

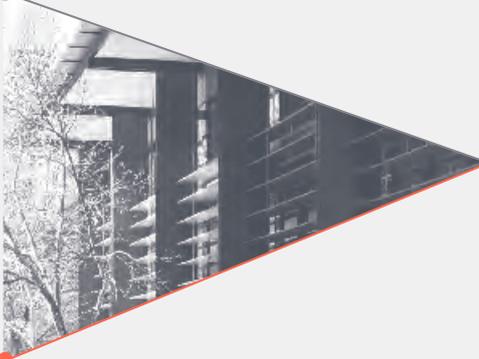


COURT SERVICES
VICTORIA

ANNUAL
REPORT
2014-15



Children's Court
of Victoria



SUPPORTING VICTORIAN COURTS

Coroners Court
of Victoria



Victorian Civil
and Administrative
Tribunal (VCAT)



Court Services Victoria acknowledges Aboriginal and Torres Strait Islander people as the Traditional Custodians of the land. Court Services Victoria also acknowledges and pays respect to their Elders, past and present.

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Magistrates' Court
of Victoria

County Court
of Victoria

Supreme Court
of Victoria

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RESPONSIBLE BODY'S DECLARATION

In accordance with the *Financial Management Act 1994* (Vic) and the *Court Services Victoria Act 2014* (Vic), I am pleased to present Court Services Victoria's Annual Report for the year ending 30 June 2015.



The Honourable Chief Justice
Marilyn Warren AC
Chair of the Courts Council

COURT SERVICES VICTORIA AT A GLANCE

1,666

Full time equivalent staff

\$971 million

In building assets

\$449.3 million

Annual revenue

66

Court and tribunal locations across Victoria



Court Services Victoria was established on 1 July 2014 as an independent statutory body to provide administrative services and facilities to support Victorian courts, the Victorian Civil and Administrative Tribunal (VCAT), and the Judicial College of Victoria (College).

Court Services Victoria supports the performance of the judicial, quasi-judicial and administrative functions of the Supreme Court, the County Court, the Magistrates' Court, the Children's Court, the Coroners Court and VCAT, and the functions of the College.

It is designed to operate independently of the direction of the executive branch of government and to support the independence of the judiciary.

The Courts Council is Court Services Victoria's governing body and comprises the Head of each jurisdiction, and up to two independent members. There are seven standing committees that inform the work of the Courts Council.

2015 HIGHLIGHTS

- ▶ Establishment of Court Services Victoria
- ▶ Transfer of staff and systems from Department of Justice and Regulation
- ▶ New budget reporting measures
- ▶ Transfer of Crown Land to Court Services Victoria
- ▶ MOU between Executive Government and the Courts Council
- ▶ Opening of new Coroner's Court in Southbank
- ▶ Construction of Broadmeadows Children's Court near completion
- ▶ Design of multi-jurisdictional court complex in Shepparton

▲
Above
 His Honour Judge
 Michael McInerney,
 the Honourable
 Chief Justice
 Marilyn Warren AC,
 His Honour Judge
 Peter Couzens,
 His Honour
 Chief Magistrate
 Peter Lauritsen and
 Dr Philip Williams AM.



MESSAGE FROM THE CHAIR

THE ESTABLISHMENT

The establishment of Court Services Victoria (CSV) on 1 July 2014 as an independent statutory body represents an historic change to the way administrative support is provided to courts and the tribunal in this State and also the Judicial College of Victoria. It provides not only a structure independent of the executive, but one with judicial leadership that is directly responsive to the needs of the jurisdictions as they serve the people of Victoria.

The establishment of CSV has enhanced Victoria's reputation as a centre of court excellence and has attracted a great deal of interest both nationally and internationally.

CSV has been embraced by the judiciary. In addition to the heads of all jurisdictions who come together to form the Courts Council, members of the judiciary serve on the portfolio committees and play a vital role in leading the development of the new statutory entity. The commitment and passion demonstrated across these critical governance functions has been impressive.

The first year of CSV's operation has been focused on setting a foundation for long-term sustainability. Much has been achieved in a short space of time. Structures and policies within the organisation have been developed so that CSV can stand alone in fulfilling its functions and meeting its responsibilities. At the same time CSV has been establishing strong relationships with bodies both within executive government and in the broader justice system.

There are two significant developments in the past year I wish to highlight.

MEMORANDUM OF UNDERSTANDING

On 7 May 2015, an historic Memorandum of Understanding (MOU) was signed between the Attorney-General and the Courts Council. The MOU recognises and enshrines the unique constitutional roles of the courts and executive government, and sets out how business will be conducted between the Courts Council and the Attorney-General, the Department of Justice and Regulation (DJR), and the Department of Treasury and Finance.

PERFORMANCE MEASURES

New budget measures have been developed for reporting to Parliament from 2015-2016. These align with the global measures developed in accordance with the *International Framework for Courts Excellence*, which has been recognised world-wide as a foundation document for high achievement in court governance. The new measures seek to provide more meaningful information about the activity within the jurisdictions and the support provided to the jurisdictions.


Above Left
 The Honourable
 Chief Justice
 Marilyn Warren AC



ACKNOWLEDGEMENTS

I acknowledge the support of the former and present Attorneys-General during this establishment year. It is a testament to the fundamental principles on which it has been established that all sides of politics continue to express their support for CSV.

I also acknowledge DJR, particularly the Secretary Mr Greg Wilson, for assisting in the transition to the new body, for the services DJR supplies to CSV, and for the commitment to establishing a productive relationship into the future.

I take this opportunity to thank the staff of CSV who have demonstrated a high level of professionalism and commitment in the establishment of the new organisation. They have familiarised themselves with the operations of the jurisdictions which they support and have taken on the additional responsibility with enthusiasm. I commend them for their achievements in establishing a culture of service and excellence. I particularly thank the CEO Alan Clayton PSM (who resigned on 9 August 2015 to take up another role) for his tireless work, energy, courage and determination to have CSV established, operating well and forging an exciting future.

Finally, I extend my thanks to fellow Courts Council and Portfolio Committee members for their commitment and engagement this year in setting CSV on a strong footing. My judicial colleagues have performed these roles in addition to their ongoing judicial functions.

This year two members of the Courts Council retired from judicial office, and hence from the Council. I record the Council's, and my own, deep appreciation for their significant contributions.

His Honour Chief Judge Michael Rozenes AO retired on 22 June 2015. The former Chief Judge was a foundation member of the Courts Council and also chaired the Information Technology Portfolio Committee. Under his leadership much has been achieved in advancing an Information Technology Strategy and introducing key services reforms such as eLodgement.

His Honour Judge Peter Couzens, President of the Children's Court, also retired on 8 June 2015. Judge Couzens chaired the Human Resources Portfolio Committee, which oversaw the transition from DJR to CSV of more than 1600 staff and the establishment of new delegations, human resources policies and workforce planning.

We have welcomed two new members to the Courts Council – His Honour Judge Michael McLnerney who was appointed as Acting Chief Judge on 28 April 2015 and Her Honour Judge Amanda Chambers who was appointed a Judge of the County Court of Victoria and President of the Children's Court of Victoria on 9 June 2015.



A CHALLENGING FUTURE

In the last year careful consideration has been given to what is needed to properly support the jurisdictions both now and into the future. CSV is working towards meeting those needs with the support of executive government.

CSV faces a number of contemporary challenges and legacy issues. There are three primary concerns within CSV which are relevant across the jurisdictions and impact on the administration of justice.

First, many of the facilities from which the jurisdictions operate are ageing, and not fit for purpose. In particular, CSV needs to ensure the safety and security of those who attend and work in those locations and, also, to ensure that the judiciary may function effectively and efficiently.

Secondly, CSV has begun a process of replacing ageing and significantly inadequate IT infrastructure and systems so that modern information technology solutions can be implemented to improve accessibility and convenience for the public and efficiency within the organisation. There remains much to be done to address systems which are at or beyond their intended functional life. Further, achieving full separation from departmental systems is a high priority to attain the flexibility needed to support further innovation and efficiencies but, importantly, ensure the complete independence of the courts and the tribunal is achieved.

Thirdly, central to all that CSV seeks to achieve is securing the financial position of the organisation. Whilst the financial report shows a surplus for 2014–15 of approximately \$4 million, those funds are not available for use in the provision of services.

The surplus figure is the result of a surplus in trust funds which are available only for specified activities, offset by a deficit in other areas due to events such as the flood damage to the Heidelberg Magistrates' Court.

Many areas are experiencing growing demand. While initiatives have been introduced to manage demand and enhance productivity, it is clear that additional resources will be required in order to maintain service levels and meet increasing demand. CSV is working to ensure that it can provide government with robust evidence to demonstrate the areas and level of need and the value of investment in terms of outcomes for the community.

IN CONCLUSION

CSV is led by the heads of the Victorian courts and tribunal and run for the benefit of those jurisdictions so that they can serve the people of Victoria and apply the rule of law. CSV is reflective of the true and appropriate independence of the jurisdictions. The restraints and controls by executive government over the courts and tribunal are largely gone. It is the Courts Council and the Portfolio Committees which oversee that independence.

In the coming year CSV will continue to build upon its successes and confront the challenges which lie ahead.

The Honourable Chief

Justice Marilyn Warren AC
Chair of the Courts Council

Above Left
The Honourable
Chief Justice
Marilyn Warren AC
and His Honour
Judge Peter
Couzens



MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER

Court Services Victoria commenced on 1 July 2014, and I am pleased to present this annual report of its first year of operations.

CSV was established as a new stand-alone entity to provide the administrative facilities and services to support the judicial, quasi-judicial and administrative functions of the Victorian courts and VCAT and to enable the Judicial College of Victoria to perform its functions. These functions were previously undertaken by executive government through the Department of Justice and Regulation (DJR).

The establishment of CSV represents a milestone event in the history of the courts of Victoria. The purpose of CSV's creation is to support judicial independence in the administration of justice in this State. With its establishment, the control and responsibility for the funding, personnel, services and facilities required for the administration of the courts and VCAT has been entrusted to an independent entity governed by the Courts Council. The creation of CSV has significantly enhanced the ability of the courts and VCAT to operate independently of executive government.

CSV's first year of operation was a period of significant activity and achievement, which saw the transitioning of functions from DJR and making CSV fully operational. In this respect considerable work has gone into:

Establishing the necessary capability, systems, governance arrangements, policies, procedures and delegations to enable CSV to operate,

Supporting the Courts Council and its standing Portfolio Committees in the governance, leadership and strategic direction of CSV,

Implementing the right organisational structure to deliver high quality services and facilities to the judiciary and the College,

Managing the financial and operational performance of CSV,

Delivering on key projects including key information technology projects,

Meeting safety, security and accessibility requirements, and demand for court services.

This work has been critical to CSV's ability to operate successfully as a stand-alone entity and to ensure the long term viability of CSV by ensuring the organisation is structured and resourced appropriately. Achieving this objective is central to CSV achieving its longer term objectives including the continued building of a culture of excellence and being able to deliver service excellence to the jurisdictions.

While a great deal of good work has been completed and much has been achieved in its first year of operation, CSV is confronted with a range of risks and challenges in coming years, including:

- ▶ Ensuring CSV's ongoing financial sustainability in light of projected deficits, resource constraints, forward pressures and demand growth. The financial result of a \$4 million surplus for 2014–15 comprises a surplus in trust funds offset by a loss in other economic flows due largely to the flood damage to Heidelberg Magistrates' Court and revaluation of long service leave liability. This surplus is not discretionary funding available for CSV's use in the provision of court services. Courts are confronted with the impact of increased reporting and policing of family violence and a growing demand and increased complexity in the criminal justice system, the commercial and other parts of the civil justice system. Increasing demand for court services, both at existing courts and tribunals, and in population growth corridors, will continue to put increasing pressure on CSV as it seeks to respond to those issues.
- ▶ Addressing a complex and fragmented information technology landscape with many systems at critical end-of-life or no longer fit for purpose, and equally complex support arrangements which continue to be tied to DJR. CSV will need to find the right balance between remediating ageing assets and systems, and strategic investment in innovation and transformation to ensure the former does not come at the cost of the latter.
- ▶ Ensuring the organisation has the information technology capabilities to transform business operations to benefit court and tribunal users and significantly improve organisational efficiency.
- ▶ Physical assets on sites which constrain development and lack the space and flexibility to be fit for purpose for modern court requirements, including safety, security, accessibility, technology, and contemporary court practices. Historic under-investment means facilities are in poor condition and failing, and pose safety, security and health risks to court and tribunal users, the judiciary and staff.
- ▶ Securing the right people and capabilities to mitigate identified risks and capitalise on opportunities.

The transformational change which has been achieved within and by CSV has required significant contributions from all involved. I would like to thank members of the Courts Council and the Portfolio Committees of Council for the significant time and effort they have invested in shaping CSV and its operations. My thanks also go to the CEOs of the jurisdictions and the College, CSV Directors and members of CSV staff. I also gratefully acknowledge the outgoing CEO of CSV, Mr Alan Clayton, whose tireless commitment to CSV significantly contributed to its successful establishment and its first year of operations.

Over the next twelve months, CSV will continue to work with jurisdictions and the College to meet the challenges we face. CSV will support a range of initiatives and the development of further innovations with the aim of generating efficiencies to help mitigate expense pressures. CSV will also focus on implementing pragmatic strategies to continue to build the necessary values, behaviours and capabilities within the organisation to deliver service excellence and build on strong internal and external relationships to ensure that we can continue to fulfil our important role in supporting an independent judiciary.



Michael Carroll
Acting Chief Executive Officer

SECTION 1:

GOVERNANCE AND ORGANISATIONAL STRUCTURE

ABOUT COURT SERVICES VICTORIA

FUNCTIONS AND POWERS

The function of Court Services Victoria (CSV) is to provide, or arrange for the provision of, the administrative services and facilities necessary to support 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, the Victorian Civil and Administrative Tribunal (VCAT), and to enable the Judicial College of Victoria (College) to perform its functions.

Subject to the *Court Services Victoria Act 2014* (Vic) (CSV Act), CSV has the power to do all things necessary or convenient to be done for, or in connection with, or incidental to, the performance of its function.

COURT SERVICES VICTORIA'S ROLE WITH RESPECT TO THE JURISDICTIONS

Each jurisdiction is established under its own legislation and the establishment of CSV does not affect the internal governance of jurisdictions. In performing its functions and carrying out its powers, CSV acknowledges and respects the judicial independence of each jurisdiction, and the College as a separate legal entity.

The Court Services Victoria Annual Report is separate and distinct from the annual reports of the Victorian courts, VCAT and the Judicial College of Victoria. Those reports provide information about the individual work and administration of the jurisdictions and are available on their respective websites.

CSV's funding, including that necessary for the administration of the jurisdictions and the College, is primarily from the annual appropriation. *The Appropriation (2015-16) Act 2015* (Vic) refers to the 'Department of Courts'. For appropriation purposes only, the 'Department of Courts' is Court Services Victoria. CSV's CEO is the Accountable Officer for the Courts' appropriation, and the Courts Council is the Responsible Body.

CSV, each of the jurisdictions, and the College have separate budgets prepared and approved under section 41 of the CSV Act.

CSV, as the relevant body corporate, enters into contracts, holds property, and related legal rights and obligations relevant to the administrative services and facilities required to support the performance of the functions of the jurisdictions and the College. CSV formally employs the staff necessary to carry out and support those functions.

The CSV CEO has the functions of a public service body head under the *Public Administration Act 2004* (Vic) in relation to members of the staff of CSV. A number of powers and functions of the CSV CEO are delegated to Court CEOs for the purposes of the proper administration of support services and facilities at each jurisdiction.



11 February 2014
Court Services Victoria Act
received Royal Assent

MANNER OF ESTABLISHMENT AND RESPONSIBLE MINISTERS

The CSV Act received Royal Assent on 11 February 2014 and commenced on 1 July 2014, establishing CSV as an independent statutory body corporate.

While the Attorney-General continues to have portfolio responsibility for CSV, the object of the CSV Act is to establish CSV as a body operating independently of the direction of the executive branch of government. The Attorney-General's statutory powers with respect to CSV are limited to matters relating to budget approval (section 41, CSV Act), agreement to allocation statements (section 48, CSV Act) and recommending the vesting of Crown Land in CSV (section 58, CSV Act).

The Attorney-General is the first law officer of the State of Victoria and may be called upon to answer questions in Parliament relating to CSV. The Attorney-General is also responsible for advising Cabinet on certain matters relating to CSV and the jurisdictions, and for bringing certain matters relating to CSV to the attention of Cabinet. A Memorandum of Understanding (MOU) was entered into in order to facilitate and support those roles. It reflects the parties' mutual respect for the different constitutional roles of the executive and the judiciary and Victoria's system of responsible government. A copy of the MOU is available at www.courts.vic.gov.au.

Above Left
Mr Alan Clayton,
Inaugural CEO
of CSV

**1 JULY
2014**

Court Services Victoria
was established and
commenced operations



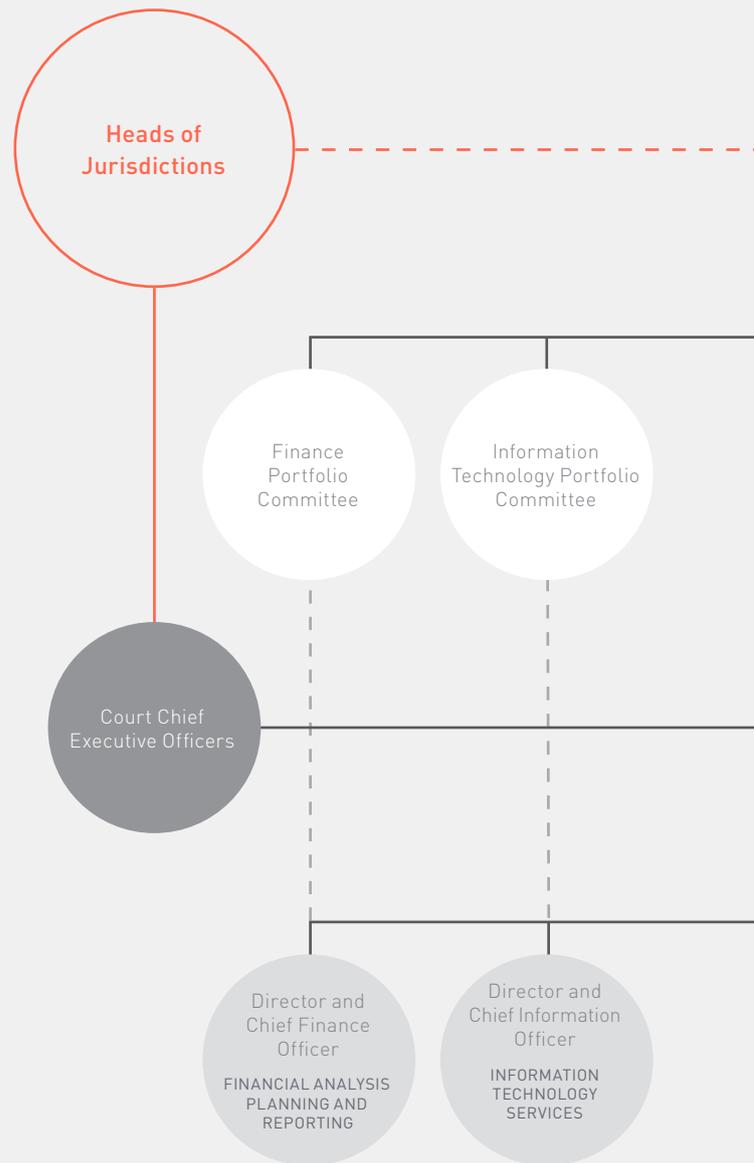
ORGANISATIONAL STRUCTURE AND CORPORATE GOVERNANCE ARRANGEMENTS

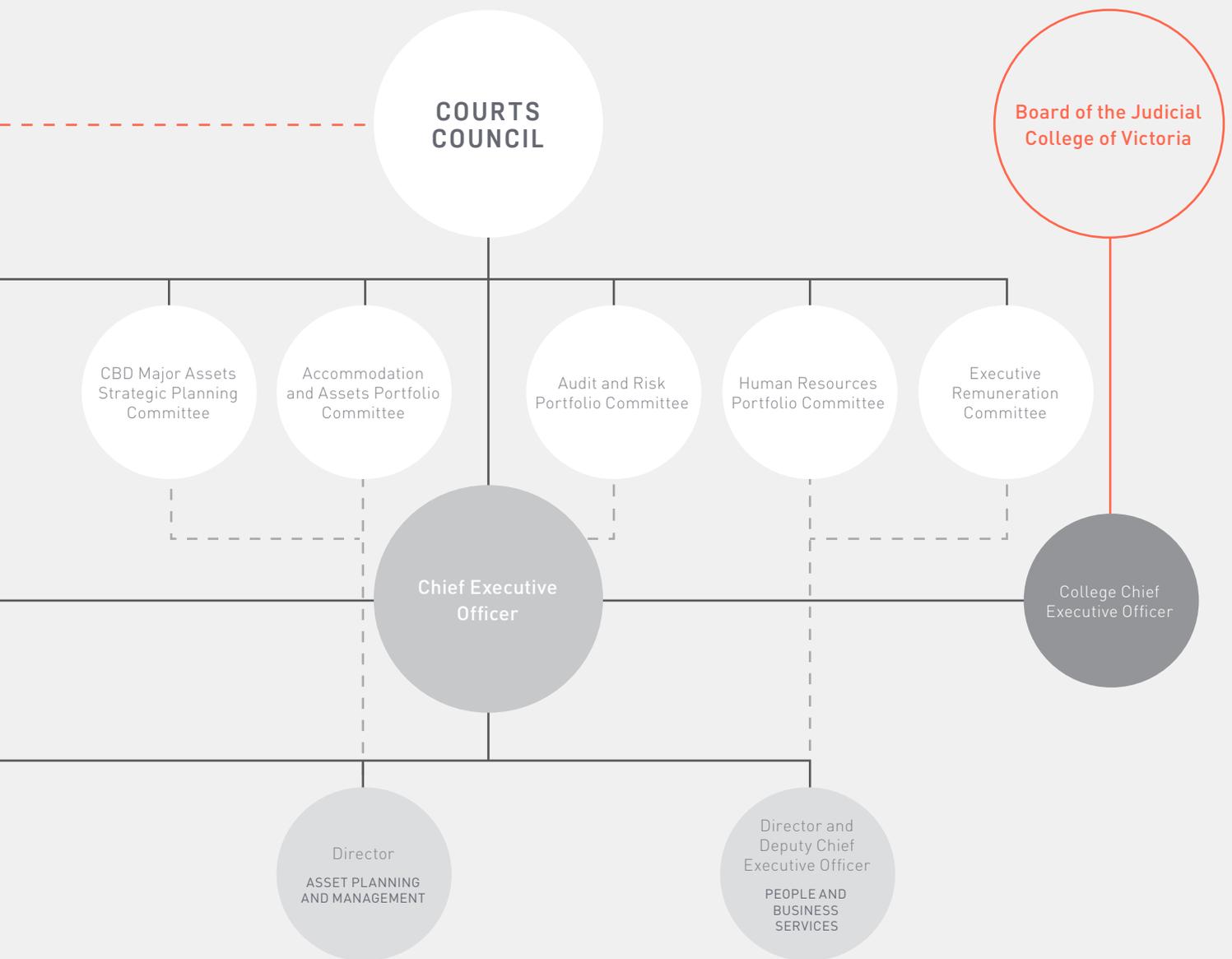
The following diagram illustrates CSV's internal accountability structure.

