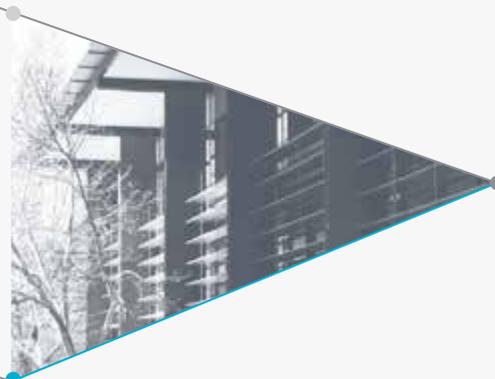




**ANNUAL  
REPORT  
2015-16**

Children's Court  
of Victoria



## SUPPORTING VICTORIAN COURTS

Coroners Court  
of Victoria



Victorian Civil  
and Administrative  
Tribunal (VCAT)



Court Services Victoria acknowledges the 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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### Enquires:

Court Services Victoria  
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Email: [feedback@courts.vic.gov.au](mailto:feedback@courts.vic.gov.au)



Magistrates' Court  
of Victoria



County Court  
of Victoria



Supreme Court  
of Victoria

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## COURT SERVICES VICTORIA

Court Services Victoria (CSV) 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, and the Judicial College of Victoria.

CSV 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 CSV'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.

## 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 the Court Services Victoria Annual Report for the year ending 30 June 2016.

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

▲  
Above  
The Honourable Chief Justice Marilyn Warren AC, The Honourable Justice Gregory Garde AO RFD, The Honourable Justice Peter Kidd, Her Honour Judge Sara Hinchey, His Honour Judge Peter Lauritsen, Her Honour Judge Amanda Chambers



## MESSAGE FROM THE CHAIR

### CONSOLIDATION

---

Court Services Victoria (CSV) has completed its second year as an independent statutory body providing services to the Victorian jurisdictions and the Judicial College of Victoria.

Victoria is a centre of litigation excellence through the work of all jurisdictions and their commitment with CSV to the *International Framework for Court Excellence*.

CSV has consolidated and improved its services to all its jurisdiction “clients”. In the reporting year CSV has embarked on significant projects including: the progression of the upgrade of technology across all jurisdictions; the development of an asset strategy plan; a CBD legal precinct strategy; a staffing resources review; and a financial overview and reassessment. The Chief Operating Officer, Brian Stevenson has led a significant development of analysis of CSV’s future asset needs and the improvement of jurisdictions’ security.

However, there are two constant, significant pressures facing CSV: technology and finance.

### TECHNOLOGY

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Relevantly, the year saw the engagement of Justin Bree as Chief Information Officer. He has led an excellent team in endeavouring to meet the individual needs of the jurisdictions.

In order to improve services by the jurisdictions to the Victorian community it is essential that the courts and the tribunal have modern, accessible and flexible technological systems. Across the jurisdictions there are opportunities for sharing systems, particularly in the criminal areas. There are then necessarily separate systems needed in other jurisdictions including for civil litigation. It is not a case of one mega system to cover all courts and the tribunal, both civil and criminal. Rather, CSV is progressing towards meeting the different and varying needs across the courts and the tribunal.

In particular, extensive work has been prepared for the modernisation of systems in the Magistrates’ Court and the Children’s Court arising from the report of the Royal Commission into Family Violence. CSV anticipates that the implementation by the government of the Royal Commission recommendations may provide a fertile opportunity to dramatically improve service, management and efficiency in the Magistrates’ Court through technological advancement.

Separation of the jurisdictions from the IT system of the Department of Justice and Regulation is a foundational aspect of the establishment of CSV.



CSV has supported projects to achieve that separation. There is a special opportunity being developed by the Supreme Court that will see, finally, the achievement of IT separation. Part of this project involves developing an effective local case management system from the problematic outcomes of the ICMS project which was the subject of criticism by the Auditor-General. Following implementation of the system in the Supreme Court a model will be available for adoption by other jurisdictions. The Supreme Court system will require a modest investment, but will potentially establish an outstanding outcome of technological independence from the Department of Justice and Regulation.

## FINANCE

---

The Courts Council was very pleased at the end of the financial year with CSV's modest surplus. CSV has benefited greatly from the support and assistance of the Chief Finance Officer, Lisa Wills.

