
| Grants and other transfers | 5 | 1.0 | 8.5 | 7.5  |
| Capital asset charge | N/A | 40.0 | 39.8 |  (0.2) |
| Supplies and services | N/A | 0 | 115.4 | 115.4  |
| Other operating expenses | 6 | 106.0 | N/A |  (106.0) |
| Total expenses from transactions | N/A | 487.0 | 493.4 | 6.4 |
| Net result from transactions (net operating balance) | N/A | 0.0 |  (2.5) |  (2.5) |
| Other economic flows included in net result | N/A | N/A | N/A | N/A |
| Net gain/(loss) on non-financial assets | N/A | 0 | 0.5 | 0.5 |
| Net gain/(loss) on financial instruments | N/A | 0 | 0.0 | 0.0 |
| Other gains/(losses) from other economic flows | 7 | 0 | 3.8 | 3.8 |
| Total other economic flows included in net result | N/A | 0.0 | 4.2 | 4.2 |
| Net result | N/A | 0.0 | 1.7 | 1.7 |
| Other economic flows - other comprehensive income | N/A | N/A | N/A | N/A |
| Items that will not be reclassified to net result | N/A | 0 | 0 | 0 |
| Changes in physical asset revaluation reserve | 8 | 0 | 3.9 | 3.9 |
| Total other economic flows - other comprehensive income | N/A | 0.0 | 3.9 | 3.9 |
| Comprehensive result | N/A | 0.0 | 5.6 | 5.6 |

## Balance sheet as at 30 June 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Variance Note | Original budget2017($ million) | Actual2017($ million) | Variance($ million) |
| Financial assets | N/A | N/A | N/A | N/A |
| Cash and deposits | 9 | 5.0  | 9.1  | 4.1  |
| Receivables | 10 | 101.0  | 81.9  |  (19.1) |
| Total financial assets | N/A | 105.0  | 91.0  |  (15.0) |
| Non-financial assets | N/A | N/A | N/A | N/A |
| Non-financial physical assets classified as held for sale | N/A | 0 | 0.2  | 0.2  |
| Property, plant and equipment  | 11 | 762.4  | 975.2  | 212.8  |
| Intangible assets | N/A | 18.4  | 18.3  |  (0.1) |
| Prepayments | N/A | 0 | 2.1  | 2.1  |
| Total non-financial assets | N/A | 782.0  | 995.9  | 215.1  |
| Total assets | N/A | 887.0  | 1,086.8  | 200.0  |
| Liabilities | N/A | N/A | N/A | N/A |
| Payables | 12 | 25.0  | 31.1  | 6.1  |
| Borrowings | 13 | 91.0  | 79.1  |  (11.9) |
| Provisions | 14 | 70.0  | 76.9  | 6.9  |
| Total liabilities | N/A | 185.0  | 187.1  | 1.1  |
| Net assets | N/A | 702.0  | 899.7  | 198.9  |
| Equity | N/A | N/A | N/A | N/A |
| Accumulated surplus/(deficit) | N/A | 0 | 1.2  | 1.2  |
| Physical asset revaluation surplus | N/A | 0 | 711.7  | 711.7  |
| Contributed capital | N/A | 704.0  | 186.8  |  (517.2) |
| Net worth | N/A | 702.0  | 899.7  | 195.7  |

## Statement of changes in equity for the financial year ended 30 June 2017

Original budget

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Original budget | Physical asset revaluation surplus ($ million) | Accumulated surplus/ (deficit)($ million) | Contributions by owner($ million) | Total($ million) |
| Opening balance | 0  | 0 | 658.0 | 658.0 |
| Net result for the year | 0 | 0 | 0 | 0 |
| Other comprehensive income for the year | 0 | 0 | 0 | 0 |
| Transactions with the State in its capacity as owners | 0 | 0 | 43.0  | 43.0  |
| Administered liability transfer from DJR to CSV | 0 | 0 | 0 | 0 |
| Transactions with owners in their capacity as owners | 0 | 0 | 0 | 0 |
| Balance at 30 June 2017 | 0  | 0  | 701.0  | 701.0  |

Actuals

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Actuals | Physical asset revaluation surplus ($ million) | Accumulated surplus/ (deficit)($ million) | Contributions by owner($ million) | Total($ million) |
| Balance as at 1 July 2016 | 182.9  |  (0.4) | 692.1  | 874.6  |
| Net result for the year | 0  | 1.7  | 0 | 1.7  |
| Other comprehensive income for the year | 3.9  | 0 | 0 | 3.9  |
| Transactions with the State in its capacity as owners | 0 | 0 | 0 | 0 |
| Transactions with owners in their capacity as owners | 0 | 0 | 19.5  | 19.5  |
| Balance at 30 June 2017 | 186.8  | 1.2  | 711.7  | 899.7  |