While each Court CEO has a reporting and accountability line to their Head of Jurisdiction under the CSV Act, the Heads of Jurisdiction do not form part of CSV other than as members of the Courts Council. This is also the case for the Board of the Judicial College of Victoria – the College CEO has obligations to the Board of the College for all matters related to the operation of the College, but the Board of the College does not form part of CSV.

Notes:

1. The Court CEOs are appointed by the Courts Council on the recommendation of the respective Head of Jurisdiction. In performing their functions, they are responsible to the Head of Jurisdiction in relation to the operation of that jurisdiction and to the CSV CEO in relation to all other matters.
2. To facilitate the exercise of their statutory functions and delegated powers, the Court CEOs meet regularly as an executive group to ensure that CSV strategy, policy and process is consistent with the independence of the jurisdictions and strengthens their ability to operate independently of the executive arm of government.
3. The Portfolio Committees shown in the diagram are the standing committees of the Courts Council established in accordance with the CSV Act to assist the Courts Council in its governance of CSV, and as such they form part of CSV's governance structure.
4. CSV's statutory function includes the provision of services to enable the College to perform its functions. When CSV was first established, the College CEO and College employees were transferred to CSV under a Premier's declaration. However, as a result of the commencement of the *Court Services Victoria and Other Acts Amendment Act 2015 (Vic)* (Amending Act), the College CEO is now appointed by the CSV CEO, pursuant to that individual's nomination by the Board of the College. As a result of the Amending Act, the College CEO has two lines of reporting – to the Board of the College regarding the operation of the College and to the CSV CEO in relation to all matters not related to the operation of the College.





1 November 2014

37 Crown allotments
were vested in CSV

GOVERNING BODY

COURTS COUNCIL

The Courts Council is CSV's governing body. It is chaired by the Chief Justice of the Supreme Court of Victoria, and consists of the six Heads of Jurisdiction and up to two non-judicial members appointed by the Heads of Jurisdiction. As of 30 June 2015, the Courts Council has one appointed member.

The Courts Council has the general direction and superintendence of CSV and, subject to the CSV Act, may perform the functions and exercise the powers of CSV. In addition, the Courts Council has the following functions and powers to:

Direct the strategy, governance and risk management of CSV,

Appoint the CEO of CSV,

Appoint the Court CEO for each jurisdiction on the recommendation of the relevant Head of Jurisdiction,

Any other functions that are conferred on the Courts Council by the CSV Act or any other Act.

COURTS COUNCIL MEMBERS



Chief Justice of the Supreme Court of Victoria

The Honourable Chief Justice Marilyn Warren AC was first appointed as a judge of the Supreme Court of Victoria in 1998 and subsequently appointed Chief Justice of Victoria in 2003.

3 November 2014

The Allocation Statement vested in CSV certain property, rights and liabilities of the State relating to the courts

**Chief Judge of the County Court of Victoria**

His Honour Chief Judge Michael Rozenes AO QC was appointed Chief Judge of the County Court of Victoria in 2002 and retired in June 2015.

**Acting Chief Judge of the County Court of Victoria**

His Honour Judge Michael McNerney was appointed as the Acting Chief Judge in April 2015 when Chief Judge Rozenes became ill.

**Chief Magistrate of the Magistrates' Court of Victoria**

His Honour Chief Magistrate Peter Lauritsen commenced in the position of Chief Magistrate on 29 November 2012, after being first appointed as a magistrate in 1989, and Deputy Chief Magistrate in 2003.

**President, Victorian Civil and Administrative Tribunal**

The Honourable Justice Gregory Garde AO RFD was appointed as a judge of the Supreme Court of Victoria and President of the Victorian Civil and Administrative Tribunal in 2012.

10 February 2015

The Courts Council met for the year's first planning forum



President of the Children's Court of Victoria

His Honour Judge Peter Couzens was appointed as a judge of the County Court of Victoria and President of the Children's Court of Victoria on 1 May 2013, prior to which he served as a magistrate for approximately 23 years. Judge Couzens retired in June 2015.



State Coroner, Coroners Court of Victoria

His Honour Judge Ian Gray was appointed as the Chief Magistrate of the Magistrates' Court of Victoria in March 2001. He was appointed as a County Court judge and State Coroner and commenced in those roles on 29 November 2012.



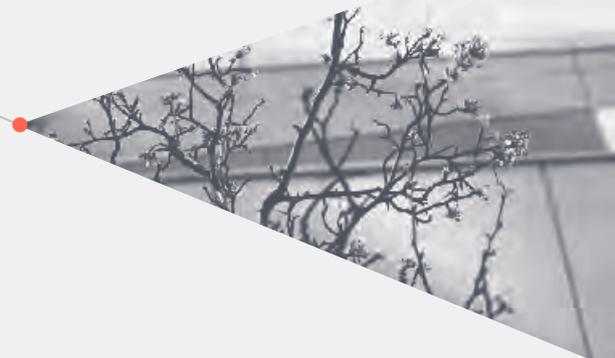
President of the Children's Court of Victoria

Her Honour Judge Amanda Chambers was appointed a judge of the County Court of Victoria and President of the Children's Court of Victoria on 9 June 2015. Prior to her appointment, Judge Chambers served as a magistrate of the State of Victoria for more than eight years.



Independent Member

Dr Philip Williams AM heads the legal and competition team of Frontier Economics (Australia). Dr Williams' key area of expertise is the relationship between economics and the law, and he is a co-author of the Australasian Institute of Judicial Administration Report of Court Governance. He was formerly Professor of Law and Economics in the Melbourne Business School at the University of Melbourne.



COMMITTEES

The Courts Council has established seven standing committees and defined their functions and procedures. These committees are an important feature of CSV's governance structure.

The committees consider a range of issues pivotal to CSV's operations. The Portfolio Committees meet monthly, to coincide with the Courts Council meeting schedule. The Executive Remuneration Committee meets as required.

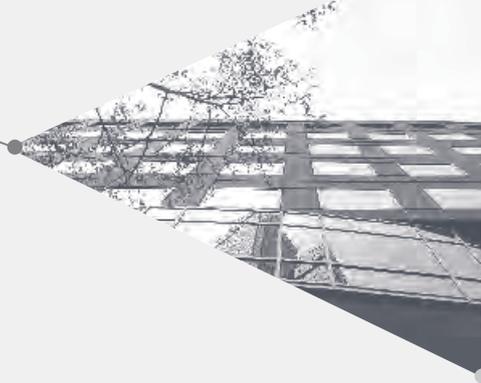
AUDIT AND RISK PORTFOLIO COMMITTEE

The Audit and Risk Portfolio Committee acts in an advisory capacity to foster the development of an internal audit annual program, assesses the accuracy of the financial statements, and ensures the effectiveness and efficiency of financial systems and processes of CSV are consistent with the requirements of the *Financial Management Act 1994* (Vic), the *Audit Act 1994* (Vic), and other legislation and prescribed requirements.

In accordance with the Financial Reporting Directions under the *Financial Management Act 1994* (Vic), members of the committee during 2014–15 were:

Name	Membership
The Honourable Justice Garde	VCAT (Chair)
The Honourable Justice Almond	Supreme Court of Victoria
His Honour Chief Judge Rozenes	County Court of Victoria
His Honour Judge Lacava	County Court of Victoria
His Honour the Chief Magistrate Lauritsen	Magistrates' Court of Victoria
His Honour Deputy Chief Magistrate Braun	Magistrates' Court of Victoria
His Honour Coroner White	Coroners Court of Victoria
His Honour Magistrate Zemljak	Children's Court of Victoria
Margaret Salter	Independent Member

At the time of preparation of this report the Courts Council is in the process of reconstituting the Committee to include more non-judicial members and appointing an external non-judicial chair.



ACCOMMODATION AND ASSETS PORTFOLIO COMMITTEE

The Accommodation and Assets Portfolio Committee provides oversight in relation to the strategic direction and management of property assets, accommodation requirements, facilities' management and capital works programs across CSV.

CBD MAJOR ASSETS STRATEGIC PLANNING COMMITTEE

The CBD Major Assets Strategic Planning Committee provides special oversight in the planning and development of a comprehensive CBD Legal Precinct Asset Strategy.

FINANCE PORTFOLIO COMMITTEE

The Finance Portfolio Committee supports and advises the Courts Council in exercising its authority. The committee assists the Council in monitoring the annual budget for CSV, ensuring transparency over CSV budget matters, identifying budget pressures and issues requiring remediation, overseeing the development of Expenditure Review Sub-Committee bids, and the use of contingencies from the Court Fee Pool.

HUMAN RESOURCES PORTFOLIO COMMITTEE

The Human Resources Portfolio Committee provides informed advice to the Courts Council in relation to human resource matters and provides comment, strategic guidance and recommendations on matters considered by the committee at its regular meetings.

INFORMATION TECHNOLOGY PORTFOLIO COMMITTEE

The Information Technology Portfolio Committee ensures that ongoing and future investment in technology-based products and solutions are effective within the respective jurisdiction or business unit.

EXECUTIVE REMUNERATION COMMITTEE

The Executive Remuneration Committee meets as required to consider matters related to executive remuneration, performance and governance for the assessment and approval of executive salaries, terms and conditions.



SENIOR EXECUTIVE

COURT SERVICES VICTORIA CHIEF EXECUTIVE OFFICER

Alan Clayton PSM was appointed as CSV's CEO by the Courts Council under section 22 of the CSV Act, and was in the role from 1 July 2014 to 5 August 2015. Prior to the establishment of CSV he served as the Transition CEO.

The functions and powers of the CEO include the management of the support services and functions of CSV in accordance with the strategy, plan, procedures and functions of the Courts Council, and the appointment and management of CSV staff.

COURT SERVICES VICTORIA DIRECTORS

There are four divisions within CSV, internally referred to collectively as Jurisdiction Services.

- ▶ People & Business Services
- ▶ Financial Analysis, Planning & Reporting
- ▶ Information Technology Services
- ▶ Asset Planning & Management

The divisions provide specialist support to jurisdictions and the College including information technology services, human resources, business improvement and project management, corporate finance, asset and facilities management, major projects, and compliance.

These services are essential to the independence of CSV and create strong foundations for the strengthening of judicial independence in Victoria.

As at 30 June 2015, the Directors listed below headed these divisions.

Name	Position
Michael Carroll	Director, People & Business Services, and Deputy Chief Executive Officer (see note 1)
Lisa Wills	Director, Financial Analysis, Planning & Reporting, and Chief Finance Officer (see note 2)
Krist Davood	Director, Information Technology Services, and Chief Information Officer (see note 3)
Brian Stevenson	Director, Asset Planning & Management

Notes:

1. Michael Carroll is also the Acting Chief Executive Officer of CSV as at 5 August 2015.
2. As at 5 August 2015, Lisa Wills is also the Acting Deputy Chief Executive Officer.
3. Glen McLean is the Director Information Technology Services and Chief Information Officer as at 10 July 2015.



CHIEF EXECUTIVE OFFICERS

The functions of the Court CEOs include the management and provision of administrative support services for their respective jurisdictions.

In performing their functions, each Court CEO is responsible to and must comply with any directions given by their Head of Jurisdiction in relation to the operations of their jurisdiction, and the CSV CEO in relation to all other matters.

The CEO of the College is responsible to and must comply with any directions given by the Board of the College in relation to the operation of the College, and the CSV CEO in relation to all other matters. For more information about the College, refer to the Judicial College of Victoria Annual Report.

The CEOs for the reporting period were:

Paul Dore (Acting), Supreme Court of Victoria
(2 March 2015 – 30 June 2015)
Anthony Hoogeveen (Acting), Supreme Court
of Victoria (1 July 2014 – 1 March 2015)

Fiona Chamberlain, County Court of Victoria

Andrew Tenni, Magistrates' Court of Victoria

Simon McDonald, Children's Court of Victoria

Samantha Hauge, Coroners Court of Victoria

Keryn Negri, Victorian Civil and
Administrative Tribunal

Samantha Burchell, Judicial College of Victoria

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Above Left
Samantha Burchell
(CEO Judicial
College), Fiona
Chamberlain (CEO
County Court)
and Samantha
Hauge (CEO
Coroners Court)

SECTION 2:

YEAR IN REVIEW

SIGNIFICANT EVENTS

THE ESTABLISHMENT OF COURT SERVICES VICTORIA

1 July 2014

The establishment of CSV on 1 July 2014 heralded a new era of independence for Victoria's justice system. It has been widely recognised as one of the most significant developments in the history of courts in Victoria.

Together with the Heads of Jurisdiction, the then Attorney-General Robert Clark, dignitaries representing the State Government and Victoria's law bodies, the Chief Justice and Chair of the Courts Council, the Hon Marilyn Warren AC, marked the historic occasion at the William Cooper Justice Centre.

ORDER IN COUNCIL VESTING CROWN LAND MANAGEMENT IN COURT SERVICES VICTORIA

1 November 2014

On 29 October 2014, an Order in Council vesting Crown Land management in CSV was made and published in the Government Gazette (Special Gazette no. S 402 Wednesday 29 October 2014). This order included 37 Crown allotments and became effective on 1 November 2014.

30 June 2015

On 23 June 2015, another Order in Council vesting the management of seven Crown allotments in CSV was made and published in the Government Gazette (Special Gazette no. S 165 Tuesday 23 June 2015). This order became effective on 30 June 2015.

Work continues on vesting additional allotments used by courts.

CREATION OF AN ALLOCATION STATEMENT FOR THE PURPOSES OF THE CSV ACT

3 November 2014

On 31 October 2014, the then Attorney-General agreed to a statement of property, rights and liabilities of the State that were to be assigned to CSV, creating an Allocation Statement for the purposes of the CSV Act.

On 3 November 2014, a notice was published in the Government Gazette (Special Gazette no. S 411 Monday 3 November 2014), fixing 3 November 2014 as the appointed day for the purposes of this Allocation Statement, which vested in CSV certain property, rights and liabilities of the State relating to the courts, VCAT and the College; and the services and the staff of the courts, VCAT and the College.

The Allocation Statement included leases, licences and agreements, assets, intellectual property, documents, records and information, outstanding debts, bank accounts and all proceedings arising out of or related to the property, rights or liabilities previously with the State of Victoria and assigned to CSV under the Allocation Statement.

7 May 2015

MOU between the Attorney-General and the Courts Council signed

COURTS COUNCIL FIRST PLANNING FORUM

10 February 2015

The Courts Council met on 10 February 2015 for the year's first planning forum, focusing on financial strategy. This was an important first step in CSV's overall strategic planning activities.

As a new and independent entity, strategic planning is critical for setting, communicating and implementing the vision and organisational direction for CSV.

The seven-member Council, chaired by Chief Justice Warren, was joined at the forum by the CSV CEO, Deputy CEO and Directors, the Court CEOs, the College CEO and a number of presenters.

The Courts Council actively analyses internal and external matters relevant to the long-term sustainability and growth of CSV. The culmination of these discussions will be the development of the first CSV four-year Corporate Plan in late 2015.

MEMORANDUM OF UNDERSTANDING BETWEEN EXECUTIVE GOVERNMENT AND THE COURTS COUNCIL SIGNED

7 May 2015

The Memorandum of Understanding (MOU) sets out agreed principles and processes regarding the relationship between the Courts Council and the executive branch of government.

The processes established by the MOU reflect a mutual respect for the different constitutional roles of the jurisdictions and executive government, and the new role of CSV.

The principles and processes set out in the MOU include how the parties will share information, consult with each other, and deal with financial information and budget processes.

Its provisions reflect CSV's commitment to ensuring that public monies are expended appropriately, transparently and with the full oversight of Parliament.

It also sets out that the Attorney-General, the Chair of the Courts Council, the Secretary of the Department of Justice and Regulation and the CSV CEO will meet regularly to ensure the maintenance of a successful relationship.

A copy of the MOU may be downloaded from www.courts.vic.gov.au.



30 June 2015

The *Court Services Victoria and other Acts Amendment Act 2015* came into operation

THE COURT SERVICES VICTORIA AND OTHER ACTS AMENDMENT ACT 2015 (VIC)

30 June 2015

The *Court Services Victoria and other Acts Amendment Act 2015* (Amending Act) received Royal Assent on 29 June 2015, was proclaimed and came into operation on 30 June 2015.

As stated in section 1 of the Amending Act, the main purposes of the Act are:

To amend the CSV Act to provide that the Chief Executive Officer of CSV must employ a person, nominated by the Board of the Judicial College of Victoria, to be the Chief Executive Officer of the College on the terms and conditions fixed by the Board,

To amend the *Financial Management Act 1994* to provide CSV with the same budget flexibility afforded to a department by that Act,

To amend the *Independent Broad-based Anti-corruption Commission Act 2011* to include the Chief Executive Officer of CSV in the definition of 'relevant principal officer'.

DIVISIONS

PEOPLE AND BUSINESS SERVICES

People and Business Services comprises Human Resources, the Victorian Government Reporting Service and a range of business service functions under the leadership of Director, Michael Carroll.

HUMAN RESOURCES

In a year of great change, CSV's workforce has demonstrated ability and commitment, and delivered outstanding results across the jurisdictions and the College.

The central Human Resources (HR) team provides specialist advice, support, programs and initiatives. During the first year of operation, the HR team worked closely with the jurisdictions and the College to identify opportunities and challenges to build a vibrant, capable and committed workforce.

YEAR'S HIGHLIGHTS

Building our culture and capability – This year CSV conducted an inaugural Staff Culture and Engagement Survey to better understand and gauge our employees' views on the workplace. The process will assist CSV to improve the workplace culture and respond to employees' issues. This year the overall response rate was 73 per cent. The HR team is working on the results and intends to re-administer the survey bi-annually to monitor progress.

The year commenced with a Courts Familiarisation Program that enabled all CSV staff within Jurisdiction Services to attend each of the jurisdictions, meet with key jurisdiction staff, and deepen their understanding of the operations of the jurisdictions.

In consultation with jurisdictions and the College, a Human Resources Program of Works was developed that responded to immediate needs and also operated to inform the development of a People and Culture Strategy and Operational Plan that will enable the CSV vision and values.

Policy review – To ensure continuity of operations during transition, CSV initially adopted pre-existing Human Resources policies of the Department of Justice and Regulation. An extensive review has followed to adjust these policies to the requirements of CSV, to simplify the policies and improve their effectiveness. A representative working party has been established to provide a mechanism for employee contributions, and the Community and Public Sector Union has been encouraged to provide feedback on the revised policies.