The Courts Council of CSV has been strongly committed to achieving a balanced budget. Nonetheless some of the jurisdictions have rising costs from the changing volume and complexity of litigation and also meeting the demands and expectations of the Victorian community. As a result, some jurisdictions have faced difficulty in meeting their individual budgets and, also, in funding reforms that would lead to improved services and important savings in the long term.

In response, CSV has conducted finance reviews which have identified better accounting practices, staff rationalisation and identification of costs savings. These reforms have been implemented. Further reviews and reforms will be considered in the coming year.

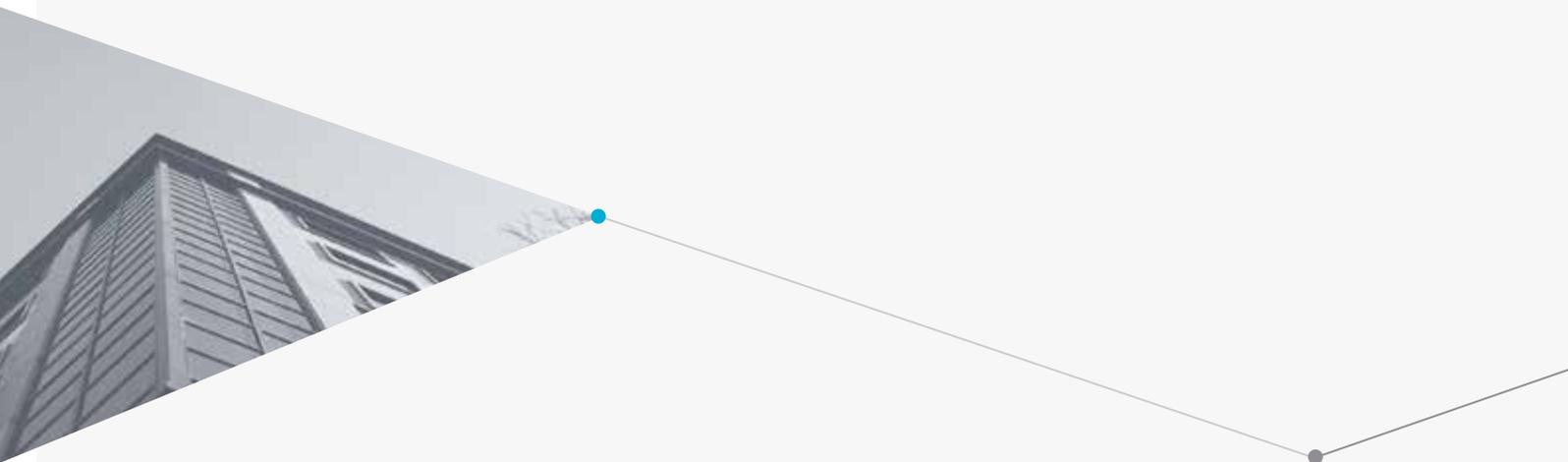
The biggest financial challenge to the courts and the tribunal arises from the productivity and efficiency savings and dividends that have been imposed on the jurisdictions.

From 2012 government savings measures have been applied to the courts and the tribunal mostly without exemptions for court registry staff and judicial staff. Further government savings were then imposed in 2013.

The cumulative effect of the savings amounts to a significant reduction in the funding available to CSV (\$58 million reduction in funds available to the courts and the tribunal since the 2011/12 financial year).

For the most part, courts have not been generously funded and the imposition of saving initiatives on already tight budgets creates unfair pressure and ultimately risks undermining the performance of their inherent functions.

In order to maintain basic services some jurisdictions have become partially dependant on additional funding drawn from the Court Fee Pool which is made available to the courts by the Treasurer pursuant to section 29 of the Financial Management Act 1994. In the longer term it is desirable that the section 29 arrangement be reviewed.



## INDEPENDENCE

How the independence conferred on CSV under the Courts Services Victoria Act 2014 is given practical effect will be developed and refined over the years. An important component of the exercise of the independence of CSV arises under section 41 of the *Courts Services Act*.

Section 41 provides a mechanism for the high level determination of the budgets of each jurisdiction, the Judicial College of Victoria and CSV. The budget is developed and submitted by the Courts Council and approved or modified by the Attorney-General. Self-evidently, section 41 of the *Courts Services Victoria Act* does not contemplate interference in the primary function of the Courts Council in determining the facilities and services necessary to support the courts and the tribunal. Certainly that has not been the case to date.