Variance to budget

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variance to budget | Physical asset revaluation surplus ($ million) | Accumulated surplus/ (deficit)($ million) | Contributions by owner($ million) | Total($ million) |
| Balance as at 1 July 2016 | 0  |  (0.4) | 34.1  | 33.7  |
| Net result for the year | 0 | 1.7  | 0 | 1.7  |
| Other comprehensive income for the year | 3.9  | 0 | 0 | 3.9  |
| Transactions with the State in its capacity as owners | 0 | 0 |  (43.0) |  (43.0) |
| Transactions with owners in their capacity as owners | 0 | 0 | 19.5  | 19.5  |
| Total | 3.9  | 1.2  | 10.7  | 15.8  |

## Cash flow statement for the financial year ended 30 June 2017

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Variance note | Original Budget2017($ million) | Actual2017($ million) | Variance($ million) |
| Cash flows from operating activities | N/A | N/A | N/A | N/A |
| Receipts | N/A | N/A | N/A | N/A |
| Receipts from Government | 15 | 447.0  | 437.2  | (9.8) |
| Receipts from other entities | N/A | 16.6  | 30.4  | 13.8  |
| Goods and services tax recovered from the ATO | N/A | N/A | 14.7  | 14.7  |
| Total receipts | N/A | 463.6  | 482.4  | 18.8  |
| Payments | N/A | N/A | N/A | N/A |
| Payments to suppliers and employees  | N/A | (401.0) | (397.6) | 3.4  |
| Payments of grants and other transfers | N/A | (1.0) | (6.1) | (5.1) |
| Capital assets charge payments | N/A | (40.0) | (39.8) | 0.2  |
| Interest and other costs of finance paid | N/A | (11.0) | (7.2) | 3.8  |
| Total payments | N/A | (453.0) | (450.7) | 2.3  |
| Net cash provided by/(used in) operating activities | N/A | 10.6  | 31.6  | 21.0  |
| Cash flows from investing activities | N/A | N/A | N/A | N/A |
| Purchases of non-financial assets | 16 | (49.0) | (41.0) | 8.0  |
| Proceed sales of non-financial assets  | N/A | N/A | 2.2  | 2.2  |
| Net investment | N/A | N/A | N/A | 0  |
| Net cash provided by/(used in) investing activities | N/A | (49.0) | (38.7) | 10.3  |
| Cash flows from financing activities | N/A | N/A | N/A | N/A |
| Owner contributions by State Government | N/A | 43.0  | 19.5  | (23.5) |
| Repayment of borrowing and finance leases | N/A | (4.8) | (11.7) | (6.9) |
| Net cash provided by/(used in) financing activities | N/A | 38.2  | 7.8  | (30.4) |
| Net increase (decrease) in cash held | N/A | 0 | 0.7  | (0.7) |
| Cash and cash equivalents at the beginning of the financial year | N/A | 5.0  | 8.4  | 0 |
| Cash and cash equivalents at the end of the financial year | N/A | 5.0  | 9.1  | 0 |

## Administered (non‐controlled) items

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Variance note | Original budget2017$'million | Actual2017$'million | Variance$'million |
| Administered income from transactions | N/A | N/A | N/A | N/A |
| Special appropriations applied | N/A | 63.0  |  42.6  |  (20.4) |
| Fines | N/A | 0 |  28.0  |  28.0  |
| Sales of goods and services (including fees) | N/A | 57.0  |  62.4  |  5.4  |
| Other income | N/A | 21.0  |  3.7  |  (17.3) |
| Total administered income from transactions | N/A | 141.0  |  136.7  |  (4.3) |
| Administered expenses from transactions | N/A | N/A | N/A | N/A |
| Payments into the Consolidated Fund | N/A | 78.0  |  92.1  |  14.1  |
| Criminal injuries compensation | N/A | 0 |  43.4  |  43.4  |
| Other expenses | N/A | 0 |  2.5  |  2.5  |
| Grants and other transfer | N/A | 58.0  | N/A |  (58.0) |
| Expenses on behalf of the State | N/A | 5.0  | N/A |  (5.0) |
| Total administered expenses from transactions | N/A | 141.0  |  138.0  |  (3.0) |
| Total administered net result from transactions (net operating balance) | N/A | 0 |  (1.3) |  (1.3) |
| Total administered comprehensive result | N/A | 0 |  (1.3) |  (1.3) |
| Administered financial assets | N/A | N/A | N/A | N/A |
| Cash and deposits | N/A |  7.0  |  5.8  |  (1.2) |
| Receivables | N/A | 0 |  6.4  |  6.4  |
| Total administered financial assets | N/A |  11.0  |  12.1  |  5.1  |
| Administered liabilities | N/A | N/A | N/A | N/A |
| Creditors and accruals | N/A | 0 |  0.8  |  0.8  |
| Payable | N/A |  7.0  |  8.5  |  1.5  |
| Provisions | N/A |  3.0  |  3.3  |  0.3  |
| Total administered liabilities | N/A |  10.0  |  12.6  |  2.6  |
| Total administered net assets | N/A |  1.0  |  (0.4) |  2.6  |