Enterprise Agreement – *The Victorian Public Service Workplace Determination 2012* is due to expire at the end of 2015, and a considerable amount of work has been undertaken to finalise CSV's input to renegotiations, including the development of CSV-specific appendices that update, simplify and integrate all court-specific provisions.

Staff Health, Safety and Wellbeing – Upon the establishment of CSV, a specialist occupational health and safety (OH&S) consultant was engaged to undertake a review and form recommendations for improved OH&S management.

The review recognised the opportunity for collaboration and enhancement of health and safety in the new organisation, and identified a number of goals to guide ongoing improvements in OH&S performance. This included the recruitment of an experienced practitioner to lead OH&S activity in CSV.

BUSINESS SERVICE FUNCTIONS

The business service functions of People and Business Services include:

- ▶ Business improvement,
- ▶ Koori initiatives,
- ▶ Legal and compliance functions,
- ▶ Online communication,
- ▶ Project management,
- ▶ Archiving, and
- ▶ Security.

The focus of these functions ranges from providing advice to giving operational support to jurisdictions, the College and Jurisdiction Services.

YEAR'S HIGHLIGHTS

International Framework for Court Excellence (IFCE) – The IFCE is a framework developed for court use internationally covering values, concepts, and tools to assess and improve the quality of justice and court administration delivered. The IFCE provides a foundation management model that includes a methodology for continuous evaluation and improvement, built on seven areas for excellence. Significant progress was made with CSV successfully negotiating with the Department of Treasury and Finance to better align its Budget Paper 3 (BP3) performance measures with the IFCE by including four of the eleven IFCE global measures of court performance to measure its performance. The four measures are indicators of quantity, quality, timeliness and cost.

Jurisdictions have been supported with research, development and implementation of the IFCE in the courts, particularly where the IFCE facilitates and assists the jurisdictions in complying with statutory performance measurement and reporting obligations.

Koori Inclusion Action Planning – Each jurisdiction, the College and Jurisdiction Services has developed a Koori Inclusion Action Plan (KIAP). The KIAP's have been developed to assist Court Services Victoria to become more inclusive of Aboriginal perspectives in the design and delivery of policies and programs, so that Aboriginal Victorians will experience increased access to, participation in and effectiveness of court processes.

The jurisdictions have been supported in the development and implementation of their plans by the CSV KIAP Steering Committee, which is made up of judicial officers and senior managers from all jurisdictions.

Koori Employment Strategy – A CSV Koori Employment Strategy is being developed to support the recruitment of Koori staff and provide a culturally sensitive and appropriate selection processes.

With a focus on cultural awareness across all jurisdictions, Koori employees are more likely to be retained and to progress within the organisation. By maintaining strong partnerships with the Koori community and by increasing our Koori employment network, CSV is also better able to develop effective initiatives aimed at addressing the over-representation of Aboriginal people within the criminal justice system.

The Koori Employment Strategy will address the areas of recruitment, career development, retention and cultural awareness.

The Strategy aligns to the jurisdictions' Koori Inclusion Action Plans, and is aimed at building cultural safety across the organisation for both Koori employees and the Koori community accessing court services.

The Koori Employment Strategy will also address the objectives of the whole of government Aboriginal Public Sector Employment Strategy, Karreeta Yirramboi. The CSV Koori Staff Network has provided comprehensive input into the Strategy which will be finalised by the end of 2015.

Allocation Statements – Allocation Statements made pursuant to Part 7 of the CSV Act for the transfer of certain rights and obligations of the State of Victoria to CSV including those under the County Court Services Agreement and related agreements were agreed to by the Attorney-General.

CSV was also created as a Committee of Management with respect to properties reserved for court purposes.

Archivist Appointed – an Archivist was engaged to establish and implement a disposal program for CSV. An Archive Reference Group consisting of representatives from each of the jurisdictions provides governance for the Archivist's disposal efforts.

Archive Processing Workspace – With the support of the Magistrates' Court, a multi-jurisdictional Archive Processing Workspace was established to provide a secure, centrally located work environment to take receipt of, process and dispatch a collection of records, in a coordinated and controlled manner. To date, the workspace has managed registers previously stored at the Moe, Shepparton, Heidelberg and Geelong Court buildings.

CSV Intranet Established – A CSV-wide intranet was developed and implemented to act as an internal communication tool. The CSV intranet is accessed daily by more than 1800 users.

CSV Website Refocussed – The CSV website at www.courts.vic.gov.au underwent a major redevelopment in 2014, transitioning from being a portal website for Victoria's courts and tribunals, to becoming the primary web presence for CSV.

School Visits Program – CSV took over coordination of the school visits program from the Law Institute of Victoria. This year more than 5,000 students undertaking VCE Legal Studies or law-related studies have visited the Supreme and County Courts, and the Juries Commissioner's Office.

Security Contract – A new contract was signed for a single provider of security services for CSV with Wilson Security. This approach allows for contract monitoring to ensure appropriate standards for recruitment, training and performance of security services are maintained.

VICTORIAN GOVERNMENT REPORTING SERVICE

The Victorian Government Reporting Service (VGRS) is responsible for providing high-quality criminal recording and transcription services to Victoria's courts.

YEAR'S HIGHLIGHTS

In 2014–15 the VGRS transcribed over 480,000 transcript pages and distributed in excess of 40,000 copies of transcript to the judiciary and other parties.

The VGRS has also undertaken significant work in the areas of strategic and operational planning to ensure it optimises available and future technology, is responsive to the current and future demands of the courts, and provides a value-for-money service. Outcomes included:

- ▶ Establishing a proactive approach to customer service through the creation of a jurisdictional engagement function. Implemented as part of an organisational restructure, this area is responsible for ensuring transcript production and distribution meets the service delivery protocols established with the courts.
- ▶ Leveraging innovation and technology as a way of optimising performance and laying the foundation for new systems and programs. In 2015, the VGRS invested over \$500,000 in a new storage area network solution and database server to reduce critical risks due to outdated technology. The result is a system that more securely collects, stores and manages over 300,000 transcripts and audio-visual court records as well as provides critical redundancy measures.
- ▶ Optimising efficiencies to improve business intelligence, including forecasting to enable closer alignment of VGRS resources to court needs. Better in-house modelling capabilities, business transparency and accountability processes have ensured that available data is captured to strategically inform business procurement and commercial decisions as well as help drive greater productivity.

FINANCIAL ANALYSIS, PLANNING AND REPORTING

The Director, Financial Analysis, Planning and Reporting and Chief Finance Officer, Lisa Wills, leads the division which works collaboratively with the jurisdictions to ensure a consistent and coordinated financial services capability.

The functions of this division include:

- ▶ Finance,
- ▶ Strategic Analysis and Review,
- ▶ Procurement.

YEAR'S HIGHLIGHTS

Finance – With Parliament providing CSV a separate appropriation for the delivery of court and tribunal services and facilities and the provision of services to the College, CSV built strong financial management capacity, systems and processes for the management and reporting to the Courts Council and the Department of Treasury and Finance. Finance has also undertaken the corporate finance functions including taxation, banking, and accounts receivables.

The Finance team has also:

- ▶ Developed productive relationships with the Department of Treasury and Finance and jurisdictions to support the work of the courts and tribunals.
- ▶ In consultation with jurisdictions developed finance and procurement policies and procedures to ensure compliance with the Financial Management Compliance Framework. Establish governance and reporting arrangements to meet the needs of the Courts Council, Finance Portfolio Committee, Audit and Risk Portfolio Committee and Courts Procurement Group.
- ▶ Assisted in the establishment of key performance indicators across the jurisdictions in line with the IFCE for the State Budget.
- ▶ Produced the CSV Annual Financial Statement, including setting policies and procedures as required in legislation and in accordance with best practice.



Strategic Analysis and Reporting – The team established specialist business intelligence capability for CSV to improve the quality of financial and performance reporting and to meet the decision making needs of the Courts Council and the Finance Portfolio Committee.

The Strategic Analysis and Reporting team has also:

- ▶ Provided quantitative analysis and reporting capability for activity-based costing to enhance long-term planning. Developed a strategy and plan for the enhancement of court performance reporting, financial and management accounting.
- ▶ Managed CSV's first funding submissions to government resulting in increased funding.
- ▶ Prepared external reports for the Report on Government Services, the Courts' Report on Government Services, and the Australian Bureau of Statistics performance data.

Procurement – The CSV Procurement Board was established and the CSV Procurement Framework was implemented and maintained. The team supported jurisdictions' procurement activity to ensure compliance, best practice and value for money purchasing.

The team also supported the CSV Procurement Board in ensuring the strategies, policies, procedures and probity arrangements it implements are consistent with the CSV Procurement Framework.

CHALLENGES

Financial sustainability is essential to ensure CSV endures to support judicial independence into the future. Upon the establishment of CSV the budget of the former Department of Justice was divided between CSV and what is now the Department of Justice and Regulation based on the information and resources available at the time. Early in the first year of operations it became apparent that the allocation to CSV was not sufficient to meet the future challenges it faces as a stand-alone entity.

Significant legacy issues exist regarding built infrastructure, maintenance and information and communications technology. In addition, the courts and VCAT are experiencing significant unfunded demand growth in an environment of increased complexity of cases. These initial funding deficiencies need to be urgently addressed.

CSV expenses are forecast to grow faster than increases to its appropriation which will result in significant shortfalls over the next four years if changes are not made.

To ensure its financial sustainability, CSV needs to both manage its resources, and gain the additional funding necessary to undertake essential initiatives. Gaining funding requires strong and effective relationships, understanding of wider policy objectives and how these align with organisational imperatives, and an ability to build strong business cases with data and evidence to support them.

Above Right
Lisa Wills Director,
Financial Analysis,
Planning and
Reporting
and Chief
Finance Officer

INFORMATION TECHNOLOGY SERVICES

The Chief Information Officer leads CSV's information technology functions across CSV. CSV provides high-quality support and expert strategic advice to jurisdictions to support their information technology (IT) requirements and operations. Krist Davood was Chief Information Officer until 3 July 2015, and Glen McLean has since been appointed to the role.

Information Technology Services provides support for IT infrastructure, case management systems, and in-court systems, and develops the future IT strategy. CSV remains dependent on the Department of Justice and Regulation and CenITex for IT infrastructure, system and security services.

YEAR'S HIGHLIGHTS

IT Organisational Transformation – Completed a capability assessment to identify key gaps in IT service delivery and the changes required to business processes and organisational structure to enable it to:

- ▶ Engage more effectively and collaboratively with jurisdictions to meet their requirements,
- ▶ Drive business and IT alignment,
- ▶ Improve the quality of solution design,
- ▶ Become more innovative and proactive,
- ▶ Provide clear governance and risk management,
- ▶ Effect separation of jurisdictional IT from central government.

IT Strategy – Achieved the endorsement of the IT Strategy. The five-year strategy details the current IT landscape and proposes the IT systems and functionality needed to service and support jurisdictions' future requirements. It outlines how technology can be used to improve services to support court users and the judiciary and how it can improve and enhance operational efficiency.



eLodgement Implementation Project – New systems have been introduced in the County Court of Victoria’s Criminal Division and VCAT’s TAC list to enable court users, including the legal profession, to submit documents and data electronically via eLodgement. eLodgement will reduce reliance on paper and is more convenient, allowing court users to submit documents anytime, from anywhere, without having to attend at court.

Video Conferencing Project – Installed new high definition video conferencing systems and upgraded existing systems in 18 Magistrates’ Courts. This project has been co-managed with Corrections Victoria to enable prisoner access to courtrooms from correction facilities. This project will lead to a reduction in the number of prisoner movements and reduce pressure on police cells.

Electronic Payment Services Project – Enabled court users at a number of Magistrates’ Court venues to make payments more conveniently using electronic BPay. This has significantly reduced the number of payments made in person at courts, reduced money handling by courts and allowed court staff to focus on other important areas of court operations.

Desktop Refresh and Windows Upgrade Project – All 2,700 CSV personal computers are being upgraded from ageing hardware and out-of-support software. The rollout will be completed by the end of December 2015.

CHALLENGES

CSV operates in a difficult and complex information and communications environment. Ageing legacy systems are not fit for the purpose of supporting modern and efficient business operations. One of the year’s biggest challenges was developing a plan to address the legacy of ageing IT infrastructure to improve user experience and efficiency.

A range of challenges need to be addressed across a number of platforms including court case management systems, in order to meet current and emerging needs, improved robustness and reliability.

Finding the right balance between remediating ageing assets and systems, and strategic investment in innovation and transformation to maximise available resources.

Implementing the five-year IT Strategy and prioritising IT projects to meet the needs of the courts and VCAT, and deliver projects on time and to budget.

Identifying a strategy for progressive separation of CSV’s dependence on CenITex and the Department of Justice and Regulation to support an ability to meet CSV’s current and future IT needs.

Where appropriate, to support business requirements, sharing common approaches across jurisdictions, such as is being done with eLodgement.

ASSET PLANNING AND MANAGEMENT

Brian Stevenson leads the Asset Planning and Management division which works in partnership with jurisdictions to plan and manage the court asset base. The division is developing a comprehensive and strategic asset management approach that will include:

- ▶ Service delivery requirements and demand management modelling and analysis,
- ▶ An Asset and Property Management Framework to support sustainable assets,
- ▶ A multi-year financial strategy detailing priority investment requirements,
- ▶ Planning to review a number of priority investment proposals.

YEAR'S HIGHLIGHTS

In 2014–15, Asset Planning and Management undertook a range of asset initiatives across the portfolio, including:

- ▶ Management of Major Projects:
 - Broadmeadows Children's Court,
 - Redevelopment of the Shepparton Law Courts,
 - Delivery of Family Violence Initiative projects,
 - Delivery of a range of high priority asset improvement works across the State.
- ▶ Building condition assessments.
- ▶ Preparation for renewal of Essential Safety Measures contract.
- ▶ CSV accommodation planning.
- ▶ Management of the County Court public private partnership (PPP) contract.
- ▶ Planning and managing the transition of land, properties and contracts vested in courts.
- ▶ Management of a portfolio of leased properties throughout Victoria.

KEY CAPITAL PROJECTS

Shepparton Law Courts development – Design is well progressed for the new state-of-the-art Shepparton Law Courts development, a new multi-jurisdictional court complex 190 kilometres from Melbourne's CBD.

The project is scheduled for completion in late 2017. The \$73 million complex will be built around the existing court, with an aim of minimising disruption to the operating environment. It will house six court and hearing rooms, and vastly improved support areas servicing the Magistrates' Court, Supreme and County Courts, the Children's Court, VCAT and the Coroners Court, as well as federal circuits. Additional staff will be employed in the new complex.

The Shepparton Law Courts development will provide a safe, secure, modern and environmentally sustainable facility, meeting future service demand and service delivery requirements. Preliminary work includes engagement of experienced project resources, land acquisition of an adjoining site, master planning and feasibility study, early site works, multiple planning workshops, community consultation and engagement.

The governance of the Shepparton project is overseen by a committee with representatives of the relevant jurisdictions, local community members, and judicial officers. This mechanism is proving essential in ensuring the new facility is fit for purpose.

Broadmeadows Children's Court –

Construction is underway on the new \$11.44 million Children's Court located adjacent to the Broadmeadows Magistrates' Court. The project, which commenced in 2012, aims to build new and dedicated Children's Court and Family Division legal practices to support Broadmeadows and the broader region. The project is on target for completion in late 2015. It will accommodate innovative Family Division procedures including case docketing, a Koori family division day and the Family Drug Treatment Court in partnership with the Department of Health and Human Services, Victoria Legal Aid and related support agencies.



Coroners Court of Victoria – The new \$92.7 million State Coronial Services complex, a DJR initiated project, opened in August 2014. The facility is a joint one for the Coroners Court and the Victorian Institute of Forensic Medicine. The complex, rebuilt on its original site at 65 Kavanagh Street Southbank, is a world-class facility and centre of excellence in clinical forensic medicine expertise, death investigation and tissue banking.

CHALLENGES

With an extensive and diverse portfolio of 66 court and tribunal locations across the state, CSV faces a significant challenge in managing and developing court assets to be safe, secure and fit for purpose. This challenge is amplified by a largely ageing court infrastructure and history of under-investment. We are developing an evidence-based management and investment strategy to make the best use of available resources. At the same time we are building an evidence-base to demonstrate the need for additional investment.

OUTPUT PERFORMANCE

STRUCTURAL CHANGES DURING 2014–15

There were no changes made to the output structure of CSV since its establishment.

COURTS OBJECTIVES, INDICATORS AND OUTPUTS

The medium-term courts' objectives, associated indicators and linked outputs as set out in the 2014–15 State Budget Paper No. 3 *Service Delivery* are shown in the below.

OBJECTIVES, INDICATORS AND OUTPUTS

Courts' objectives	Indicators	Outputs
The fair, timely and efficient dispensing of justice	Clearance of criminal caseload (finalisations/lodgements) Clearance of civil caseload (finalisations/lodgements)	Courts

Victoria's courts and tribunals aim to:

- ▶ Provide equal access to justice.
- ▶ Ensure fairness, impartiality and independence in decision making.
- ▶ Follow processes that are transparent, timely and certain.
- ▶ Strive for leadership and best practice in court administration.
- ▶ Strengthen links with the community.

REPORTING PROGRESS TOWARDS ACHIEVING COURTS' OBJECTIVES IN THE REPORT OF OPERATIONS

Each jurisdiction aims for a clearance rate of greater than 100% of criminal and civil cases. The aim is to decrease the backlog of cases in jurisdictions.

PROGRESS TOWARDS OBJECTIVE

Indicator	Unit of measure	2013–14	2014–15
Clearance of criminal caseload (finalisations/lodgements)	Per Cent	>100%	>100%
Clearance of civil caseload (finalisations/lodgements)	Per Cent	>100%	>100%



INITIATIVES AND KEY ACHIEVEMENTS

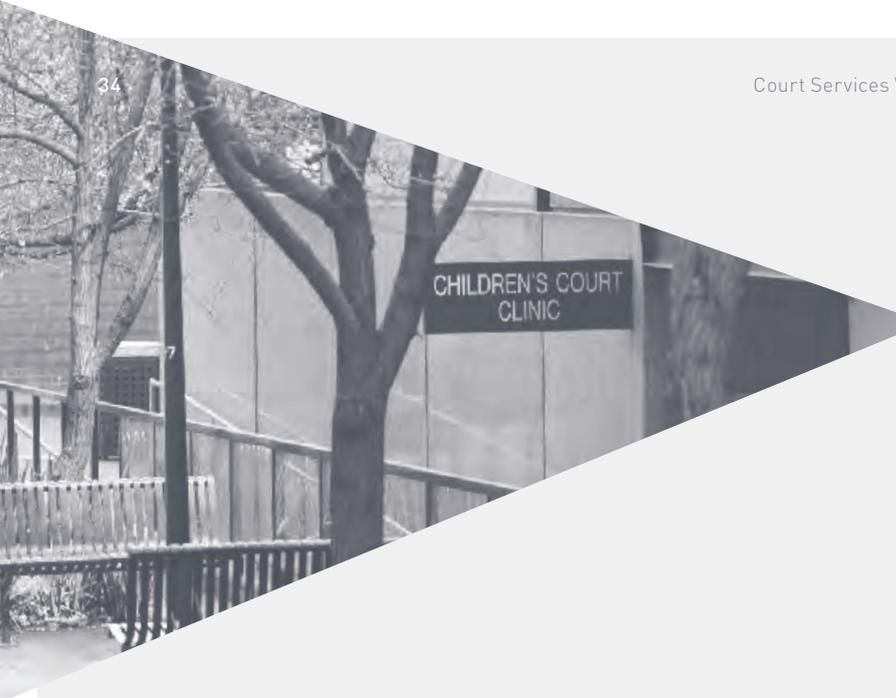
CSV's operational and budgetary objectives and performance are aligned with each individual jurisdiction's performance. The highlights for CSV with respect to the support given to the jurisdictions to carry out their judicial, quasi-judicial and administrative functions this financial year, by jurisdiction, are outlined below.

SUPREME COURT

- ▶ Assisted in the development of sound financial management, investigating ways to improve the built environment, delivering safety and security measures, delivering modern information technology solutions, improving data collection and business reporting, and effective management of human and physical resources.
- ▶ Assisted in the development of the RedCrest case management system which supports over 1,200 users providing real-time access to documents and data for those who appear in the Commercial Court. The system provides enhanced key court delivery and support delivery services electronically and remotely to contemporary standards of security, functionality and cost.
- ▶ Developed a master plan for the legal precinct facilities that advances the need for a state-of-the-art Court building which complements court delivery of the future.

COUNTY COURT

- ▶ Provided support to the steering committee to stabilise the aging case management system. This is a longer term piece of work designed to ensure that the case management system's capabilities support the operations of a modern and efficient court.
- ▶ Funded the implementation of the eLodgment and iManage systems for criminal cases. It went live on 13 April 2015, allowing legal practitioners to lodge criminal case documents online for the first time in the County Court's history. This system allows judges and associates to view electronic court files in real-time within the court room, in chambers and on circuit.
- ▶ Supported the construction of a new custody lift at the County Court. This was a multi-jurisdictional project which provides a particular benefit to the Magistrates' Court to address staff industrial concerns to allow Magistrates to continue to sit in the County Court building.