The functions of the Courts Council in submitting, and the Attorney-General in relation to approval or modification of the budget, fall to be exercised in the context of appropriations made by Parliament and the budget papers tabled in Parliament. The Courts Council is required to use its best endeavours to act consistently with the budget and is enjoined from expending money beyond the provisions of the budget.

## ACKNOWLEDGEMENTS

As CSV enters its third year, I am grateful for the opportunity to publicly note that CSV has been greatly assisted by the support and cooperation of the Secretary of the Department of Justice and Regulation, Mr Greg Wilson and his staff. The support has occurred in a variety of ways. Fundamental has been the recognition by the Department of the purpose of CSV to the Victorian courts and tribunal, that is, to ensure their independence.

I also acknowledge the smooth handover and transition arranged by the former CEO, Mr Alan Clayton PSM who left CSV on 9 August 2015 and Mr Mick Carroll who acted as CEO for the period 9 August to 16 November 2015. Since 16 November 2015 Kerry Osborne has been in the role of CEO. On behalf of the Courts Council I express appreciation to him and his staff for all their hard work and commitment to serving the Victorian jurisdictions and the College.

I note and acknowledge, also, that his Honour Judge Ian Gray retired as Coroner and as a member of the Courts Council on 18 December 2015. He was a founding member and valuable contributor to the Courts Council. I acknowledge Judge Gray's contribution and commitment to CSV.

I thank my fellow Courts Council members who have worked valiantly to achieve and ensure the independence and appropriate management and resourcing of the Victorian jurisdictions and the College.

Finally, it has been a personal privilege for me to chair the Courts Council and observe the development of CSV into an entity of immense importance and significance within Victoria's constitutional and governmental structure.

**The Hon Marilyn Warren AC**

Chief Justice of Victoria

Chair of the Courts Council of Victoria



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am pleased to present the second Court Services Victoria Annual Report.

Commencing operations as an independent statutory authority on 1 July 2014 was an historic milestone for courts in Victoria that has enabled structural independence and responsive judicial leadership.

In its first year of operation CSV focused on establishing key policies, systems and functions to underpin its operations. I would like to acknowledge my predecessors Alan Clayton and Michael Carroll for their leadership which brought to life such a large, complex and important organisation. I would also like to acknowledge the senior leadership team and staff for their professionalism, commitment and service excellence.

Since my commencement in November 2015 I have been fortunate to work alongside the jurisdiction CEOs whom I applaud for their tireless efforts to modernise, streamline and develop their courts. I have also been struck by the visionary leadership of the Courts Council, comprising of Heads of Jurisdictions.

In its second year CSV continued to focus on its core business of providing administrative services to jurisdictions while also planning for long term sustainability with a focus on business improvement and innovative practice.

### THE KEY HIGHLIGHTS FOR 2015-16

The key highlights over the past year have included:

#### MODERNISING COURTS THROUGH THE USE OF TECHNOLOGY

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It is imperative for courts and tribunals to be modern and up to date. To do this we have enhanced a number of digital technologies to help modernise the jurisdictions. This included the expansion of e-Lodgement and BPAY to further improve the interface that jurisdictions have with the public. These improvements digitised manual processes allowing payments and documents to be submitted anytime and anywhere without having to attend court. The uptake of online payments and submissions has been exponential and I predict this will soon be the norm.

#### RESPONDING TO CHALLENGES

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Flooding and several building fires have created challenges, particularly for the Magistrates' Court. With the recent reopening of Heidelberg Court, and the imminent rebuilding of the fire damaged Cobram Court, we continue to meet these challenges.

Heidelberg Court was rebuilt with innovation and improvement at the core. It incorporates the latest technology and smart court design while acknowledging the needs of a modern court system. This court exemplifies the drive and commitment of staff who worked tirelessly to have it up and running ahead of its scheduled opening date.

## ENSURING SAFETY AND SECURITY OF OUR COURTS

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The safety and security of our courts has continued to be a high priority in 2015-16, with a major audit of safety in the lower courts undertaken in parallel with hearings of the Royal Commission into Family Violence. CSV worked in partnership with the Attorney-General and the Victorian Government to introduce a number of enhancements to ensure that victims of family violence and their families can be safe and free from intimidation while attending court. These included alternate entrance facilities; additional safe waiting areas, counters and secure interview rooms; safe access to court rooms; and improved access to entry foyers. Alongside these much needed improvements our assets team continued to address the general maintenance challenges faced by our ageing courts.