The following are brief explanations for major variances that are assessed to be relevant for the entity's performance analysis, and the discharge of accountability.

1 Special appropriation budget represents the annual warrant provided to cover judicial entitlements and non‐judicial members of the Victorian Civil and Administrative Tribunal (VCAT). The variance from controlled special appropriations represents undrawn revenue and it is mainly due to the timing of cash requirements.

2 Grants variance relates to VCAT received more than anticipated grants on VCAT hearings on Consumer Affairs Victoria (CAV) specialist list. CSV also received additional grants from Department of Justice and Regulations (DJR), Department of Health and Human Service (DHHS) and Department of Premier and Cabinet (DPC) to the Magistrates Court and Children's Court for family violence contingency and specialist courts and court support services.

3 Employee expense variance to budget is due to the increase in judicial entitlements budget which is determined by the Federal Government Judicial Remuneration Tribunal and only came into actual effect in April 2017, increase in employee budget in VCAT additional Warrant, unused Treasury Advance (TA) supplementation funding for additional judicial resource to County Court, Bourke Street Incident and the delay in implementation of Ending Violence against Women and Children initiative, Expansion of Drug Court and Shepparton Law Court Redevelopment projects.

4 Interest expense materially relates to the finance lease interest paid for the schedule of amortisation for County Court Public Private Partnership (PPP) contract. The interest expense has declined as the lease principal has reduced over the term of the contract.

5 The grants variance is materially due to statutory reporting requirements relating to appropriation revenue allocated to the Judicial College of Victoria, additional grants to Corrections Victoria (CV) Housing Program, DHHS Housing Agreement, Supreme Court Library, Youth Diversion Pilot Program, Court Network and Coronial Council of Victoria Reportable Deaths Project.

6 The supplies and services variance is mainly driven by the engagement of contractors and professional services for the CSV Family Violence Reform Program, Supreme Court Digital Strategy and general supplies and consumables.

7 The variance is due to the revaluation of long service leave as a result of change in discounting factor.

8 This variance is due to the revaluation of Heidelberg Magistrates Court and County Court; non‐financial physical assets were revalued by the Valuer‐General's Office.

9 The cash and deposits year end balance consists mainly of deposits held in Trust for third parties.

10 The receivables balance represents primarily the annual appropriation revenue drawdown from the State Administration Unit (SAU), for funding that is owed from the Victorian Government for output expenses recognised by CSV as they are incurred.

11 The property, plant and equipment variance is mainly due to the revaluation as at 30 June 2016 of CSV’s non‐financial physical assets under the requirements of Financial Reporting Direction FRD 103F, not reflected in the 2016‐17 Budget and increase to Assets Under Constructions for the Shepparton Law Court Redevelopment, CSV Video Conferencing Pilot project, Court Safety and Security Assets upgrade, Ending Violence Against Women and Children Initiative, Expansion of the Drug Court and various minor capital works for the refurbishment and upgrade of CSV buildings and facilities.

12 The payables balance represents accrued liabilities for creditors, salary and wages, and accrued capital works for the Shepparton Law Court Redevelopment project.

13 The borrowing balance includes the finance lease liabilities for County Court PPP contract and the VicFleet finance lease liabilities.

14 The variance to published budget relates to the movement in provision of leave liabilities and employee on‐costs.

15 The receipts from government variance is due to VCAT received more than anticipated grants from Consumer Affairs Victoria (CAV) for VCAT Specialist Lists, an increase in revenue retention under Section 29 of the Financial Management Act 1994, Treasurer's Advance (TA) for Bourke Street Incident, Fast Track Remand Court, County Count additional judicial resource, supplementation funding for courts depreciations and County Court PPP land tax and a net increase of carryover from prior year under Section 32 of the Financial Management Act 1994; offset by a transfer from Annual Appropriations to Capital.

16 Purchases of non‐financial assets is lower than budget primarily due to the delays to various projects including the Shepparton Law Court Redevelopment, Court Safety and Security Courts Assets Upgrade, Video Conferencing Project, Implementation of e-Lodgement and minor capital works.