MAGISTRATES' COURT

- ▶ With the Court, successfully implemented phase one of the Video Conferencing Upgrade Program, in partnership with Corrections Victoria. This program has delivered the first phase of an updated and expanded video conferencing network, focusing on connections to the state's prisons. Funding was provided in the May budget for the much larger second phase of the project which will increase the capacity to utilise video conferencing from remote witness facilities as well as corrections facilities.
- ▶ With the Court, secured ongoing funding for the specialist mental health court, the Assessment and Referral Court List, which engages with accused who present to court with complex mental health and/or cognitive impairment issues and who have current criminal charges, with a view to implementing appropriate interventions to reduce the risk of continued criminal offending.

CHILDREN'S COURT

- ▶ Supported the Court in commencing the Education Justice Initiative (EJI) to connect young people appearing before the Criminal Division of the Melbourne Children's Court with an appropriately supported education platform. The EJI engaged with 450 of the 750 young people appearing before the court.
- ▶ Assisted in the establishment of the Family Drug Treatment Court as a three-year pilot program in the Children's Court of Victoria to help parents stop using drugs/alcohol, and promote family reunification.

- ▶ With the Court, successfully secured ongoing funding for multi-disciplinary training for those working in the child protection legal system.
- ▶ Provided high level project management of the Broadmeadows Children's Court development.
- ▶ Provided assistance in business process mapping and establishing the project work for eLodgement to be implemented at the new Broadmeadows Children's Court.

CORONERS COURT

- ▶ Facilitated the redevelopment of the Coroners Court within the Coronial Service Centre.
- ▶ Facilitated the continued expansion of the Coroners Court surveillance systems, including the Victorian Suicide Register, Victorian Homicide Register and the Acute Drug Death Database.
- ▶ Assisted the Court in commencing the migration of the Court's current case management system (CourtView) to a new purpose-built Coroners Court Case Management System (CCMS).

VCAT

- ▶ Worked with VCAT to complete a comprehensive and independent review of customer services, measuring against best practice and identifying options for improvements to make it easier for people to access VCAT.
- ▶ Enabled VCAT to modernise 55 King Street Melbourne and open new venues in Moe and Preston.
- ▶ Assisted VCAT to expand the use of information technology, upgrades of case management systems and piloting eLodgement software to help reduce manual handling and paper use.

OPERATIONAL AND BUDGETARY OBJECTIVES AND PERFORMANCE AGAINST OBJECTIVES

Major Outputs Deliverables Performance Measures	Unit of measure	2014–15 Estimate	2014–15 Actual	Notes
Quantity				
Criminal matters disposed in the Supreme Court	number	440	498	1
Criminal matters disposed in the County Court	number	4,900	5,539	2
Criminal matters disposed in the Magistrates' Court	number	200,000	275,552	3
Criminal matters disposed in the Children's Court	number	20,000	21,472	4
Civil matters disposed in the Supreme Court	number	26,200	27,532	5
Civil matters disposed in the County Court	number	6,000	6,782	6
Civil matters disposed in the Magistrates' Court	number	54,000	54,403	7
Child Protection matters disposed in the Children's Court	number	8,000	9,516	8
Civil matters disposed in the Victorian Civil and Administrative Tribunal	number	89,500	85,887	9
Coronial matters disposed in the Coroners Court	number	5,700	6,884	10
Quality				
Quality of court registry services in Supreme Court	per cent	85.0	85.0	11
Quality of court registry services in County Court	per cent	85.0	90.0	12
Quality of court registry services in Magistrates' Court	per cent	91.0	85.8	13
Timeliness				
Criminal matters disposed within agreed timeframes in the Supreme Court	per cent	75.0	79.0	14
Criminal matters disposed within agreed timeframes in the County Court	per cent	85.0	83.0	15
Criminal matters disposed within agreed timeframes in the Magistrates' Court	per cent	85.0	89.9	16
Criminal matters disposed within agreed timeframes in the Children's Court	per cent	90.0	93.7	
Civil matters disposed within agreed timeframes in the Supreme Court	per cent	80.0	94.0	
Civil matters disposed within agreed timeframes in the County Court	per cent	50.0	44.0	17
Civil matters disposed within agreed timeframes in the Magistrates' Court	per cent	80.0	81.5	18
Family Division matters disposed within agreed timeframes in the Children's Court	per cent	80.0	83.7	
Civil matters disposed within agreed timeframes in the Victorian Civil and Administrative Tribunal	per cent	85.0	91.0	19
Coronial matters disposed within agreed timeframes in the Coroners Court	per cent	75.0	82.3	20
Cost				
Total output cost	\$million	454.6	441.7	

Notes:

1. The 2014–15 Actual supplied has been calculated on the same basis as in previous years but the court is undertaking an audit and the figures may change.
2. The 2014–15 Actual is higher than the 2014–15 Estimate due to the Appeal and Plea intensives conducted during the months July 2014 (in Melbourne) and November 2014 (in Circuits) which resulted in a greater number of finalisations.
3. The 2014–15 Actual is higher than the 2014–15 Estimate due to an increase in the number of cases referred to the Magistrates' Court from the Infringements Court.
4. The 2014–15 Actual is higher than the 2014–15 Estimate due to a greater than expected lodgements received in 2013–14 which were finalised in 2014–15.
5. The 2014–15 Actual supplied has been calculated on the same basis as in previous years but the court is undertaking an audit and the figures may change.
6. The 2014–15 Actual is higher than the 2014–15 Estimate due to an increased settlement rate of cases involving the Victorian WorkCover Authority. This has allowed more matters to be listed. An audit, undertaken in May and June 2015, of cases greater than 24 months that had no future event listed, resulted in an increased number of cases being finalised by the Registrar.
7. This figure encompasses finalised claims in the civil jurisdiction where a defence notice has been filed, finalised intervention order matters under both the *Family Violence Protection Act 2008* and *Personal Safety Intervention Order Act 2010*, and claims finalised by the Victims of Crime Assistance Tribunal. It does not include dispositions of applications to extend or vary an existing intervention order or civil claims where no notice of defence is filed.
8. The 2014–15 Actual is higher than the 2014–15 Estimate due to a greater than expected lodgements received in 2013–14 which were finalised in 2014–15.
9. The 2014–15 Actual is lower than the 2014–15 Estimate due to reductions in application lodgements across some lists during 2014/15 which contributed to the fall in the Tribunal's dispositions. The Civil Claims List and Residential Tenancies List had a combined reduction in lodgements of 2,841 matters compared to 2013–14.
10. The 2014–15 Actual is higher than the 2014–15 Estimate due to clearance of case backlog while managing new investigations in 2014–15.
11. The 2014–15 Actual supplied has been calculated on the same basis as in previous years but the court is undertaking an audit and the figures may change.
12. The 2014–15 Actual is higher than the 2014–15 Estimate due to the higher rating from survey respondents, reflecting a high level of registry services delivered by the County Court.
13. The 2014–15 Actual is lower than the 2014–15 Estimate due to a large growth in caseload experienced by the Magistrates' Court in 2014–15. The increase in cases and the number of listings before the court translates to more pressure on the counters and telephones.
14. The 2014–15 Actual supplied has been calculated on the same basis as in previous years but the court is undertaking an audit and the figures may change.
15. The minor reduction in timeliness is due in part to a 50% increase in the number of trials of 20 days duration or more during this period. In light of current listing pressures, the earliest these long trials can be listed to commence is outside of 12 months from initiation and consequently they are the finalised outside of 12 months.
16. The 2014–15 Actual is higher than the 2014–15 Estimate due to an increase in the number of cases referred to the Magistrates' Court from the Infringements Court. As the referred cases are not complex in nature, they were generally finalised in one or two hearings.
17. The 2014–15 Actual is lower than the 2014–15 Estimate due to the fact that once a case is initiated by filing of a writ, a party has up to 12 months to serve the document. No further action will occur within the case until such service is affected. Therefore the County Court has no control on the number of matters that are disposed within the agreed timeframe of 12 months.
18. The 2014–15 Actual is higher than the 2014–15 Estimate due to an increase in the number of cases referred to the Magistrates' Court from the Infringements Court. As the referred cases are not complex in nature, they were generally finalised in one or two hearings.
19. The 2014–15 Actual is higher than the 2014–15 Estimate due to a combination of targeted improvement initiatives to drive efficiency and a decrease in lodgements.
20. The 2014–15 Actual is higher than the 2014–15 Estimate due to clearance of case backlog while managing new investigations in 2014–15.

Comparative data for courts is available in previous annual reports of the Department of Justice and Regulation.

412,389
Revenue from
Government

449,332
Total
income from
transactions



FIVE-YEAR FINANCIAL SUMMARY AND REVIEW OF FINANCIAL CONDITIONS

As a new organisation, CSV provides the following breakdown of revenue and expenditure as baseline figures for the years ahead.

	2015 \$'000
Revenue from Government	412,389
Total income from transactions	449,332
Total expenses from transactions	443,160
Net result from transactions (surplus)	6,172
Net result for the period (surplus)	4,092
Net cash flow from operating activities	36,108
Total assets	828,921
Total liabilities	196,250

BUDGET PORTFOLIO OUTCOMES

The budget portfolio outcomes provide comparisons between the actual financial statements of all general government sector entities in the portfolio and the forecast financial information (initial budget estimates) published in Budget Paper No.5 *Statement of Finances* (BP5). The budget portfolio outcomes comprise the comprehensive statements, balance sheets, cash flow statements, statements of changes in equity and administered item statements.

The budget portfolio outcomes have been prepared on a consolidated basis and include all general government sector entities in the portfolio. Financial transactions and balances are classified into either controlled or administered categories consistent with the published statement BP5.

The budget portfolio outcomes statements are not subject to audit by the Victorian Auditor-General's Office and are not prepared on the same basis as CSV's financial statements.

Refer to the Financial Statements for comparison of budget and actual.

COURT SERVICES VICTORIA CURRENT YEAR FINANCIAL REVIEW

- ▶ CSV considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the comprehensive operating statement, which are outside the control of CSV.
- ▶ In 2014–15, CSV achieved a net result from transactions of \$6.1 million which comprises a total income of \$449.3 million¹ and expenditure of \$443.2 million.
- ▶ Of the \$449.3 million actual revenue utilised for the operation of the courts' system, approximately \$68 million is made available via a section 29 appropriation from the collection of court fees² (known as the Court Fee Pool), with the remaining funds being received from the Victorian Government via both Annual and Special appropriations. The Court Fee Pool is intended to be used to fund innovation initiatives to improve services within the jurisdictions, but budgetary pressures often mean that it is used to meet the cost of day to day operating costs of the jurisdictions.
- ▶ CSV's net assets of \$632.7 million comprises total assets of \$828.9 million and liabilities of \$196.2 million, further details are provided in the balance sheet in the Financial Statements.
- ▶ CSV cash flow at year end consisted of \$7.6 million, during the year cash transactions included receipts of \$445.7 million, payments of \$409.6 million, purchases of non-financial assets of \$23.3 million, proceed of sales of non-financial assets of \$2.0 million and financial activities of \$7.2 million.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

There were no significant matters which changed CSV's financial position during the reporting period.

SIGNIFICANT CHANGES OR FACTORS AFFECTING PERFORMANCE

There were no significant changes or factors which affected CSV's performance during the reporting period.

DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS

Organisation	Payment \$
Homeground Services	1,002,602
Supreme Court Library	950,000
Court Network	683,794
Australian Bureau of Statistics	72,364
Department of Health and Human Services	128,127
Judicial College of Victoria	2,157,000
Other minor grants	59,860
Total grants and other transfers	5,053,747

SUBSEQUENT EVENTS

There are no subsequent events to report.

1. Note this figure relates to actual revenue

2. Under section 29 of the *Financial Management Act 1994* (Vic) which provides for the appropriation of certain revenues for relevant purposes

SECTION 3:

WORKFORCE DATA

WORKFORCE DATA

Human Resources undertakes monitoring of CSV-wide workforce data.

The data provided is actual full-time equivalent (FTE) data as at 30 June 2015 for VPS employees and does not include Statutory Appointees.

TABLE 1: FULL TIME EQUIVALENT (FTE) STAFFING AS AT 30 JUNE 2015

Full Time Equivalent	1,665.7
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TABLE 2: SUMMARY OF EMPLOYMENT LEVELS AS AT 30 JUNE 2015

	Employees (headcount)	Full time (headcount)	Part time (headcount)	Ongoing employees FTE	Fixed term and casual employees FTE
June 2015	1,542	1,297	245	1,446.5	219.2

TABLE 3: DETAILS OF EMPLOYMENT LEVELS AS AT 30 JUNE 2015

	(headcount)	Ongoing Employees FTE	Fixed term and casual employees FTE
Gender			
Male	489	481.6	82.3
Female	1,053	964.9	136.9
Total	1,542	1,446.5	219.2
Age			
Under 25	139	138.4	22.1
25-34	475	455.2	141.4
35-44	310	272.7	25.6
45-54	298	274.9	20
55-64	256	246.5	8.8
Over 64	64	58.8	1.3
Total	1,542	1,446.5	219.2

Table continues over page

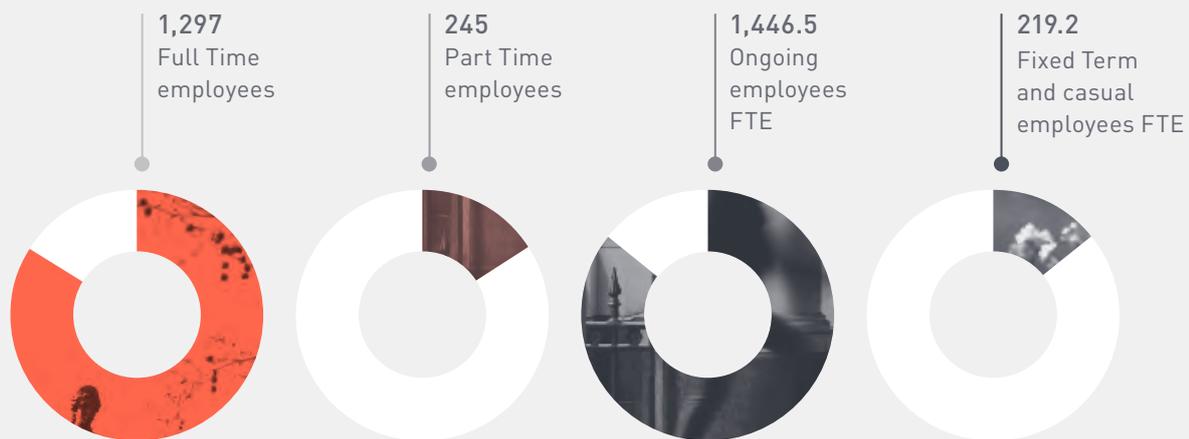


TABLE 3: DETAILS OF EMPLOYMENT LEVELS AS AT 30 JUNE 2015 – CONTINUED

Classification	(headcount)	Ongoing Employees	Fixed term and casual employees
		FTE	FTE
Executive Officer 1	1	1	0
Executive Officer 2	3	3	0
Executive Officer 3	5	5	0
VPS 1	1	0.8	0
VPS 2	373	350.6	89.9
VPS 3	250	232.5	78.4
VPS 4	168	155.5	21.6
VPS 5	117	113	15
VPS 6	108	105.9	4.1
STS	3	3	0
Allied Health 3	3	1.7	0
Trainee Registrar	147	146.6	1
Deputy Registrar	65	61	0
Registrar Grade 3	186	161.3	6.2
Registrar Grade 4	40	37.7	1
Registrar Grade 5	45	41.3	2
Registrar Grade 6	19	19	0
Solicitor Grade 3	8	7.6	0
Total	1,542	1,446.5	219.2

Notes

1. All figures reflect active employees in the last pay period of June 2015. The figures exclude those persons on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies. 'Ongoing employee' means people engaged on open-ended contracts of employment and executive officers on a standard executive contract who were active in the last pay period of June. Judicial officers are not included.
2. CSV was established on 1 July 2014. The above details therefore form the baseline for future reporting of Comparative Workforce Data variances within CSV.
3. The above figures include all members of the staff of CSV, as defined in section 3 of the CSV Act: the Chief Executive Officer, a Court Chief Executive Officer (classified as executive and VPS officers), a person employed under section 36 of the CSV Act, a judicial employee, the Chief Executive Officer of the Judicial College of Victoria, or a person employed under section 16(2) of the *Judicial College of Victoria Act 2001* (Vic).

EXECUTIVE OFFICER DATA

CSV has established appropriate governance structures for the employment of executive officers. An Executive Performance Plan and Assessment Tool has been developed which requires each executive officer to develop a plan with their Head of Jurisdiction or the CSV CEO, and this plan is reviewed at mid and end of cycle.

Remuneration and the creation of new executive officer roles is governed by an Executive Remuneration Committee which reports directly to the Courts Council. The terms of reference for the committee were developed in conjunction with the Victorian Public Sector Commissioner and are consistent with the public sector executive officer employment standards.

TABLE 4: NUMBER OF EXECUTIVE OFFICERS CLASSIFIED INTO 'ONGOING' AND 'SPECIAL PROJECTS'

Class	All		Ongoing		Special projects	
	No.	Var.	No.	Var.	No.	Var.
EO-1	0	0	0	0	0	0
EO-2	3	0	3	0	0	0
EO-3	5	0	5	0	0	0
Total	8	0	8	0	0	0

TABLE 5: BREAKDOWN OF EXECUTIVE OFFICERS INTO GENDER FOR 'ONGOING' AND 'SPECIAL PROJECTS'

Class	Ongoing					Special projects				
	Male		Female		Vacancies	Male		Female		Vacancies
	No.	Var.	No.	Var.	No.	No.	Var.	No.	Var.	No.
EO-1	0	0	0	0	0	0	0	0	0	0
EO-2	3	0	0	0	1	0	0	0	0	0
EO-3	1	0	4	0	0	0	0	0	0	0
Total	4	0	4	0	1	0	0	0	0	0

TABLE 6: RECONCILIATION OF EXECUTIVE NUMBERS

	2015
Executives with total remuneration over \$100,000 (Financial Statement Note 25)	10
Executives employed with total remuneration below \$100,000	3
Less Separations	(2)
Total executive numbers at 30 June 2015	11

Notes to Tables 4–6:

1. CSV was established on 1 July 2014. The above details therefore form the baseline for future reporting of variances with executive officer employment within CSV.
2. The Tables above report the number of executive officers within CSV (including the College CEO and Court CEOs), other than Ministers and the Accountable Officer.
3. For the purposes of table 6, executive numbers show executive officers within CSV and includes Court CEOs and Acting Court CEOs, including those which are classified as VPS as they are treated as executives by the CSV Act. Court CEOs who are VPS are not included in tables 4 and 5 however as those tables set out those holding actual EO positions. Table 6 figures also include the College CEO, who is technically a member of the staff of CSV under the CSV Act, however, for financial reporting purposes the College CEO is not included as the College reports separately. See Financial Statement Note 25.

EMPLOYMENT AND CONDUCT PRINCIPLES

CSV continues to respect and uphold public sector conduct, manage and value diversity, manage underperformance, review personal grievances and select on merit.

The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collection.

STAFF HEALTH, SAFETY AND WELLBEING

During the first year of operations, each jurisdiction has undertaken a thorough OH&S self-assessment against 17 critical health and safety elements. The results have been translated into a CSV-wide OH&S Action Plan.

The key OH&S priority areas are Leadership and Engagement, Training and Development, and strategies that incorporate wellbeing. Importantly, the Action Plans identify the safety and wellbeing of employees, members of the judiciary and court users such as jurors.

One of the most salient initiatives from the OH&S planning has been the response to vicarious trauma in both employees and judiciary. Using risk management brokerage funding, CSV has commissioned a review of the existing responses to, and management of, vicarious trauma in courts, in order to identify opportunities for a more supportive model. Amongst other things, this has resulted in the commencement of a re-tendering to expand the service offering in the employee assistance program to include critical incident response, clinical supervision, vicarious trauma education and response, and a confidential counselling service for the judiciary.

Health promotion has been emphasised, with a number of awareness messages conveyed to employees by different means, as well as the inaugural health and wellbeing day which included specialist speakers on vicarious trauma and driver fatigue, healthy eating demonstrations and mental health awareness.