## SUPPORTING THE NEEDS OF THE JUDICIARY AND THE COMMUNITY

---

To ensure that jurisdictions can keep up with growing demand for their services, CSV sponsors the planning and development of new courts. A vital addition was the new Children's Court at Broadmeadows which opened in October 2015. The new court is a centre of innovation specifically designed to reduce the stress on people attending court. In an Australian first, the court features a purpose-built Cubby House designed to provide a sanctuary for children to help them escape the emotional stresses of court. The Cubby House was supported by the Alannah and Madeline Foundation. I was glad to see that the project has been welcomed by users, staff and the judiciary.

Major construction work also commenced on the \$73 million Shepparton Law Courts project. Due for completion in late 2017, the multijurisdictional court will feature the most contemporary applications of courthouse design to cater for current and future demand. The design was achieved through the collaboration of judges, magistrates and extensive community consultation.

## ADMINISTRATIVE SUPPORT

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CSV has continued to deliver services and support administrative functions. Noteworthy achievements have included the development of a number of frameworks to guide best practice in project management, workforce planning, governance, technology and innovation; progressing vesting orders for court premises; managing appropriations and funding submissions; supporting procurement best practice; developing a Koori employment strategy; and reviewing the Koori Court model.

## MOVING FORWARD

---

Over the next year, our key priorities will be to continue supporting the implementation of digital strategies; supporting court and tribunal security; managing the construction process for the new Shepparton Law Courts; and continuing to provide quality advice and support to jurisdictions.

Finally, I thank the Courts Council and the Chair for guidance. I thank the Department of Justice and Regulation for its support and cooperation throughout the year. I express my deep gratitude to all the staff of CSV for their continued commitment to delivering high-quality services to the judiciary and the Victorian community.

**Kerry Osborne**  
Chief Executive Officer

**SECTION 1:**

# GOVERNANCE AND ORGANISATIONAL STRUCTURE

## ABOUT COURT SERVICES VICTORIA

### PURPOSE, FUNCTIONS AND POWERS

The function of CSV is to provide, or arrange for the provision of, 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 and the Victorian Civil and Administrative Tribunal (VCAT), and to enable the Judicial College of Victoria (the 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.

## 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 exercising its powers, CSV acknowledges and respects the judicial independence of each jurisdiction, and the College as a separate legal entity.

The CSV Annual Report is separate and distinct from the annual reports produced by the Victorian courts, VCAT and the College. Those reports provide information about the individual work and administration of the jurisdictions and the College 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 an 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. The CSV 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 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 all CSV staff other than judicial employees. 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.

## MANNER OF ESTABLISHMENT, RELEVANT MINISTER AND COMMUNITIES SERVED

The CSV Act commenced on 1 July 2014, establishing CSV as an independent statutory body corporate.

The Attorney-General is the relevant Minister with portfolio responsibility for CSV, however 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 the 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).