TABLE 7: PERFORMANCE AGAINST OH&S MEASURES

Measure	KPI	2014–15	Notes
Incidents	Number of incidents	124	1
	Rate per 100 FTE	6.3	
Claims	Number of standard claims	7	2
	Rate per 100 FTE	0.35551	1
	Number of lost time claims	5	2
	Rate per 100 FTE	0.25394	2
	Number of claims exceeding 13 weeks	2	2
	Rate per 100 FTE	0.10000	
Fatalities	Fatality claims	0	2
Claims costs	Average cost per standard claim	\$65,931	2
Return to work	Percentage claims with RTW plan <=30 days	70%	
Management commitment	Evidence of OHS Policy statement, OHS objectives, regular reporting to senior management of OH&S and OH&S plans (signed by CEO or equivalent)	Completed	
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services, and personnel)	Completed	
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs)	Completed	
	Compliance with issue resolution procedures IRPs	Completed	
Risk Management	Percentage of internal audits/inspections conducted as planned	100%	
	Percentage of issues identified actioned arising from: Internal audits	Action plans developed	
	HSR Provisional Improvement Notices (PINS)	100%	
	and WorkSafe notices	100%	
Training	Percentage of managers and staff that have received OHS training		
	▶ Induction	100%	
	▶ Management training	25%	3
	▶ Contractors, temporary staff and visitors	In development	
	Percentage of HSRs trained		
	▶ Acceptance of role	97%	
	▶ Refresher training	90%	
▶ Reporting of incidents and injuries	100%		

Notes:

1. Includes employees and court users.
2. Data sourced from WorkSafe Victoria.
3. 'New to role' managers as a per cent of all supervisor/managers – refresher training to be implemented in 2015–16.

SECTION 4:

OTHER DISCLOSURES

VICTORIAN INDUSTRY PARTICIPATION POLICY

The *Victorian Industry Participation Policy Act 2003* (Vic) requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state wide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2014-2015, CSV did not have any VIPP applicable procurement.

CONSULTANCY EXPENDITURE

DETAILS OF CONSULTANCIES VALUED AT \$10,000 OR GREATER

In 2014–15, there were nine (9) consultancies where the total fees payable to the consultants were \$10,000 or greater. As CSV is a new organisation, there were significant costs associated with establishing the organisation in its first year, particularly in regard to strategic planning and designing an information technology model. Given that CSV did not have the internal expertise required in some areas, consultants were engaged.

The total expenditure incurred during 2014–15 in relation to these consultancies is \$1,625,016 (ex GST). Details of individual consultancies are outlined on the following page.



Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2014-15 (excluding GST)	Future expenditure (excluding GST)
SMS CONSULTING GROUP LTD	Children's Court Case Management Review	\$22,000	\$22,000	nil
PARTNERS IN PERFORMANCE INTERNATIONAL PTY LTD	Review of Strategic Management Information	\$267,237	\$257,210	10,026
DELOITTE ACCESS ECONOMICS	Evaluation of the Assessment and Referral Court List	\$123,116	\$123,116	nil
THE BOSTON CONSULTING GROUP PTY LTD	Review of the Trial Division of the Supreme Court of Victoria	\$405,000	\$405,000	nil
MAHLER & ASSOCIATES PTY LTD	Design & implementation of new Information Technology (IT) operating model	\$556,958	\$556,958	nil
NOUS GROUP	Jurisdiction Services: Post-Implementation Review	\$97,350	\$97,350	nil
CRITICAL MANAGEMENT GROUP PTY LTD	Preparation of the inaugural CSV Strategic Plan 2015-18	\$94,575	\$77,150	\$17,425
GHD	Asset and business planning	\$70,655	\$70,655	nil
MICHAEL TAYLOR ARCHITECT	Kyneton Court Investigation design & schematic design	\$22,727	\$15,577	\$7,150

DETAILS OF CONSULTANCIES UNDER \$10,000

In 2014–15, CSV did not engage consultancies where the total fees payable to the consultants was less than \$10,000.

DISCLOSURE OF MAJOR CONTRACTS

In 2014–15 CSV did not enter into contracts of a value greater than \$10 million.

GOVERNMENT ADVERTISING EXPENDITURE

Nil reports. There were no campaigns with a media spend of \$150,000 or greater.

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (Vic) (FOI Act) allows the public a right of access to documents held by CSV.

In 2014–15, CSV received 19 valid Freedom of Information (FOI) applications. Of these requests, two were from the media and 17 from the general public. Of the total requests received by CSV, the majority were acceded to, but one went to the FOI Commissioner for review with none progressing to the appeal stage.

CSV processed 100 per cent of the requests within the statutory requirements.

FOI Outcome	Number of requests
Access granted in full	4
Access granted in part	1
Access denied	1
No document exists/ No document located	2
Transferred to other agency	2
Court documents excluded from the FOI process (section 6 of the FOI Act) or documents that are publicly available or available to the public for a fee (sections 14(1)(a) and 14(1)(b) of the FOI Act)	7
Not proceeded with	1
In process	1
Total	19
Invalid requests (application fee not paid or not waived)	4

COURT DOCUMENTS

The FOI Act does not apply to documents held by courts in respect of their judicial functions (section 6 of the FOI Act). Each court or tribunal has its own arrangements for accessing such documents.

MAKING A REQUEST

Access to documents may be obtained through written request to CSV FOI, as detailed in section 17 of the FOI Act.

Requests for documents in the possession of CSV should be addressed to:

Court Services Victoria
Freedom of Information
PO Box 13193
Law Courts Vic 8010
Email: foi@courts.vic.gov.au

Requests can also be lodged online at www.foi.vic.gov.au.

Access charges may also apply once documents have been processed and a decision on access is made, for example photocopying and search and retrieval charges.

Further information regarding FOI can be found at www.foi.vic.gov.au.

COMPLIANCE WITH BUILDING ACT 1993 (VIC)

CSV is responsible for a significant built environment and asset base of courts characterised by numerous, aged facilities (approximately 41 per cent of the portfolio of buildings are more than 50 years old, and of these, 78 per cent are more than 100 years old) dispersed throughout the State. Consequentially, some of these buildings were constructed during periods when current regulations did not apply, and hold exemptions for specific elements of non-compliance.

Courts meet statutory obligations required under Essential Safety Measures with respect to maintenance and building provisions as under *Building Regulations 2006*, Schedule 9.

NATIONAL COMPETITION POLICY

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

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

CSV complies with the requirements of the National Competition Policy.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012 (VIC)

The *Protected Disclosure Act 2012* (Vic) (PD Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The PD Act provides certain protection to people who make disclosures in accordance with the PD Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

CSV does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. CSV is committed to ensuring transparency and accountability in administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

CSV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. CSV will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

REPORTING PROCEDURES

Disclosure of improper conduct or detrimental action by CSV or any of its employees or officers may be made to:

The Independent Broad-based
Anti-corruption Commission (IBAC)
Level 1, North Tower, 459 Collins Street
Melbourne Vic 3000
Telephone: 1300 735 135
Website: www.ibac.vic.gov.au

FURTHER INFORMATION

Information about what constitutes corrupt and specified conduct, how to make a disclosure, what happens when a disclosure is made, the protections and support available to disclosers, and the support available to a CSV employee who is being investigated can be found in the *Making and Handling Protected Disclosures Procedures*.

To request a copy of the *Making and Handling Protected Disclosures Procedures*, please contact feedback@courts.vic.gov.au.

COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012 (VIC)

CSV complies with its obligations under the *Carers Recognition Act 2012* (Vic) by making all new employees aware of their rights under this legislation and ensuring that existing employees, who have carer responsibilities, are supported to balance work hours and their role as a carer in accordance with the *Victorian Public Service Workplace Determination 2012*.

OFFICE-BASED ENVIRONMENTAL IMPACTS

CSV is reviewing its approach to Environmental Management as a mechanism to continue to reduce its environmental impacts and to increase the efficient use of resources. The review will consider:

- ▶ Development of an Environment Management and Sustainability policy, which is a statement on CSV's commitment to minimise environmental impacts associated with its services and operations.
- ▶ Annual Environmental Management Plans, which consist of projects and targets focusing on activities with significant impacts on the environment while ensuring compliance with legal requirements.
- ▶ A communications strategy which details the various communication channels and frequency of communication to raise awareness and support for environmental initiatives.

In the interim, CSV has followed environmental policies developed by the Department of Justice and Regulation and reported in accordance with Financial Reporting Direction 24C: Reporting of Office-based Environmental Data by Government Entities (FRD 24C). Courts deliver a range of services to the community from different building types, offices, complexes and courts across 66 sites geographically dispersed across Victoria.

ENERGY

For offices, complexes and courts, energy is predominantly used for lighting, heating and cooling. Projects reducing energy use have included installation of solar panels, retrofitting of incandescent lights with halogen and light-emitting diode (LED) lights, behavioural change programs including communicating to staff a 'switch off' message, and sites participating in Earth Hour (a 24-hour global energy awareness campaign).

WATER

For courts, offices, and complexes, water is used for cooling towers, bathrooms, kitchen amenities and general consumption. Some buildings have flow restrictors on taps and dual flush toilets to reduce potable water use.

Water reduction activities include use of rainwater tanks for flushing toilets and an infrastructure focus on using ecologically sustainable design principles.

PAPER

Courts and offices consume paper to meet operational requirements. Paper reduction activities include the use of secure PIN printing, the expansion of eLodgement projects, reducing paper-based notifications of court events, and the use of recycled paper.

PROCUREMENT

CSV is a consumer of goods and services and plays an influential role in ensuring sustainable procurement, creating a new central procurement office with the establishment of CSV. Projects have included re-use of office furniture, development of guidelines to assist staff in adopting PIN printing, use of fair trade products and changing paper-based business processes to digital.

TRANSPORT

Courts deliver services through a range of facilities dispersed across the state, requiring staff to travel between locations and other work sites.

To address this issue, many courts have increased the use of video-conferencing facilities where feasible.

Sustainable travel has also been promoted by activities including staff ride to work days and the use of environmentally friendly, fuel-efficient and hybrid vehicles.

WASTE

Waste from courts, offices, and complexes are typically paper, cardboard, toner cartridges, and food waste. All facilities have standard office paper recycling arrangements. Some facilities have co-mingled recycling arrangements in place. Community action has included tree planting days with staff and community groups to offset our waste.

COMPLIANCE WITH THE DATAVIC ACCESS POLICY

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at www.data.vic.gov.au/ in machine-readable format.

RISK MANAGEMENT ATTESTATION

Standing Direction 4.5.5 of the *Financial Management Act 1994* requires public sector agencies to provide an annual attestation of compliance with the risk management process requirements set out in the Victorian Government Risk Management Framework.

The Audit and Risk Portfolio Committee of CSV has considered the Statement by the Chief Executive Officer (Acting) on compliance with the Victorian Government Risk Management Framework, the internal attestation process and independent assessments from Internal Audit.

The Audit and Risk Portfolio Committee has identified that during the 2014–2015 financial year, CSV partially complied with the Victorian Government Risk Management Framework requirement 3.1.1 to incorporate risk management in the agency's corporate and business planning processes.

CSV is committed to the continuous improvement of risk management practices and progressive integration of risk management into its business planning cycle. The risk profile has been developed in consideration of CSV's strategic and corporate planning, and will be further enhanced by supporting strategic risk assessment of opportunities and threats in CSV's operating environment during the development and formulation of CSV's business plans.

Other than as identified above, the Audit and Risk Portfolio Committee has indicated that CSV has complied with the Victorian Government Risk Management Framework Requirements for the 2014–2015 financial year.

CSV's Audit and Risk Portfolio Committee has verified this.

On this basis, I certify that CSV has partially complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes.



The Hon. Marilyn Warren AC
Chair of the Courts Council
Court Services Victoria
7 October 2015

STATEMENT OF AVAILABILITY OF OTHER INFORMATION

Under Financial Reporting Direction (FRD) 22F Standard Disclosures in the Report of Operations, CSV is required to retain the following information for the 2014–15 financial year and make it available upon request (subject to FOI requirements, if applicable):

- a. A statement that declarations of pecuniary interests have been duly completed by all relevant officers,
- b. Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary,
- c. Details of publications produced by CSV about itself, and how these can be obtained,
- d. Details of changes in prices, fees, charges, rates and levies charged by CSV,
- e. Details of any major external reviews carried out on CSV,
- f. Details of major research and development activities undertaken by CSV,
- g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit,
- h. Details of major promotional, public relations and marketing activities undertaken by CSV to develop community awareness of CSV and its services,
- i. Details of assessments and measures undertaken to improve the occupational health and safety of employees,
- j. A general statement on industrial relations within CSV and details of time lost through industrial accidents and disputes,
- k. A list of major committees sponsored by CSV, the purposes of each committee and the extent to which the purposes have been achieved,
- l. Details of all consultancies and contractors including:
 - i. Consultants/contractors engaged,
 - ii. Services provided,
 - iii. Expenditure committed to for each engagement.

The information is available on request from:

Court Services Victoria
PO Box 13193
Law Courts Vic 8010
Email: feedback@courts.vic.gov.au

COMPLIANCE WITH COURT SERVICES VICTORIA ACT 2014 (VIC)

Section 40 of the CSV Act sets out additional annual reporting requirements for CSV, namely, the budget allocated to each jurisdiction for the provision of services and facilities and details of the administrative services and facilities provided by CSV to the courts and VCAT. The services and facilities provided to the courts and VCAT are detailed throughout this annual report, including in the Year in Review and Output Performance.

BUDGET

While CSV receives Parliamentary appropriation for its functions, budget is allocated to each of the jurisdictions and made available for the provision of services and facilities to the College in accordance with budgets approved by the Attorney-General under section 41 of the CSV Act.

CSV's budget breakdown for the purposes of corporate functions, the jurisdictions, and the College is shown in the following table, and includes funding from annual and special appropriations as well as trust funding. Charges relating to the corporate functions as set out in the table below include the whole of CSV charges such as Capital Asset Charges and Depreciation.

Built into appropriation funding is depreciation, rent, accommodation and a capital asset charge. These are classified as non-discretionary items and funding is held and managed centrally by CSV.

The budget allocation profiles of Court Services, the jurisdictions and the College are based on an historical allocations profile adjusted for savings, indexation and new funding.

Court Services Victoria's budget allocation

By Business Area	2014-15
	Published Budget \$m
Supreme Court	65.2
County Court	87.3
Magistrates' Court	114.4
VCAT	40.2
Children's Court	18.3
Coroner's Court	13.5
Judicial College of Victoria	2.5
Court Services	113.2
Total CSV	454.6

Source: Department of Treasury and Finance and Axiom Budget and Reporting System

Note:

1. The reference to Court Services above is a reference to Jurisdiction Services.

DISCLOSURE INDEX

Court Services Victoria's Annual Report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of CSV's compliance with statutory disclosures requirements.

Legislation	Requirement	Page
Ministerial Directions		
REPORT OF OPERATIONS		
Charter and purpose		
FRD 22F	Manner of establishment and the relevant ministers	10
FRD 22F	Purpose, functions, powers and duties	9
FRD 8C	Objectives, indicators and outputs	32
FRD 22F	Initiatives and key achievements	33–34
FRD 22F	Nature and range of services provided	24–31
Management and structure		
FRD 22F	Organisational structure	12–13
Financial and other information		
FRD 8C, SD 4.2(k)	Performance against output performance measures	35–36
FRD 8C	Budget portfolio outcomes	37
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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RESPONSIBLE BODY, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and

accompanying notes, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of Court Services Victoria as at 30 June 2015.

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

We authorise the attached financial statements for issue on 7 October 2015.



The Hon. Chief Justice
Marilyn Warren AC
Chair of the Courts Council
Court Services Victoria

Melbourne
7 October 2015



Michael Carroll
Acting Chief Executive Officer
Court Services Victoria

Melbourne
7 October 2015



Lisa Wills
Chief Finance Officer
Court Services Victoria

Melbourne
7 October 2015



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INDEPENDENT AUDITOR'S REPORT

To the Courts Council, Court Services Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Court Services Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible body, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Courts Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

VAGO

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Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Court Services Victoria as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
12 October 2015

for 
Dr Peter Frost
Acting Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000
CONTINUING OPERATIONS		
Income from transactions		
Output appropriations		297,238
Special appropriations		115,151
Grants	4(a)	35,339
Other income		1,604
Total income from transactions		449,332
EXPENSES FROM TRANSACTIONS		
Employee expenses	5(a)	251,570
Depreciation and amortisation	5(b)	30,141
Interest expense	5(c)	9,140
Grants and other transfers	5(d)	5,053
Capital asset charge		40,600
Supplies and services	5(e)	106,655
Total expenses from transactions		443,160
Net result from transactions (net operating balance)		6,172
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		
Net gain/(loss) on non-financial assets	6(a)	(1,058)
Net gain/(loss) on financial instruments	6(b)	(14)
Other gains/(losses) from other economic flows	6(c)	(1,007)
Total other economic flows included in net result		(2,080)
Net Result		4,092
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to net result		
Changes in physical asset revaluation reserve		0
Total other economic flows – other comprehensive income		0
Comprehensive result		4,092

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

BALANCE SHEET AS AT 30 JUNE 2015

	Note	2015 \$'000
FINANCIAL ASSETS		
Cash and deposits	20	7,631
Receivables	8	61,041
Total financial assets		68,672
NON-FINANCIAL ASSETS		
Non-financial physical assets classified as held for sale	9	514
Property, plant and equipment	10	726,571
Intangible assets	11	31,962
Prepayments		1,202
Total non-financial assets		760,250
Total assets		828,921
LIABILITIES		
Payables	12	26,260
Borrowings	13	100,301
Provisions	14	69,689
Total liabilities		196,250
Net assets		632,672
EQUITY		
Accumulated surplus/(deficit)		4,092
Contributed capital		628,579
Net worth		632,672
Commitments for expenditure	17	
Contingent assets and contingent liabilities	18	

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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Accumulated Surplus/ (Deficit) \$'000	Contributed Capital \$'000	Total \$'000
BALANCE AS AT 1 JULY 2014		0	0	0
Net result for the year		4,092		4,092
Transactions with the State in its capacity as owners			2,085	2,085
Administrative restructure – net assets received	7		626,494	626,494
Balance at 30 June 2015		4,092	628,579	632,672

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

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from Government		412,389
Receipts from Other Entities		20,603
Goods and services tax recovered from the ATO		12,724
Total receipts		445,716
PAYMENTS		
Payments to suppliers and employees		(355,512)
Payments of grants and other transfers		(4,355)
Capital assets charge payments		(40,600)
Interest and other costs of finance paid		(9,140)
Total payments		(409,608)
Net cash provided by/(used in) operating activities	20	36,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of non-financial assets		(23,252)
Proceed from sales of non-financial assets		2,055
Net cash provided by/(used in) investing activities		(21,196)
CASH FLOWS FROM FINANCING ACTIVITIES		
Owner contributions by State Government		2,088
Cash received from activity transferred in MOG changes		1,933
Payment of borrowing and finance leases		(11,302)
Net cash provided by/(used in) financing activities		(7,281)
Net increase (decrease) in cash held		7,631
Cash and cash equivalents at the beginning of the financial year		0
Cash and cash equivalents at the end of the financial year	20	7,631

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Court Services Victoria (CSV) for the year ended 30 June 2015. The purpose of the report is to provide users with information about the entity stewardship of resources entrusted to CSV.

A. STATEMENT OF COMPLIANCE

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 27.

These annual financial statements were authorised for issue by the Courts Council of CSV on 7 October 2015.

B. BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

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

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

- ▶ the fair value of land, buildings, plant and equipment (refer to Note 1(L));
- ▶ superannuation expense (refer to Note 1(G); and
- ▶ actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(M)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- ▶ non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

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

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

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

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

In addition, 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.

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

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

C. REPORTING ENTITY

Court Services Victoria 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 Victorian courts and the Judicial College of Victoria.

Court Services Victoria 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).

Its status as a statutory body allows the courts to operate independently of the direction of the executive branch of government and support the independence of the judiciary.

Court Services Victoria's work includes overseeing the court facilities and providing the people, information technology and financial management to deliver enhanced administrative services to Victorian courts, VCAT and the Judicial College of Victoria.

The Courts Council is Court Services Victoria'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 3000

The financial statements include all the controlled activities of CSV excluding the Judicial College of Victoria.

The following statutory bodies are included in CSV's reporting entity:

- ▶ Supreme Court of Victoria;
- ▶ County Court of Victoria;
- ▶ Magistrates' Court of Victoria;
- ▶ Children's Court of Victoria;
- ▶ Coroners Court of Victoria; and
- ▶ Victorian Civil and Administrative Tribunal.

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

OBJECTIVES AND FUNDING

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

CSV's role is to support the courts and tribunal in the fair, timely and efficient dispensing of justice.

OUTPUTS OF THE ENTITY

Information about CSV output activities, and the expenses, income, assets and liabilities which are reliably attributable to those output activities is set out in the output activities schedule (Note 2). Information about expenses, income, assets and liabilities administered by CSV are given in the schedule of administered expenses and income and the schedule of administered assets and liabilities (see Note 3).

ADMINISTERED ITEMS

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

Administered income includes taxes, fees and fines. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid.

Except as otherwise disclosed, administered resources are accounted for on an accrual basis using the same accounting policies adopted for recognition of CSV items in the financial statements. Both controlled and administered items of CSV are consolidated into the financial statements of the State.

Disclosures related to administered items can be found in Note 3.