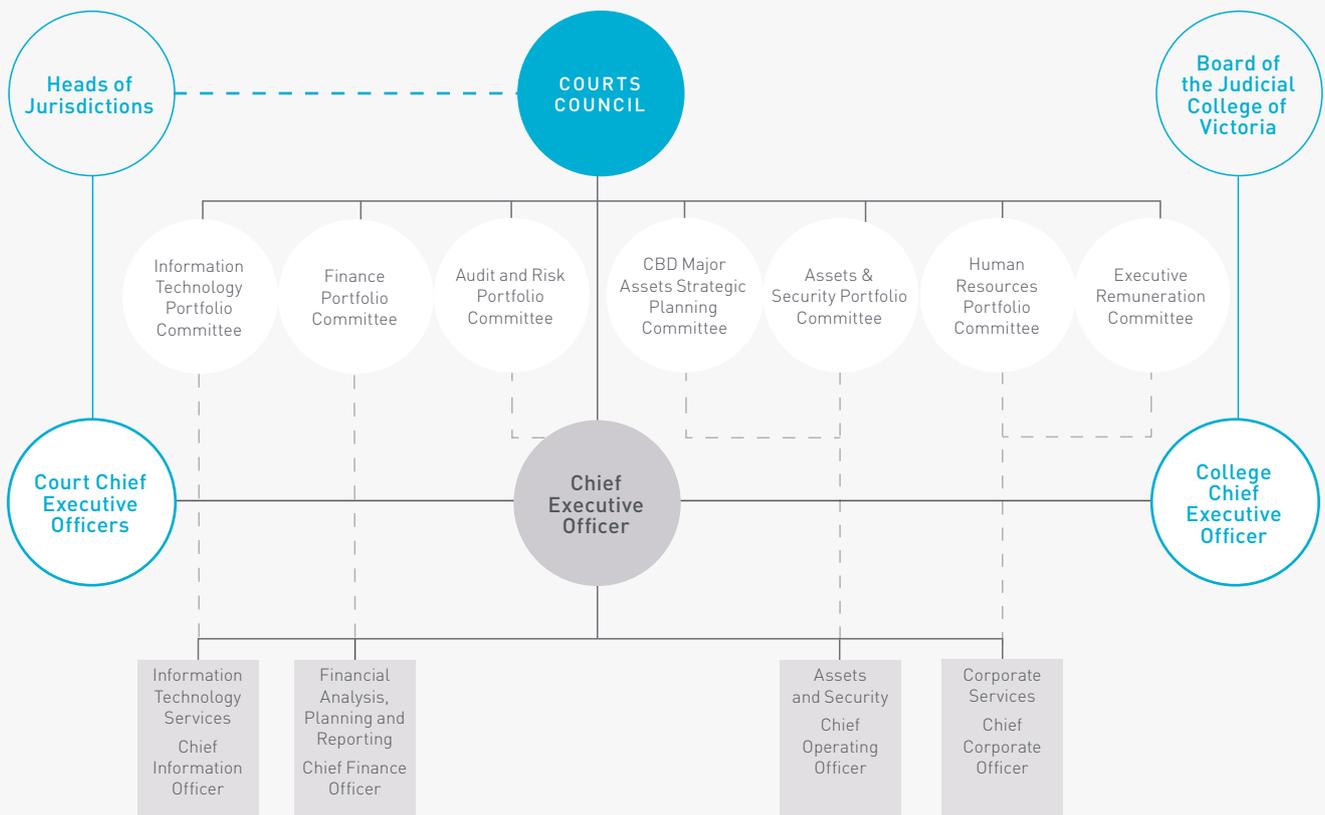
A Memorandum of Understanding (MOU) between the Attorney-General and the Courts Council sets out certain principles and processes regarding the relationship between CSV and Executive Government. A copy of the MOU is available at [www.courts.vic.gov.au](http://www.courts.vic.gov.au).

In providing, or arranging for the provision of, the administrative services and facilities necessary or desirable to support the performance of the judicial, quasi-judicial and administrative functions of the Victorian courts and VCAT, and enabling the College to perform its functions, CSV serves the Victorian community by strengthening the different constitutional roles of the executive and the judiciary, and supporting Victoria's system of responsible government and the rule of law.

# 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 Committee's (shown in the above 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. The College CEO is appointed by the CSV CEO, pursuant to that individual's nomination by the Board of the College. 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.

## 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 at 30 June 2016, the Courts Council had 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

to appoint the CEO of CSV

to 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.



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

The Honourable Justice Peter Kidd was appointed Chief Judge of the County Court of Victoria in September 2015.

His Honour Judge Michael McInerney was the Acting Chief Judge prior to Chief Judge Kidd's appointment.



#### **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.



#### **President of the Children's Court of Victoria**

Her Honour Judge Amanda Chambers was appointed as a judge of the County Court of Victoria and President of the Children's Court of Victoria on 9 June 2015.



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

His Honour Judge Peter Lauritsen commenced in the role of Chief Magistrate on 29 November 2012, after being first appointed as a Magistrate in 1989.



#### **State Coroner, Coroners Court of Victoria**

Her Honour Judge Sara Hinchey was appointed as a Judge of the County Court in May 2015, and was appointed as State Coroner on 15 December 2015.

His Honour Judge Ian Gray was the State Coroner prior to Judge Hinchey's appointment.



#### **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.



## 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. Regular meetings of the Portfolio Committees are held, with the exception of the Executive Remuneration Committee that 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 annual audit program; assess the accuracy of the financial statements; and ensure 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)*, the members of the committee during the 2015-16 financial year were:

**Stewart Leslie**  
Chair, Independent Member

**The Honourable Justice Peter Almond**  
Supreme Court of Victoria

**His Honour Judge Paul Lacava**  
County Court of Victoria

**Margaret Salter**  
Independent Member

**Megan Boston**  
Independent Member

▲  
**Above Left**  
Fiona Chamberlain  
(CEO County Court)

**Above right**  
Louise Anderson  
(CEO Supreme  
Court)



### ASSETS AND SECURITY PORTFOLIO COMMITTEE

The Assets and Security Portfolio Committee (formerly 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 fiduciary 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 the Expenditure Review Sub-Committee bids; and the use of contingencies.