FUNDS HELD IN TRUST

Other trust activities on behalf of parties external to the Victorian Government

CSV has responsibility for transactions and balances relating to trust funds on behalf of third parties external to the Victorian Government. Income, expenses, assets and liabilities managed on behalf of third parties are not recognised in these financial statements as they are managed on a fiduciary and custodial basis, and therefore are not controlled by CSV and are administered by separate legislation of the Victorian Government. Funds under management are reported in Note 23.

D. BASIS OF CONSOLIDATION

The application of Australian Accounting Standard AASB 10 *Consolidated Financial Statements* has been assessed for the financial year ending 30 June 2015. The financial statements for CSV have been prepared on the basis that there are no controlled subsidiary entities to be consolidated into the accounts of Court Services Victoria.

E. SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT

The comprehensive operating statement comprises three components, being 'net result from transactions' (termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

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

- ▶ gains and losses from disposals of non-financial assets;
- ▶ revaluations and impairments of non-financial physical and intangible assets;
- ▶ remeasurement arising from defined benefit superannuation plans;
- ▶ fair value changes of financial instruments and agricultural assets; and
- ▶ depletion of natural assets (non-produced) from their use or removal.

This classification is consistent with the whole of government reporting format under AASB 101 *Presentation of Financial Statements*.

BALANCE SHEET

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

CASH FLOW STATEMENT

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

STATEMENT OF CHANGES IN EQUITY

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

ROUNDING

Amounts in the financial statements have been rounded to the nearest \$1,000, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 27 for a style convention for explanations of minor discrepancies resulting from rounding.

F. INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

APPROPRIATION INCOME

Appropriated income becomes controlled and is recognised by CSV when it is appropriated from the consolidated fund by the Victorian Parliament and applied to the purposes defined under the relevant appropriations act.

Additionally, CSV is permitted under section 29 of the *Financial Management Act 1994* to have certain income annotated to the annual appropriation. The income which forms part of a section 29 agreement is recognised by CSV and the receipts paid into the consolidated fund as an administered item. At the point of income recognition, section 29 provides for an equivalent amount to be added to the annual appropriation. Examples of receipts which can form part of a section 29 agreement are Commonwealth specific purpose grants and proceeds from the sale of assets, and income from the sale of products and services.

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 in the schedule of administered income and expenses (see Note 3). Income is recognised for each of CSV major activities as follows:

OUTPUT APPROPRIATIONS

Income from 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

Special appropriation revenue is recognised on a cash basis when the amount appropriated for a specific purpose is received by CSV. Refer to Note 21 for a listing of special appropriation funding received by CSV and an outline of their special purpose.

GRANTS

Income from grants (other than contribution by owners) is recognised when CSV obtains control over the contribution.

Where such grants are payable into the consolidated fund, they are reported as administered income (refer to Note 1 (C) and (I)). For reciprocal grants (i.e. equal value is given back by CSV to the provider), CSV is deemed to have assumed control when CSV has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, CSV is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

OTHER INCOME

Other income includes income from fines and regulatory fees and fair value of assets received free of charge or for nominal consideration.

G. EXPENSES FROM TRANSACTIONS

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

EMPLOYEE EXPENSES

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

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

SUPERANNUATION

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

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

DEPRECIATION

All buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1 (L) for the depreciation policy for leasehold improvements.

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

The following are typical estimated useful lives for the different asset classes for the current year.

Asset	Useful life
Cultural assets	Indefinite
Buildings	2 to 44 years
Leasehold improvements	2 to 37 years
Leasehold buildings	1 to 38 years
Plant and equipment	1 to 10 years
Computer and telecommunication equipment	1 to 10 years
Intangible assets	3 to 7 years
Antique furniture & artefacts	80 years

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

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

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

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

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

INTEREST EXPENSE

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

Interest expense (excluding swap interest that is classified as an other economic flow) is recognised in the period in which it is incurred. Refer to Note 27 for an explanation of interest expense items.

GRANTS AND OTHER TRANSFERS

Grants and other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals; other transfer payments made to State-owned agencies, local government, non-government schools, and community groups. Refer to Note 27 for an explanation of grants and other transfers.

CAPITAL ASSET CHARGE

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

OTHER OPERATING EXPENSES

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include:

Supplies and services

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

Bad and doubtful debts

Refer to Note 1(K) *Impairment of financial assets*.

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

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Borrowing costs of qualifying assets

In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, CSV continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

H. OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

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

NET GAIN/ (LOSS) ON NON-FINANCIAL ASSETS

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

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

Refer to Note 1(L) *Revaluations of non-financial physical assets*.

Net gain/ (loss) on disposal of non-financial assets

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

Impairment of non-financial assets

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

All other assets are assessed annually for indications of impairment, except for non-financial physical assets held for sale, and assets arising from construction contracts.

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

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Refer to Note 1(L) in relation to the recognition and measurement of non-financial assets.

NET GAIN/ (LOSS) ON FINANCIAL INSTRUMENTS

Net gain/ (loss) on financial instruments includes:

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

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Refer to Note 1(J) *Financial instruments*.

OTHER GAINS/ (LOSSES) FROM OTHER ECONOMIC FLOWS

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

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

I. ADMINISTERED INCOME**TAXES, FINES AND REGULATORY FEES**

CSV does not gain control over assets arising from taxes, fines and regulatory fees; 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 (see Note 3). Refer to Note 1(F) *Income from transactions for the accounting of grants*.

J. FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of CSV's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of CSV are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

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

The following refers to financial instruments unless otherwise stated.

CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

LOANS AND RECEIVABLES

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

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

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

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

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

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

FINANCIAL LIABILITIES AT AMORTISED COST

Financial instrument liabilities are initially recognised on the date they 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 (refer to Note 27).

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

OFFSETTING FINANCIAL INSTRUMENTS

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

RECLASSIFICATION OF FINANCIAL INSTRUMENTS

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

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

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

K. FINANCIAL ASSETS

CASH AND DEPOSITS

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings on the balance sheet.

RECEIVABLES

Receivables consist of:

- ▶ contractual receivables, such as debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables (refer to Note 1(N) Leases); and
- ▶ statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

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

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

For the measurement principle of receivables, refer to Note 1(J).

INVESTMENTS ARE CLASSIFIED IN THE FOLLOWING CATEGORIES

Investments are classified in the following categories:

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

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ the rights to receive cash flows from the asset have expired; or
- ▶ 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:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where 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.

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

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

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

L. NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

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

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

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

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost.

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

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

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1(H) *Impairment of non-financial assets*.

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

LEASEHOLD IMPROVEMENTS

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

RESTRICTIVE NATURE OF CULTURAL AND HERITAGE ASSETS AND CROWN LAND

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

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

REVALUATIONS OF NON-FINANCIAL PHYSICAL ASSETS

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the

same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

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

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

INTANGIBLE ASSETS

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

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(G) *Depreciation* and Note 1(H) *Impairment of non-financial assets*.

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

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;

- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

OTHER NON-FINANCIAL ASSETS

PREPAYMENTS

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

M. LIABILITIES

PAYABLES

Payables consist of:

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

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(J)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

BORROWINGS

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs (refer also to Note 1(N) *Leases*). 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. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

PROVISIONS

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

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

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

EMPLOYEE BENEFITS

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

i. Wages and salaries, annual leave and sick leave

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

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

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

ii. Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

iii. Termination benefits

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

EMPLOYEE BENEFITS ON-COSTS

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

ONEROUS CONTRACTS

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

FINANCIAL GUARANTEES

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

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

The value of loans and other amounts guaranteed by the Treasurer is disclosed in Note 18 *Contingent assets and contingent liabilities*.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognition when the obligation under the liability is discharged, cancelled or expires.

N. LEASES

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

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee.

For service concession arrangements (see Note 1(R)), the commencement of the lease term is deemed to be the date the asset is commissioned. All other leases are classified as operating leases.

FINANCE LEASES*CSV as lessee*

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

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

OPERATING LEASES*CSV as lessee*

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

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

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

O. EQUITY

CONTRIBUTION 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 which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

P. COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 17 *Commitments for expenditure*) at their nominal value and inclusive of the GST payable.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Q. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 18 *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

R. SERVICE CONCESSION ARRANGEMENTS

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 policy (see Note 1(N)). The remaining components are accounted for as commitments (see Note 1(P)) for operating costs which are expensed in the comprehensive operating statement as they are incurred.

The other, less common form of SCA is one in which 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, will be returned to the grantor CSV.

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

S. ACCOUNTING FOR THE GOODS AND SERVICE TAX

Income, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(P) and Note 1(Q)).

T. EVENTS AFTER THE REPORTING PERIOD

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between CSV and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

U. AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT EFFECTIVE

Certain new Australian Accounting Standards (AASs) have been published that are not mandatory for the 30 June 2015 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises CSV of their applicability and early adoption where applicable. As at 30 June 2015, the following standards and interpretations that are applicable to CSV had been issued but were not mandatory for the financial year ending 30 June 2015. Standards and Interpretations that are not applicable to CSV have been omitted. CSV has not adopted these standards early.

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 is that an entity will only recognise revenue upon the transfer of promised goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 January 2017	Ongoing work is being done to monitor and assess the impact of this standard.
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	<p>An assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>

NOTE 2. CONTROLLED OUTPUTS

A description of CSV outputs performed during the year ended 30 June 2015 and the objectives of these outputs are provided below:

OUTPUTS

CSV delivers support to the State's judiciary in its dispensation of criminal and civil matters, maintaining the administrative operations of the systems of courts and statutory tribunals and providing appropriate civil dispute resolution mechanisms.

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 which is reflected in the Courts total output cost. The following schedule discloses, by jurisdiction, controlled Comprehensive Operating Statement and Balance Sheet amounts that are able to be directly attributable to the jurisdiction.

OBJECTIVES

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

SCHEDULE A – CONTROLLED INCOME AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2015

	Children's Court of Victoria \$'000	Coroners Court of Victoria \$'000	County Court of Victoria \$'000	Jurisdiction Services \$'000	Magistrates' Court of Victoria \$'000	Supreme Court of Victoria \$'000	Victorian Civil & Administrative Tribunal \$'000	Grand Total \$'000
CONTINUING OPERATIONS								
Income from transactions								
Output appropriations	11,663	10,575	53,556	101,817	73,748	35,147	10,732	297,238
Special appropriations	4,864	3,557	26,724	0	39,681	25,637	14,687	115,151
Grants	390	0	2,908	7,017	5,026	2,737	17,261	35,339
Other income	0	0	1,604	0	0	0	0	1,604
Total income from transactions	16,918	14,133	84,793	108,835	118,455	63,520	42,680	449,332
EXPENSES FROM TRANSACTIONS								
Employee expenses	12,021	7,997	45,690	19,385	81,848	48,472	36,158	251,570
Depreciation and amortisation	831	14	6,471	10,776	9,109	2,441	499	30,141
Interest expense	15	2	9,014	(194)	159	92	51	9,140
Grants and other transfers	136	0	0	3,403	1,064	450	0	5,053
Capital asset charge	0	0	0	40,600	0	0	0	40,600
Other operating expenses	4,125	6,346	23,303	25,339	26,111	14,645	6,787	106,655
Total expenses from transactions	17,129	14,359	84,478	99,309	118,292	66,099	43,494	443,160
Net result from transactions (Net operating balance)	(211)	(227)	315	9,525	163	(2,579)	(815)	6,172
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT								
Net gain/(loss) on non-financial assets				470	(1,528)			(1,058)
Net gain/(loss) on financial instruments				(14)				(14)
Other gains/(losses) from other economic flows				(1,007)				(1,007)
Total other economic flows included in net result				(552)	(1,528)	0	0	(2,080)
Net Result	(211)	(227)	315	8,974	(1,365)	(2,579)	(815)	4,092

SCHEDULE B – CONTROLLED ASSETS AND LIABILITIES AS AT 30 JUNE 2015

Assets	Children's Court of Victoria \$'000	Coroners Court of Victoria \$'000	County Court of Victoria \$'000	Jurisdiction Services \$'000	Magistrates' Court of Victoria \$'000	Supreme Court of Victoria \$'000	Victorian Civil & Administrative Tribunal \$'000	Grand Total \$'000
Financial Assets	328	68	1,404	63,116	2,225	(271)	1,801	68,672
Non-Financial Assets	50,422	50	213,559	88,557	304,943	100,599	2,120	760,250
Total Assets	50,750	118	214,964	151,673	307,167	100,329	3,921	828,921
Liabilities	3,277	1,989	113,033	19,219	32,418	18,015	8,298	196,250
Total Liabilities	3,277	1,989	113,033	19,219	32,418	18,015	8,298	196,250
Net Assets	47,473	(1,871)	101,931	132,454	274,749	82,313	(4,378)	632,672

NOTE 3. ADMINISTERED (NON-CONTROLLED) ITEMS

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

	Children's Court of Victoria \$'000	County Court of Victoria \$'000	Jurisdiction Services \$'000	Magistrates' Court of Victoria \$'000	Supreme Court of Victoria \$'000	Victorian Civil & Administrative Tribunal \$'000	Total \$'000
ADMINISTERED INCOME FROM TRANSACTIONS							
Special appropriations applied	0	0	0	38,650	0	0	38,650
Fines	0	2,581	56	24,279	19	0	26,936
Sales of goods and services (including fees)	3	11,385	60	21,251	20,742	7,190	60,631
Other income	0	79	854	1,984	59	0	2,976
Total administered income from transactions	3	14,046	969	86,164	20,820	7,190	129,192
ADMINISTERED EXPENSES FROM TRANSACTIONS							
Payments into the Consolidated Fund	0	(11,385)	(26,218)	(21,214)	(21,330)	(7,190)	(87,337)
Criminal injuries compensation	0	0	0	(39,426)	0	0	(39,426)
Other expenses	0	(1,260)	(804)	(73)	0	0	(2,137)
Total administered expenses from transactions	0	(12,645)	(27,023)	(60,712)	(21,330)	(7,190)	(128,899)
Total administered net result from transactions (net operating balance)	3	1,401	(26,053)	25,452	(510)	0	293
Total administered comprehensive result	3	1,401	(26,053)	25,452	(510)	0	293

	Children's Court of Victoria \$'000	County Court of Victoria \$'000	Jurisdiction Services \$'000	Magistrates' Court of Victoria \$'000	Supreme Court of Victoria \$'000	Victorian Civil & Administrative Tribunal \$'000	Total \$'000
ADMINISTERED FINANCIAL ASSETS							
Cash and deposits	0	2,641	0	3,108	292	84	6,125
Receivables	0	2,297	1,713	(322)	85	0	3,773
Total administered financial assets	0	4,937	1,713	2,786	377	84	9,898
ADMINISTERED LIABILITIES							
Creditors and accruals	0	0	375	(376)	0	0	(1)
Deposits payable	0	(1,759)	(1,570)	(4,433)	(183)	567	(7,378)
Provisions	0	0	0	(2,500)	0	0	(2,500)
Total administered liabilities	0	(1,759)	(1,195)	(7,309)	(183)	567	(9,879)
Total administered net assets	0	3,178	518	(4,523)	194	651	19

NOTE 4. INCOME FROM TRANSACTIONS

		2015 \$'000
(a)	GRANTS	
	Other specific purpose from:	
	General government outside portfolio	35,303
	Other	36
	Total grants	35,339
(b)	GRANT DETAILS	
	General government outside portfolio	
	Department of Justice and Regulation	34,823
	Department of Environment, Land, Water and Planning	45
	Department of Health and Human Services	435
		35,303
	OTHER	
	Victorian Law Foundation	36
		36
	Total	35,339

NOTE 5. EXPENSES FROM TRANSACTIONS

	2015 \$'000
(a) EMPLOYEE EXPENSES	
Defined contribution superannuation expense	13,800
Defined benefit superannuation expense	2,310
Termination benefits	647
Salaries and wages	194,652
Leave expenses (annual leave and long service leave)	23,228
Other on-costs (fringe benefits tax, payroll tax, training and workcover levy)	16,933
Total employee expenses	251,570
(b) DEPRECIATION AND AMORTISATION	
Buildings	10,924
Buildings leasehold	5,723
Leasehold improvements	2,098
Plant and equipment	1,211
Leased plant and equipment	2,772
Software	7,412
Total depreciation and amortisation	30,141
(c) INTEREST EXPENSE	
Interest on finance leases ⁽ⁱ⁾	9,140
Total interest expense	9,140
(d) GRANTS AND OTHER TRANSFERS	
Payments for specific purpose to:	
Judicial College of Victoria	2,157
Corrections Victoria Housing Program	1,139
Supreme Court Library	950
Other	808
Total grants and other transfers	5,053
(e) SUPPLIES AND SERVICES	
Accommodation and property services	25,277
Outsourced contracts	20,030
Contractors, professional services and consultants	15,411
Printing, stationery and other office expenses	10,836
Technology services	13,331
Juror Payments	3,608
Repairs and maintenance	4,755
Deceased removals and transfer costs (Coroners Court)	3,866
Interpreter and translation services	2,296
Other	7,243
Total supplies and services	106,655

Note:

i. Interest on finance leases relate to the County Court Facility Public Private Partnership (PPP) arrangement of \$8.9 million and motor vehicles of \$0.2 million.

NOTE 6. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

		2015 \$'000
(a)	NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS	
	Impairment of buildings	(1,528)
	Net gain/(loss) on disposal of property, plant and equipment	470
	Total net gain/(loss) on non-financial assets	(1,058)
(b)	NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS	
	Bad debts written off	(14)
	Total net gain/(loss) on financial instruments	(14)
(c)	OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS	
	Net gain/(loss) arising from revaluation of long service leave liability	(1,007)
	Total other gains/(losses) from other economic flows	(1,007)

NOTE 7. RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

On 1 July 2014, CSV was established under the *Court Services Victoria Act 2014* and commenced operations as a statutory public sector body. On commencement, the responsibility for the administrative services and facilities that support the Victorian courts, Victorian Civil and Administrative Tribunal, and Judicial College of Victoria transferred from the Department of Justice and Regulation (DJR) to Court Services Victoria.

The following controlled net assets of DJR became the net assets of CSV for the financial year 2014-2015. The net assets transfer to CSV is treated as a contribution of capital by the Crown.

	Transferred from DJR 2015 \$'000
CONTROLLED	
Cash	1,933
Receivables	41,183
Prepayments	1,305
Property, plant and equipment – carrying value	731,586
Intangible assets	35,489
LIABILITIES	
Employee provisions	(65,106)
Borrowings	(108,994)
Payables	(10,905)
Controlled net assets transferred	626,491
Net capital contribution	626,491
ADMINISTERED	
Assets	
Cash	6,801
Receivables	1,878
Liabilities	
Other liabilities	(8,953)
Administered net assets transferred	(274)
Net Capital contribution	(274)
Net Capital contribution – controlled and administered	626,217

NOTE 8. RECEIVABLES

	2015 \$'000
CURRENT RECEIVABLES	
Contractual	
Other receivables	2,919
Provision for doubtful contractual receivables ⁽ⁱ⁾	(11)
	2,908
STATUTORY	
Amounts owing from Victorian Government ⁽ⁱⁱ⁾	52,490
GST input tax credit recoverable	1,416
	53,905
Total current receivables	56,813
NON-CURRENT RECEIVABLES	
Statutory	
Amounts owing from Victorian Government ⁽ⁱⁱ⁾	4,227
Total non-current receivables	61,041

Notes:

- i. The average credit period for other receivables is 30 days. No interest is charged on other receivables. An allowance has been made for estimated irrecoverable amounts when there is objective evidence that an individual receivable is impaired. The increase was recognised in the net result for the current financial year.
- ii. The amounts recognised from the Victorian Government represent funding for all commitments incurred through the appropriations and are drawn from the Consolidated Fund as the commitments fall due. (Appropriations are amounts owed by the Victorian Government as legislated in the Appropriations Act. Due to the existence of a legislative instrument, the appropriation receivable to an entity is statutory in nature, and hence not in the scope of the financial instrument standards.)

(a) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL RECEIVABLES

Refer to note 19 for the nature and extent of credit risk arising from contractual receivables.

	2015 \$'000
Provision for doubtful debts	
Balance at beginning of the year	0
Increase in provision recognised in the net result	(11)
Balance at end of the year	(11)

NOTE 9. NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE AND DIRECTLY ASSOCIATED LIABILITIES

	2015 \$'000
CURRENT ASSETS	
(a) NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE	
Finance lease motor vehicles held for sale ⁽ⁱ⁾	514
Total non-financial physical assets classified as held for sale	514

Note:

i. Finance lease motor vehicles held for sale represent vehicles identified for immediate disposal in their current condition through VicFleet disposal process. It is anticipated that these disposals will be completed within the next 12 months.