### HUMAN RESOURCES PORTFOLIO COMMITTEE

The Human Resources Portfolio Committee provides informed advice to the Courts Council in relation to human resource matters including policy development and review; 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 the 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 relating to executive remuneration, performance and governance for the assessment and approval of executive salaries, terms and conditions.

▲  
Above right  
Andrew Tenni  
(CEO Magistrates'  
Court) and Samantha  
Burchell (CEO  
Judicial College)



## SENIOR EXECUTIVE

### COURT SERVICES VICTORIA CHIEF EXECUTIVE OFFICER

Kerry Osborne was appointed as CSV’s CEO by the Courts Council under section 22 of the CSV Act on 16 November 2015.

Michael Carroll served as Acting CEO from 6 August 2015 to 15 November 2015, and Alan Clayton PSM was CEO until 5 August 2015.

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. The CEO is also responsible for the appointment and management of CSV staff (other than the appointment of the Court CEO’s).

### OPERATIONAL DIVISIONS

CSV’s operational unit, Jurisdiction Services (JS), comprises four divisions.

These include:

- Corporate Services (previously People & Business Services)
- Financial Analysis, Planning and Reporting
- Information Technology Services
- Assets and Security (previously Asset Planning and Management)

▲ Above Left  
Keryn Negri  
(CEO VCAT)

JS offers a range of specialist support to jurisdictions and the College, including information technology services, human resources, project management, corporate finance, asset and facilities management, and 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 2016, the heads of each division were:

- Michael Carroll**  
Chief Corporate Officer (see Note 1)
- Lisa Wills**  
Chief Finance Officer
- Justin Bree**  
Chief Information Officer (see Note 2)
- Brian Stevenson**  
Chief Operating Officer

**Notes:**

1. Michael Carroll was Acting Chief Executive Officer from 6 August 2015 to 15 November 2015.
2. Krist Davood was Chief Information Officer until 9 July 2015, Glen McLean was Interim Chief Information Officer from 10 July 2015 to 4 December 2015, and Sharon Butchard, was Acting Chief Information Officer from 5 December 2015 to 23 March 2016. Justin Bree commenced in the role of Chief Information Officer on 24 March 2016.



## JURISDICTION CHIEF EXECUTIVE OFFICERS

The functions of the jurisdiction CEOs include the management and provision of administrative support services for their respective jurisdictions, and providing support to the relative head of jurisdiction.

In performing their functions, each jurisdiction 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. For more information about each jurisdiction, refer to their respective annual reports.

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:

**Louise Anderson**  
Supreme Court of Victoria

**Fiona Chamberlain**  
County Court of Victoria

**Andrew Tenni**  
Magistrates' Court of Victoria

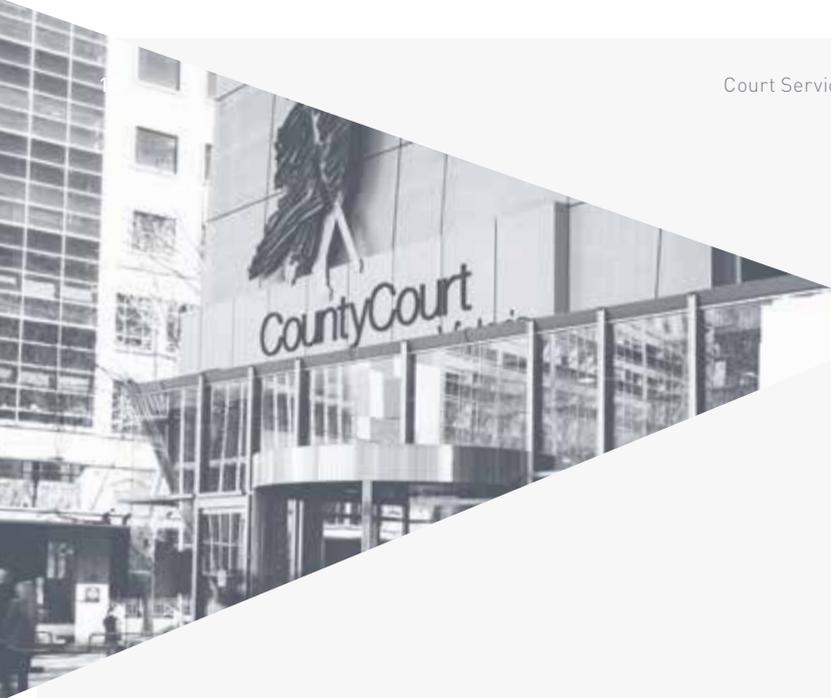
**Keryn Negri**  
Victorian Civil and Administrative Tribunal

**Simon McDonald**  
Children's Court of Victoria

**Samantha Hauge**  
Coroners Court of Victoria

**Samantha Burchell**  
Judicial College of Victoria

▲  
Above right  
Samantha Hauge (CEO  
Coroners Court) and  
Simon McDonald (CEO  
Children's Court)



## SECTION 2:

# YEAR IN REVIEW

Jurisdiction Services (JS) provides administrative support and expertise to Victoria's courts and tribunals to meet their operational needs, and CSV's statutory obligations.

During 2015-16, the JS Divisional structure was altered with the aim of refining services and capability to better align with the needs of the jurisdictions and the College.

The key achievements of each Division are outlined in this section.

## CORPORATE SERVICES DIVISION

The Corporate Services Division encompasses key business areas that support the operation of the jurisdictions and the college, as well as the promoting the ongoing sustainability of the CSV entity. The Division is led by the Chief Corporate Officer, Michael Carroll.

### COURT SERVICES VICTORIA PROJECT MANAGEMENT FRAMEWORK

A project management framework was developed to provide the support structure for the promotion and application of best practice project management and delivery. The framework supports the enhancement of staff project management capability and provides a 'toolshed' that includes documents and templates to support best practice. The framework has been supported through a new monthly reporting process that drives accountability for the delivery of major entity initiatives. Training and support activities have been provided to all staff.

### VESTING ORDERS

Vesting Orders were made to allow the vesting of 43 court premises in CSV and the subdivision and vesting of a further 12 court related allotments so that all but a handful of court related premises have been vested in CSV. CSV has become the Committee of Management with respect to each of those properties.



### CSV GOVERNANCE STATEMENT AND HANDBOOK

A Governance Statement and a Governance Handbook for CSV have been developed. These documents support CSV and the Courts Council, as the governing body of CSV, to clearly identify the governance framework in which CSV operates to achieve its objectives and maximise the performance of its statutory function, while ensuring compliance with its legal obligations and associated requirements (including accountability and risk management).

### KOORI INCLUSION ACTION PLAN (KIAP) AND KOORI EMPLOYMENT STRATEGY

There has been ongoing evolution with each jurisdiction's KIAP. This process has been guided by the CSV KIAP Steering Committee chaired by Justice Stephen Kaye, AM.

A significant KIAP initiative was the Koori Employment Strategy which was endorsed by the Courts Council in March 2016. The strategy was developed under the guidance of the Human Resources Portfolio Committee and will support the recruitment of Koori staff by providing a culturally sensitive and appropriate selection process. It is anticipated that by increasing our Koori employment network, CSV will be better able to develop effective initiatives aimed at addressing the over-representation of Aboriginal people within the criminal justice system.

### APPOINTMENT OF KOORI ELDERS AND RESPECTED PERSONS

The authority to appoint Koori Elders and Respected Persons for the purpose of performing functions in relation to the Koori Court Divisions, was formally transferred from the Secretary, Department of Justice and Regulation to the CSV CEO via amendments made by the *Justice Legislation Further Amendment Act 2016*.



**Above right**  
Michael Carroll, Chief  
Corporate Officer

### VICTORIAN GOVERNMENT REPORTING SERVICE

The Victorian Government Reporting Service (VGRS) team continued to provide high-quality criminal recording and transcription services to Victoria's courts. VGRS transcribed over 420,000 transcript pages and distributed in excess of one million pages of transcript to the judiciary and other parties. This was complimented by auxiliary services to the courts including the delivery of training to the Magistrates' Court bench clerks and Coroners Court staff, jury views across the state, and the recording and transcription of overseas witness examinations.

These performance results demonstrate a reliable, flexible and fast service that consistently meets or exceeds the courts' needs. This has been achieved by highly skilled staff with specialist knowledge, and an organisational focus on technological improvements.

During 2015-16, VGRS completed its largest and most significant data consolidation project. More than 1,000,000 recording and transcript files, held in multiple storage systems, were migrated to a centralised storage area network with specialised disaster recovery and redundancy features. This investment has improved responsiveness to the courts and other customers.

This year's performance for timely delivery of transcripts and quality exceeded all service benchmarks. More than 97% of transcripts were delivered on time, and on three separate quarterly reporting occasions achieved a result of 100%.