	\$'000
(b) LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	
Finance lease vehicles liabilities	513
Total liabilities directly associated with assets classified as held for sale	513

Note:

i. Classified in accordance with the fair value hierarchy, see Note 1 (B)

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

TABLE 10.1: CLASSIFICATION BY 'PURPOSE GROUP' – CARRYING AMOUNTS

	Gross carrying amount 2015 \$'000	Accumulated Depreciation 2015 \$'000	Net carrying amount 2015 \$'000
NON-CURRENT ASSETS			
Land at fair value(i)	163,016	0	163,016
Buildings at fair value(i)	315,319	(10,924)	304,395
Finance leasehold buildings at fair value ⁽ⁱⁱⁱ⁾	213,545	(5,723)	207,822
Leasehold improvements at fair value ⁽ⁱⁱⁱ⁾	19,614	(2,098)	17,516
Plant and equipment at fair value ⁽ⁱⁱⁱ⁾	6,076	(406)	5,670
Plant and equipment under finance lease at fair value ⁽ⁱⁱⁱ⁾	11,015	(3,628)	7,388
Computer & telecommunication equipment at fair value ⁽ⁱⁱⁱ⁾	6,019	(805)	5,214
Cultural assets at fair value ⁽ⁱⁱⁱ⁾	826	0	826
Assets under construction at cost	14,725	0	14,725
Total property, plant and equipment	750,155	(23,583)	726,571

Notes:

- i. Fair value assessments have been performed for all classes of assets and the decision has been made that movements were not material (less than 10 per cent) for a full revaluation.
- ii. Fair value of leasehold improvements is depreciated cost. Expenditure is depreciated over the life of the lease agreement, to reflect the consumption of economic resources over the period of the agreement.
- iii. The fair value of plant, equipment, computer and telecommunication 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.
- iv. Property, plant, equipment, computer and telecommunication 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.

TABLE 10.2: CLASSIFICATION BY 'PUBLIC ADMINISTRATION' PURPOSE GROUP – MOVEMENTS IN CARRYING AMOUNTS

	Land at fair value \$'000	Buildings at fair value \$'000	Buildings at leasehold at fair value \$'000	Leasehold improvements at fair value \$'000	Plant and equipment at fair value ⁽ⁱⁱⁱ⁾ \$'000	Leased plant & equipment at fair value ⁽ⁱⁱⁱ⁾ \$'000	Cultural assets at fair value \$'000	Assets under construction at cost \$'000	Total \$'000
2015									
Opening balance	0	0	0	0	0	0	0	0	0
Additions	1,051	153	0	3,013	3,382	5,097	20	9,480	22,195
Disposals	0	0	0	0	0	(1,586)	0	0	(1,586)
Impairment of assets	0	(1,528)	0	0	0	0	0	0	(1,528)
Machinery of government transfer in	161,965	316,694	213,545	16,601	8,713	8,017	806	5,245	731,587
Depreciation	0	(10,924)	(5,723)	(2,098)	(1,211)	(3,628)	0	0	(23,584)
Transfer to disposal group held for sale	0	0	0	0	0	(514)	0	0	(514)
Closing balance	163,016	304,395	207,822	17,516	10,884	7,387	826	14,725	726,571

Note:

- i. Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2016.
- ii. Accumulated depreciation for motor vehicles includes \$856,000 transferred from DJR as part of the machinery of government.
- iii. Plant and equipment includes computer and telecommunications equipment.

TABLE 10.3: FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2015

	Carrying amount as at 30 June 2015 \$'000	Fair value measurement at end of reporting period using		
		Level 1	Level 2	Level 3 ⁽ⁱ⁾
LAND AT FAIR VALUE				
Non-specialised land	0	0	0	0
Specialised land	163,016	0	0	163,016
Total of land at fair value	163,016	0	0	163,016
BUILDINGS AT FAIR VALUE				
Non-specialised buildings	0	0	0	0
Specialised buildings	265,187	0	0	265,187
Heritage assets	39,208	0	0	39,208
Total of buildings at fair value	304,395	0	0	304,395
PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE				
Plant and equipment	10,884	0	0	10,884
Total of plant, equipment and vehicles at fair value	10,884	0	0	10,884
CULTURAL ASSETS AT FAIR VALUE				
Artworks	826	0	826	0
Total of cultural assets at fair value	826	0	826	0

Notes:

- i. Classified in accordance with the fair hierarchy, see Note 1 (B).
- ii. CSV holds \$39.2 million worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.
- iii. There have been no transfers between levels during the period.

NON-SPECIALISED LAND, NON-SPECIALISED BUILDINGS AND ARTWORKS

Non-specialised land, non-specialised buildings and artworks are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For artwork, valuation of the assets is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on prices paid for similar examples offered at auction or through art galleries in recent years. No revaluation was performed for artwork for the financial period ending 30 June 2015.

SPECIALISED LAND AND SPECIALISED BUILDINGS

The market approach is also used for specialised land, although 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 specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation conducted by DJR was 30 June 2011.

HERITAGE ASSETS

Heritage assets are valued using the depreciated replacement cost method. This represents the cost to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

PLANT AND EQUIPMENT

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

TABLE 10.4: RECONCILIATION OF LEVEL 3 FAIR VALUE

	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Plant and equipment \$'000
Opening balance	0	0	0	0
Purchases (sales)	163,016	316,847	826	27,145
Transfers in (out) of level 3				
Disposal	0	0	0	(4,035)
Depreciation	0	(10,924)	0	(4,839)
Impairment loss	0	(1,528)	0	0
Closing balance	163,016	304,395	826	18,271

TABLE 10.5: DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATION

Details	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	25%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings	Depreciated replacement cost	Useful life	2–44 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage assets	Depreciated replacement cost	Useful life	2–44 years	A 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	A 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	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

NOTE 11. INTANGIBLE ASSETS

	2015 \$'000
(a) NON-CURRENT INTANGIBLE ASSETS	
Opening balance	0
Additions	1,127
Machinery of Government transfer in	35,488
Assets under construction at cost	2,759
Less Accumulated amortisation	(7,412)
Net book value at the end of the financial year	31,962

Notes:

- i. The consumption of intangible produced assets is included in the 'depreciation and amortisation' expense line item in note 5(B) and the comprehensive operating statement.
- ii. Intangible assets represent software development expenditure capitalised and amortised over the remaining economic life span of the asset. At year-end it was determined that the existing software will not be phased out over the next few years and as such, no provision has been made for impairment in the financial statement.

	2015 \$'000
(b) RECONCILIATION OF INTANGIBLE ASSETS	
Gross carrying amount	
Opening balance	0
Additions	1,127
Machinery of Government transfer in	35,488
Assets under construction at cost	2,759
Closing balance	39,374
Accumulated amortisation	
Opening balance	0
Amortisation	(7,412)
Closing balance	(7,412)
Net book value	31,962

NOTE 12. PAYABLES

	2015 \$'000
CURRENT PAYABLES	
Contractual	
Trade creditors and other payables ⁽ⁱⁱⁱ⁾	17,295
Accrued capital works	1,974
Salaries and wages	4,546
	23,815
Statutory	
Payroll tax	849
Fringe benefits tax	898
Amounts payable to the Judicial College of Victoria	648
	2,395
Total current payables	26,209
NON-CURRENT PAYABLES	
Statutory	
Amounts payable to the Judicial College of Victoria	50
Total non-current payables	50
Total payables	26,260

Notes:

i. CSV policy on payment of invoices is 30 days from date received.

ii. This amount includes accrued expenses and other payables.

(a) MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

Refer to Table 19.5 in Note 19 for the maturity analysis of contractual payables.

(b) NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL PAYABLES

Refer to Note 19 for the nature and extent of credit risk arising from contractual payables.

NOTE 13. BORROWINGS

	2015 \$'000
CURRENT BORROWINGS	
Finance lease liabilities ⁽ⁱ⁾ (note 16)	
PPP related finance lease liabilities	10,197
Non-PPP related finance lease liabilities	4,348
Total current borrowings	14,546
NON-CURRENT BORROWINGS	
Finance lease liabilities ⁽ⁱ⁾ (note 16)	
PPP related finance lease liabilities	82,144
Non-PPP related finance lease liabilities	3,612
Total non-current borrowings	85,756
Total borrowings	100,301

Note:

i. 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.

(c) NATURE AND EXTENT OF RISK ARISING FROM BORROWINGS

Please refer to Note 19 for the maturity analysis of borrowings.

(d) DEFAULTS AND BREACHES

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

NOTE 14. PROVISIONS

	2015 \$'000
CURRENT PROVISIONS	
Employee benefits (note 14(a))⁽ⁱ⁾	
Annual leave (note 14(a)):	
– unconditional and expected to be settled within 12 months ⁽ⁱⁱⁱ⁾	8,002
– unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	1,970
– long service leave (note 14(a)):	
– unconditional and expected to be settled within 12 months ⁽ⁱⁱⁱ⁾	4,477
– unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	37,837
	52,285
PROVISIONS FOR ON-COSTS (NOTE 14(a) AND (b))	
Unconditional and expected to be settled within 12 months ⁽ⁱⁱⁱ⁾	3,484
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	4,993
	8,477
Total current provisions	60,763
NON-CURRENT PROVISIONS	
Employee benefits ⁽ⁱⁱ⁾ (note 14(a))	7,958
Provisions for on-costs (note 14(a))	968
Total non-current provisions	8,926
Total provisions	69,689
(a) EMPLOYEE BENEFITS⁽ⁱ⁾ AND ON-COSTS	
Current employee benefits	
Annual leave entitlements	9,971
Long service leave entitlements	42,314
Non-current employee benefits	
Long service leave entitlements	7,958
Total employee benefits	60,244
Current on-costs	8,477
Non-current on-costs	968
Total on-costs	9,445
Total employee benefits and related on-costs	69,689

Notes:

i. Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision.

ii. Amounts are measured at present value.

	Employee benefit on-costs 2015 \$'000
(b) MOVEMENT IN PROVISIONS	
Opening balance	0
Additional provisions recognised	5,227
Machinery of Government transfer in	8,667
Reductions arising from payments/other sacrifices of future economic benefits	(4,449)
Closing balance	9,445
Current	8,477
Non-current	968
Total	9,445

NOTE 15. SUPERANNUATION

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

CSV does not recognise any defined benefit liability in respect of these plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

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

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

Fund	Paid contribution for the year 2015 \$'000	Contribution outstanding at year end 2015 \$'000
DEFINED BENEFIT PLANS:		
Emergency Services and State Super – revised and new	2,292	18
DEFINED CONTRIBUTION PLANS:		
VicSuper	9,895	83
Various other	3,791	31
Total	15,978	132

Note:

The basis for contributions is determined by the various schemes

NOTE 16. LEASES

LEASING ARRANGEMENTS – 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 at the facility throughout the term of the contract, which ends in 2022. The finance lease for these facilities is disclosed in the table below. The operation and maintenance commitments are disclosed in Note 17.

LEASING ARRANGEMENTS – MOTOR VEHICLES

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

	Minimum future lease payments 2015 \$'000	Present value of Minimum Lease payments 2015 \$'000
Finance lease liabilities payable		
COMMISSIONED PPP RELATED FINANCE LEASE LIABILITIES PAYABLE		
Not longer than 1 year	18,253	10,197
Longer than 1 year and not longer than 5 years	72,638	51,442
Longer than 5 years	33,579	30,701
OTHER FINANCE LEASE LIABILITIES PAYABLE		
Not longer than 1 year	4,609	4,348
Longer than 1 year and not longer than 5 years	3,723	3,612
Longer than 5 years		
Minimum future lease payments	132,802	100,301
Less future finance charges	(32,501)	0
Present value of minimum lease payments	100,301	100,301
Included in the financial statements as:		
Current borrowings lease liabilities (note 13)		14,546
Non-current borrowings lease liabilities (note 13)		85,756
Total lease liabilities		100,301

NOTE 17. COMMITMENTS FOR EXPENDITURE

	2015 \$'000
(a) COMMITMENTS OTHER THAN PUBLIC PRIVATE PARTNERSHIP	
Capital Expenditure	16,098
Total capital expenditure commitments	16,098
Operating lease commitments	
Accommodation leases	19,409
Other	409
Total operating lease commitments	19,819
Outsourcing commitments	
Security services	1,016
Records management, archival and mail services	3,548
Other	3,654
Total outsourcing commitments	8,219
(b) PUBLIC PRIVATE PARTNERSHIP	
Commissioned public private partnership – operation and maintenance commitments	
County Court	96,957
Total – Commissioned public private partnership – operation and maintenance commitments	96,957
(c) COMMITMENTS PAYABLES	
Capital expenditure	
Less than 1 year	12,645
Longer than 1 year and not longer than 5 years	3,453
Total capital expenditure commitments	16,098
Operating lease commitments	
Less than 1 year	6,565
Longer than 1 year and not longer than 5 years	13,253
Total operating lease commitments	19,819
Outsourcing commitments	
Less than 1 year	3,670
Longer than 1 year and not longer than 5 years	4,518
Longer than 5 years	31
Total outsourcing commitments	8,219
Public private partnership – operation and maintenance commitments	
Less than 1 year	13,556
Longer than 1 year and not longer than 5 years	55,194
Longer than 5 years	28,207
Total outsourcing commitments	96,957

Note:

The figures are inclusive of GST.

NOTE 18. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	2015 \$'000
Contingent liabilities	
Liabilities pending the outcome of legal action	463
Make good provision	165
Total contingent liabilities	628

NOTE 19. FINANCIAL INSTRUMENTS

(a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

CSV principal financial instruments comprise of:

- ▶ cash assets;
- ▶ receivables (excluding statutory receivables);
- ▶ payables (excluding statutory payables); and
- ▶ finance lease payable.

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

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

CSV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the audit and risk committee of CSV.

The carrying amounts of CSV's contractual financial assets and financial liabilities by category are disclosed in Table 19.1 below.

TABLE 19.1: CATEGORISATION OF FINANCIAL INSTRUMENTS

2015	Contractual financial assets – receivables and cash (\$'000)	Contractual financial liabilities amortised cost (\$'000)	Total (\$'000)
CONTRACTUAL FINANCIAL ASSETS			
Cash and deposits/(overdrawn)	(1,466)	0	(1,466)
Funds held in trust	9,097	0	9,097
Receivable			
– Other receivables	2,908	0	2,908
	10,539	0	10,539
CONTRACTUAL FINANCIAL LIABILITIES			
Payable:			
– Trade creditors and other payables	0	17,295	17,295
– Accrued capital works	0	1,974	1,974
– Salary and wages	0	4,546	4,546
Borrowings:			
– PPP related Finance lease liabilities	0	92,341	92,341
– Non PPP related Finance lease liabilities	0	7,960	7,960
Total contractual financial liabilities	0	124,116	124,116

TABLE 19.2: NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

	Total expense (\$'000)
Contractual financial liabilities under the Public Private Partnership (PPP) arrangement for the County Court Facility.	6,800
Contractual financial liabilities for Vic Fleet	2,340
Total	9,140

(b) CREDIT RISK

Credit risk arises from the contractual financial assets of CSV, which comprise cash and deposits, non-statutory receivables and other contractual financial assets. 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 because the 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 assets, 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 which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of 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.

TABLE 19.3: CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Financial institutions (\$'000)	Government Agencies (\$'000)	Other (\$'000)	Total (\$'000)
2015				
Cash and deposits/(overdrawn)	0	(1,466)	0	(1,466)
Funds held in Trust	0	0	9,097	9,097
Other receivables	0	1,150	1,758	2,908
Total contractual financial assets	0	(316)	10,855	10,539

Note:

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

CONTRACTUAL FINANCIAL ASSETS THAT ARE EITHER PAST DUE OR IMPAIRED

There are no material financial assets which 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. Financial assets are stated at the carrying amounts as indicated.

The ageing analysis table below discloses the ageing only of contractual financial assets that are past due but not impaired.

TABLE 19.4: CONTRACTUAL FINANCIAL ASSETS THAT ARE EITHER PAST DUE OR IMPAIRED

	Carrying amount (\$'000)	Current not yet due (\$'000)	Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)
RECEIVABLES					
Other receivables	2,908	2,202	14	206	486
Total contractual financial assets	2,908	2,202	14	206	486

(c) LIQUIDITY RISK

Liquidity risk is the risk that CSV would be unable to meet its financial obligations as and when 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's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

CSV's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

TABLE 19.5: MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

	Carrying amount (\$'000)	Nominal Amount (\$'000)	Past due but not impaired				
			Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)	Greater than 5 years (\$'000)
CONTRACTUAL PAYABLES							
Other trade and payables	17,295	17,295	16,693	259	343	0	0
Accrued capital works	1,974	1,974	1,974	0	0	0	0
Accrued salaries	4,546	4,546	4,546	0	0	0	0
BORROWINGS							
PPP Finance lease liabilities	92,341	124,470	1,482	3,903	12,868	72,638	33,579
Other finance lease liabilities payable	7,960	8,332	379	759	3,413	3,781	0
Total	124,116	156,617	25,074	4,921	16,625	76,419	33,579

(d) INTEREST RATE EXPOSURE OF FINANCIAL INSTRUMENTS

There is no fair value interest rate risk as the interest rates are stipulated in the lease agreement.

(e) FAIR VALUE

The fair value as at 30 June 2015 is the same as carrying value.

NOTE 20. CASH FLOW INFORMATION

	2015 \$'000
RECONCILIATION OF CASH AND CASH EQUIVALENTS	
Cash/(overdrawn) ⁽ⁱ⁾	(1,466)
Funds held in trust ⁽ⁱⁱ⁾	9,097
Balance as per cash flow statement	7,631

Note:

- i. Due to the State of Victoria's investment policy and government funding arrangements, CSV does not hold a large cash reserve in its bank accounts. Cash received by CSV from the generation of income is generally paid into the State's bank account, known as the public account. Similarly, any CSV expenditure, including those in the form of cheques drawn by CSV for the payment of goods and services to its suppliers and creditors are made via the public account. The process is such that the public account would remit to CSV the cash required for the amount drawn on the cheques. This remittance by the public account occurs upon the presentation of the cheques by CSV's suppliers or creditors.
- ii. Funds held in trust are quarantined for use specifically for the purposes under which each trust fund has been established and is not used for operating purposes.

At 30 June 2015, cash at bank included an amount of unrepresented cheques of \$10.3 million.

	2015 \$'000
RECONCILIATION OF NET RESULT FOR THE PERIOD	
Net result for the period	4,092
Non-cash movements:	
(Gain)/loss on sale or disposal of non-current assets	(470)
Depreciation and amortisation of non-current assets	30,141
Impairment of non-current assets	1,528
Allowance for doubtful debts	14
Change in net assets and liabilities	
Decrease / (increase) in receivables	(18,457)
Decrease / (increase) in prepayments	103
Increase / (decrease) in payables	14,575
Increase / (decrease) in provisions	4,582
Net cash from operating activities	36,108

NOTE 21. 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.

(a) SUMMARY OF COMPLIANCE WITH ANNUAL PARLIAMENTARY APPROPRIATION

	Appropriation ACT		Financial Management ACT 1994				
	Annual Appropriation \$'000	Advance from Treasurer \$'000	Section 29 \$'000	Section 31A \$'000	Total Parliamentary Authority \$'000	Appropriations Applied \$'000	Variance ⁽ⁱ⁾ \$'000
Controlled							
Provision of outputs	234,137	2,009	68,602	(2,707)	302,041	297,238	4,803
Additions to net assets	2,528	55	0	2,707	5,290	55	5,235
	229,334	2,064	68,602	0	307,331	297,293	10,038

Note:

i. Variances relate to a number of IT and pilot programs as well as the completions of Broadmeadows Children's Court which were not completed during the financial year and funds have been carried forward into 2015/16 for completion.

(b) SUMMARY OF COMPLIANCE WITH SPECIAL APPROPRIATIONS

Authority	Purpose	2015 \$'000
1 Constitution Act 1975 (No. 8750/1975), s.82 (7)	Remuneration to Judges of the Supreme Court of Victoria and the Chief Justice	19,000
2 Constitution Act 1975 (No. 8750/1975), s.82 (7)	Remuneration to the President and Judges of the Court of Appeal Division of the Supreme Court of Victoria	6,626
3 County Court Act 1958 (No. 6230/1958) s.10 (7)	Remuneration to Judges of the County Court of Victoria	26,724
4 Victims of Crime Assistance Act 1996 (No. 81/1996), s.69	Operating costs of the Victims of Crime Assistance Tribunal	2,780
5 Magistrates' Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10	Remuneration to Magistrates of the Magistrates' Court of Victoria	45,330
6 Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA	Remuneration to Members of the Victorian Civil and Administrative Tribunal	14,687
7 Juries Act 2000 (No. 53/2000), s.59	Compensation to jurors from the WorkCover Authority Fund under the Accident Compensation Act 1985	3
		115,149

		2015 \$'000
Authority	Purpose	
8 Constitution Act 1975 (No. 8750/1975), s.82 (7)	Capital component of remuneration to Judges of the Supreme Court of Victoria	379
9 Constitution Act 1975 (No. 8750/1975), s.82 (7)	Capital component of remuneration to Judges of the Court of Appeals Division of the Supreme Court of Victoria	115
10 County Court Act 1958 (No. 6230/1958) s.10 (7)	Capital component of remuneration to Judges of the County Court of Victoria	565
11 Magistrates' Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10	Capital component of remuneration to Magistrates of the Magistrates' Court of Victoria	1,022
12 Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA	Capital component of remuneration to Members of the Victorian Civil and Administrative Tribunal	4
		2,085
13 Administered Special Appropriations Applied. Victims of Crime Assistance Act 1996 (No. 81/1996), s.69	Costs incurred by the Tribunal and payments to victims of crime	38,650
		38,650

NOTE 22. ANNOTATED INCOME AGREEMENTS

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

	2015 \$'000
User charges, or sales of goods and services	
Court fees and retail of courts data	68,602
Total annotated income agreements	68,602

Note:

i. *The total annotated income is in accordance with Section 29 of the Financial Management Act 1994.*

NOTE 23. TRUST ACCOUNT BALANCES

(a) TRUST ACCOUNT BALANCES RELATING TO TRUST ACCOUNTS CONTROLLED AND/OR ADMINISTERED BY CSV

	Opening balance as at 1 July 2014 \$'000	Total receipts \$'0000	Total payments \$'000	Closing balance as at 30 June 2015 \$'000
Cash and cash equivalents and investments				
CONTROLLED TRUSTS				
Treasury Trust Fund				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for CSV	0	19,759	10,662	9,097
Vehicle Lease Trust Account				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for the sale of VicFleet motor vehicles	0	527	527	0
Victorian Civil and Administrative Tribunal Trust Account				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes.	0	18,414	18,414	0
Total controlled trusts	0	38,701	29,604	9,097
ADMINISTERED TRUSTS				
Courtlink Trust Account				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for the Magistrates Courts' court orders	0	41,672	41,166	507
Suspense Account				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for CSV	0	599	33	565
Public Service Commuter Club				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for the Public Service Commuter Club	0	851	1,199	(348)
Revenue Suspense				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for the allocation of revenue	0	0	0	0
Treasury Trust Fund				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Working account for CSV	0	517	0	517
Security Account				
– Financial Management Act 1994 (No. 18/1994), Part 4				
– Holds monies as security for good behaviour	0	45	0	45
Total administered trusts	0	43,684	42,398	1,286

Note:

i. Total receipts include balances transferred from DJR as part of the machinery of government.

(b) THIRD PARTY ASSETS 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.

	2015 \$'000
COURTS	
Bail Monies	1,725
Court Infant Investment Accounts	21
Crimes Compensation Infant Investment Accounts	1,077
Assets under management by the Senior Master of the Supreme Court (Funds in Court)	1,607,914
Total	1,610,737

From 1 July 2004, the *Courts Legislation Act 2004* allowed 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.

NOTE 24. 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:

Attorney General The Hon. Robert Clarke, MP	1 July 2014 to 3 December 2014
Attorney General The Hon. Martin Pakula MP	4 December 2014 to 30 June 2015
Acting Attorney General The Hon. Jane Garrett MP	24 December 2014 to 6 January 2015
Chief Executive Officer Alan Clayton	1 July 2014 to 30 June 2015

CHAIR OF THE COURTS COUNCIL

The Hon. Chief Justice Marilyn Warren AC	1 July 2014 to 30 June 2015
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COURTS COUNCIL MEMBERS

His Honour Chief Judge Michael Rozenes AO	1 July 2014 to 28 April 2015
Acting Chief Judge Michael McInerney	28 April 2015 to 30 June 2015
The Honourable Justice Gregory Garde AO RFD	1 July 2014 to 30 June 2015
Chief Magistrate Mr Peter Lauritsen	1 July 2014 to 30 June 2015
Judge Peter Couzens	1 July 2014 to 8 June 2015
Judge Amanda Chambers	9 June 2015 to 30 June 2015
Judge Ian Gray	1 July 2014 to 30 June 2015
Dr Philip Williams	10 July 2014 to 30 June 2015

REMUNERATION

Remuneration received or receivable by the Accountable Officer in connection with the management of CSV during the reporting period was in the range: \$340,000–\$349,999.

Remuneration received or receivable by the independent member during the reporting period was in the range: \$20,000–\$29,999.

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.

NOTE 25. REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL

(a) REMUNERATION OF EXECUTIVES

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first column in the table below in their relevant income bands.

The base remuneration of executive officers is shown in the second column. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Income band	Total Remuneration 2015 No.	Base Remuneration 2015 No.
\$100,000 – 110,000	0	1
\$140,000 – 149,999	1	1
\$150,000 – 159,999	0	1
\$160,000 – 169,999	2	1
\$170,000 – 179,999	1	0
\$180,000 – 189,999	1	2
\$190,000 – 199,999	1	0
\$200,000 – 209,999	0	1
\$210,000 – 219,999	1	0
\$250,000 – 259,999	2	2
\$260,000 – 269,999	0	1
\$270,000 – 279,999	1	0
Total number of executives	10	10
Total annualised employee equivalents ⁽ⁱ⁾	10	10
	\$'000	\$'000
Total amount	2,024	1,922

Note:

- i. Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.
- ii. These figures include the CEO of each Court and Victorian Civil and Administrative Tribunal.
- iii. The CEO of the Judicial College of Victoria (JCV) is excluded from the table above because JCV is a separate reporting entity.

(b) PAYMENTS TO OTHER PERSONNEL (I.E. CONTRACTORS WITH SIGNIFICANT MANAGEMENT RESPONSIBILITIES)

Total expenses for the year is nil.

NOTE 26. REMUNERATION OF AUDITORS

	2015 \$'000
Victorian Auditor-General's Office	
Audit of the financial statements	165
	165

NOTE 27. GLOSSARY OF TERMS AND STYLE CONVENTIONS

AMORTISATION

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

BORROWINGS

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

COMPREHENSIVE RESULT

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

CAPITAL ASSET CHARGE

The capital asset charge represents the opportunity cost of capital invested in the non-financial physical assets used in the provision of outputs.

COMMITMENTS

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

CURRENT GRANTS

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

DEPRECIATION

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

EFFECTIVE INTEREST METHOD

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

EMPLOYEE BENEFITS EXPENSES

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

EX GRATIA EXPENSES

Ex gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

FINANCIAL ASSET

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

FINANCIAL INSTRUMENT

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

FINANCIAL LIABILITY

A financial liability is any liability that is:

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

FINANCIAL STATEMENTS

A complete set of financial statements comprises:

- (a) balance sheet as at the end of the period;
- (b) comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

GRANTS AND OTHER TRANSFERS

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

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

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

INTANGIBLE PRODUCED ASSETS

Refer to produced assets in this glossary.

INTANGIBLE NON-PRODUCED ASSETS

Refer to non-produced assets in this glossary.

INTEREST EXPENSE

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

INTEREST INCOME

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

NET RESULT

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

NET RESULT FROM TRANSACTIONS/NET OPERATING BALANCE

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

NET WORTH

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

NON-FINANCIAL ASSETS

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

NON-PRODUCED ASSETS

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

OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

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

OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME

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

The components of other economic flows other comprehensive income include:

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

PAYABLES

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

PRODUCED ASSETS

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

RECEIVABLES

Includes 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. User charges include income from the sale of goods and services.

SUPPLIES AND SERVICES

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

TRANSACTIONS

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in 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:

0	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2014–15 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures.

APPENDIX 1

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Variance Note	Original Budget 2015 (\$ million)	Actual 2015 (\$ million)	Variance (\$ million)
CONTINUING OPERATIONS				
Income from transactions				
Output appropriations	1	306.6	297.2	(9.4)
Special appropriations	2	131.4	115.2	(16.2)
Grants	3	16.6	35.3	18.7
Other income		0	1.6	1.6
Total income from transactions		454.6	449.3	(5.3)
EXPENSES FROM TRANSACTIONS				
Employee expenses		260.8	251.6	(9.2)
Depreciation and amortisation		30.2	30.1	(0.1)
Interest expense		11.4	9.1	(2.3)
Grants and other transfers	4	0.8	5.1	4.3
Capital asset charge		40.6	40.6	0
Supplies and services	5	0	106.7	106.7
Other operating expenses		110.8		(110.8)
Total expenses from transactions		454.6	443.2	(11.4)
Net result from transactions (net operating balance)		0	6.2	6.2
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT				
Net gain/(loss) on non-financial assets		(0.0)	(1.1)	(1.1)
Net gain/(loss) on financial instruments		(0.0)	(0.0)	(0.0)
Other gains/(losses) from other economic flows		(0.0)	(1.0)	(1.0)
Total other economic flows included in net result		(0.0)	(2.1)	(2.1)
Net Result		(0.0)	4.1	4.1
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to net result				
Changes in physical asset revaluation reserve		0	0	0
Total other economic flows – other comprehensive income		0	0	0
Comprehensive result		0	4.1	4.1

BALANCE SHEET AS AT 30 JUNE 2015

	Variance Note	Original Budget 2015 (\$ million)	Actual 2015 (\$ million)	Variance (\$ million)
FINANCIAL ASSETS				
Cash and deposits	6	1.7	7.6	5.9
Receivables	7	46.9	61.0	14.1
Total financial assets		48.6	68.7	20.1
NON-FINANCIAL ASSETS				
Non-financial physical assets classified as held for sale		0	0.5	0.5
Property, plant and equipment	8	813.3	727.1	(86.2)
Intangible assets		28.1	32.0	3.9
Prepayments		0	1.2	1.2
Total non-financial assets		841.4	760.2	(81.2)
Total assets		890.0	828.9	(61.1)
LIABILITIES				
Payables	9	12.1	26.3	14.2
Borrowings		104.7	100.3	(4.4)
Provisions	10	62.8	69.7	6.9
Total liabilities		179.6	196.2	16.6
Net assets		710.4	632.7	(77.7)
EQUITY				
Accumulated surplus/(deficit)		0	4.1	4.1
Physical asset revaluation surplus		0	0	0
Contributed capital		710.4	628.6	(81.8)
Net worth		710.4	632.7	(77.7)

CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Variance Note	Original Budget 2015 (\$ million)	Actual 2015 (\$ million)	Variance (\$ million)
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Receipts from Government		441.4	412.4	(29.0)
Receipts from Other Entities	11	14.8	20.6	5.8
Goods and services tax recovered from the ATO	12	0	12.7	12.7
Total receipts		456.2	445.7	10.5
PAYMENTS				
Payments to suppliers and employees		(371.6)	(355.5)	16.1
Payments of grants and other transfers	13	(0.8)	(4.4)	(3.6)
Capital assets charge payments		(40.6)	(40.6)	0
Interest and other costs of finance paid	14	(11.4)	(9.1)	2.3
Total payments		(424.4)	(409.6)	14.8
Net cash provided by/(used in) operating activities		31.8	36.1	4.3
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of non-financial assets		(23.6)	(23.3)	0.3
Proceed sales of non-financial assets	15	0	2.1	2.1
Net investment		(4.3)	0	4.3
Net cash provided by/(used in) investing activities		(27.9)	(21.20)	6.7
CASH FLOWS FROM FINANCING ACTIVITIES				
Owner contributions by State Government		2.5	2.1	(0.4)
Cash received from activity transferred in MoG changes		0	1.9	1.9
Repayment of borrowing and finance leases	16	(4.8)	(11.3)	(6.5)
Repayment of leases				
Net borrowings		(0.1)	0	0.1
Net cash provided by/(used in) financing activities		(2.3)	(7.3)	1.5
Net increase (decrease) in cash held		1.70	7.6	5.9
Cash and cash equivalents at the end of the financial year		1.70	7.6	5.9

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Physical Asset Revaluation Surplus (\$ million)	Accumulated Surplus/ (Deficit) (\$ million)	Contributions by owner (\$ million)	Total (\$ million)
ORIGINAL BUDGET				
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	0	0
Administrative restructure - net assets received	0	0	0	0
Administered liability transfer from DOJ to CSV	0	0	0	0
Transactions with owners in their capacity as owners	0	0	710.4	710.4
Balance at 30 June 2015	0	0	710.4	710.4
ACTUALS				
Balance as at 1 July 2014	0	0	0	0
Net result for the year	0	4.1	0	4.1
Other comprehensive income for the year	0	0	0	0
Transactions with the State in its capacity as owners	0	0	2.1	2.1
Administrative restructure - net assets received	0	0	626.5	626.5
Transactions with owners in their capacity as owners	0	0	0	0
Balance at 30 June 2015	0	4.1	628.6	632.7
VARIANCE TO BUDGET				
Balance as at 1 July 2014	0	0	0	0
Net result for the year	0	4.1	0	4.1
Other comprehensive income for the year	0	0	0	0
Transactions with the State in its capacity as owners	0	0	2.1	0
Administrative restructure - net assets received	0	0	626.5	626.2
Transactions with owners in their capacity as owners	0	0	(710.4)	(710.4)
	0	4.1	(81.8)	(77.7)

ADMINISTERED ITEMS

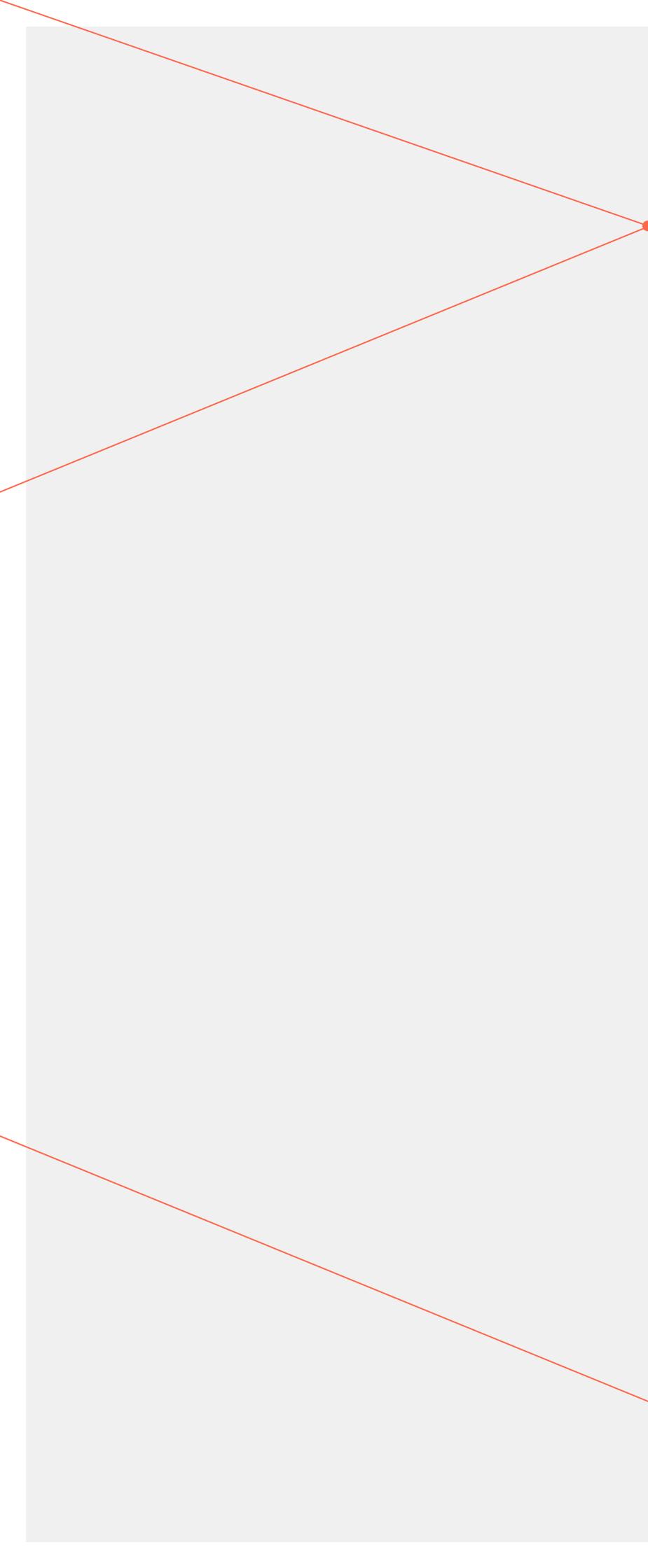
	Variance Note	Original Budget 2015 \$'million	Actual 2015 \$'million	Variance \$'million
ADMINISTERED INCOME FROM TRANSACTIONS				
Special appropriations applied	17	58.1	38.6	(19.5)
Fines		0	26.9	26.9
Sales of goods and services (including fees)		57.1	60.6	3.5
Other income		20.9	3.0	(17.9)
Total administered income from transactions		136.1	129.2	(6.9)
ADMINISTERED EXPENSES FROM TRANSACTIONS				
Payments into the Consolidated Fund		78.0	87.3	9.3
Criminal injuries compensation		0	39.4	39.4
Other expenses		0	2.1	2.1
Grants and other transfer		58.1	0	(58.1)
Total administered expenses from transactions		136.1	128.9	(7.2)
Total administered net result from transactions (net operating balance)		0	0.3	0.3
ADMINISTERED OTHER ECONOMIC FLOWS				
Net gain/(loss) on non-financial assets		0	0	0
Net gain/(loss) on financial instruments		0	0	0
Other gains/(losses) from other economic flows		0	0	0
Total administered other economic flows		0	0	0
Total administered comprehensive result		0	0.3	0.3
ADMINISTERED FINANCIAL ASSETS				
Cash and deposits		6.8	7.2	0.4
Receivables		0	3.8	3.8
Total administered financial assets		6.8	11.0	4.2
ADMINISTERED LIABILITIES				
Creditors and accruals		0	0	0
Deposits payable		0.9	8.5	7.6
Provisions		0	2.5	2.5
Other		0	0	0
Payable		7.2	0	(7.2)
Total administered liabilities		8.1	11.0	2.9
Total administered net assets		(1.3)	0.0	1.3

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. The variance relates to the transfer of output appropriation from operating to capital which is in accordance with Section 31 (a) *Financial Management Act 1994*.
2. The variance compared to budget consists of special appropriations where judicial salaries are determined by the Federal Government judicial remuneration tribunal. The variance is partly due to salary increases less than indexation applied.
3. The variance relates to a one-off budget transfer to CSV from the DJR.
4. During the financial year, responsibility and funding for payments to third party support organisations in relation to family violence and other government initiatives transferred to CSV.
5. Supplies and services variances offset are included in other operating expenses.
6. The variance relates to funds received from DJR unspent at year end.
7. The variance reflects annual appropriations revenue drawn down to the State Administration Unit to cover funded liabilities for creditors, salary and wages, taxation and the incremental increase in funded employee provisions. In the development of the Budget, the final arrangements and the consequences of these arrangements for CSV had not been fully ascertained: CSV's actual receivables include items such as GST recoverable that were previously accounted for centrally at DJR.
8. The budget included County Court Land and other non-current fixed assets that were not transferred as part of the CSV machinery of government.
9. The variance is due to an increase in accrued expenditure arising from post MOG arrangements not fully envisaged at the time of the development of the Budget. The CSV balance sheet includes items that were previously accrued for centrally by DJR such as taxes payable and the salaries and wages holding account.
10. The variance is due to the incremental increase in employee provisions relating to long service leave. Employee provisions are fully funded at the time of payment.
11. The budget was developed at a point in time when arrangements for Consumer Affairs Victoria funding of Victorian Civil & Administrative Tribunal lists had not been finalised.
12. The budget was prepared exclusive of Goods and Services Tax. The offset is included in payments to suppliers which has an overall nil effect on cash flow or comprehensive operating result.
13. During the financial year, responsibility and funding for payments to third party support organisations in relation to Family Violence and other government initiatives was transferred to CSV.
14. The variance of interest payments and other costs of finance paid are offset in the repayment of leases.
15. This variance relates to the disposal of VicFleet motor vehicles that were held by CSV.
16. This variance relates to the repayment of borrowings and finance leases of the County Court PPP.
17. The budget represents the extent of the special appropriation warrant available for criminal injuries assistance awards (administered by VOCAT). The volume, size and timing of payments were difficult to predict, hence the variance. The actual outcome of \$38.6 million is consistent with recent years' activity.

GLOSSARY

Amending Act	The <i>Court Services Victoria and other Acts Amendment Act 2015</i> (Vic)
BP3	2014–15 State Budget Paper number 3 Service Delivery
CEO	Chief Executive Officer
College	The Judicial College of Victoria
Court CEOs	The CEOs of the Jurisdictions (Victorian courts and tribunal)
Courts Council	The governing body of Court Services Victoria, comprising the Heads of Jurisdiction and up to two non-judicial members appointed by the Heads of Jurisdiction
CSV	Court Services Victoria
CSV Act	The <i>Court Services Victoria Act 2014</i> (Vic)
DJR	Department of Justice and Regulation
EOs	Executive officers
FOI	Freedom of information
FTE	Full-time equivalent
HR	Human resources
IFCE	International Framework for Courts Excellence
IT	Information technology
Jurisdictions	Victorian courts and tribunal, which are 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
Jurisdiction Services	Collective term used internally to refer to the four Divisions within CSV
MOU	Memorandum of Understanding
OH&S	Occupational health and safety
VCAT	Victorian Civil and Administrative Tribunal
VGRS	Victorian Government Recording Service
VPS	Victorian Public Service



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