A comprehensive strategic review of alternate recording and transcription service delivery models in Australia and New Zealand was undertaken during 2015-16. The review found that the current practice of outsourcing transcript production to contractors when demand for service peaks, is the optimum model for operational flexibility and responsive to the fluctuating demands of the courts.



## PEOPLE AND CULTURE

During 2015-16, the People and Culture Unit was restructured to better support CSV as an independent entity. Gabrielle Reilly is the Director of People and Culture.

The Unit provides specialist advice, support, programs and initiatives in collaboration with the jurisdictions and the College. It also identifies opportunities and delivers human resource services which contribute to the development of a capable and engaged workforce.

### CAPABILITY FRAMEWORK

The CSV Capability Framework was developed to provide a focus on the key capabilities and behaviours that will drive the realisation of CSV's organisational priorities and culture. It reflects the core and critical capabilities and behaviours required to support CSV as an independent and unique entity. The development of the Capability Framework was informed by results from the inaugural Culture and Engagement Survey, data from the 360 degree feedback process for senior managers, strategic planning and other consultation processes.

### LEARNING AND ORGANISATIONAL DEVELOPMENT

The Learning@CSV program provided staff with targeted opportunities that enabled them to further develop their professional expertise and deliver service excellence. During 2015-16 a range of capability-building programs were delivered catering for 569 CSV attendees. Key areas of capability focus included performance management and development; foundational management for supervisors and team leaders; leadership and innovation for middle managers; peer mentoring; manager as coach; and strategic capability.

Three online mandatory compliance learning modules were developed to form part of the induction for new staff. These modules were Respect in the Workplace; Code of Conduct; and Occupational Health and Safety.

### HEALTH, SAFETY AND WELLBEING

An extensive review of existing responses to, and management of the potential for vicarious trauma in courts and tribunals was conducted during the second half of 2015. The resultant Assessment and Control of Vicarious Trauma Report identified opportunities for a more supportive and integrated model, with three different points of intervention: prevention, management and safety net.

A new Employee Assistance Program (EAP) provider was engaged and commenced on 1 September 2015. Available to all employees, the EAP provides short-term, personal and confidential counselling.

### ENTERPRISE AGREEMENT

The Victorian Public Service Enterprise Agreement 2016 was finalised in May 2016 with the terms of the Agreement being backdated to 1 January 2016. The People and Culture team managed negotiations within CSV and Industrial Relations Victoria and the development of a CSV-specific appendix that updates, simplifies and integrates all court-specific provisions.


 Above left  
 Gabrielle Reilly,  
 Director People  
 and Culture



## FINANCIAL ANALYSIS, PLANNING AND REPORTING DIVISION

The Financial Analysis, Planning and Reporting Division works collaboratively with the jurisdictions to ensure a consistent and coordinated financial services capability. The Division is led by the Chief Finance Officer, Lisa Wills.

The functions of this division include:

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

### FINANCE

Parliament provides a separate appropriation for the delivery of services and facilities to the courts, tribunals and the College. To meet this requirement, the Finance Team builds strong financial management capacity, systems and processes to manage and report activities to the Courts Council and the Department of Treasury and Finance (DTF). The team also delivers corporate finance functions including appropriation management and reporting; production of financial statements and statutory reporting taxation; banking; and accounts receivable.

Over the last year, the team has:

- ▶ Continued to maintain productive relationships with the jurisdictions and DTF to support the work of the courts and tribunals.
- ▶ Maintained finance and procurement policies and procedures to ensure compliance with the Financial Management Compliance Framework.
- ▶ Established governance and reporting arrangements to meet the needs of the Courts Council, Finance Portfolio Committee, Audit and Risk Portfolio Committee and Courts Procurement Group.
- ▶ Produced the CSV Annual Financial Statement, including setting policies and procedures as required in legislation and in accordance with best practice.
- ▶ Undertook a significant review of the CSV financial position resulting in changes to internal financial management practices including use of appropriation funding and budget setting.
- ▶ Commenced the establishment of the independent IT infrastructure for the CSV budget system.

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Above right  
Lisa Wills, Chief  
Finance Officer

## STRATEGIC ANALYSIS AND REVIEW

The team established specialist business intelligence capability to improve the quality of financial and performance reporting and meet the decision-making needs of the Courts Council and Finance Portfolio Committee.

Key achievements for the team include:

- ▶ Supporting funding submissions to government resulting in increased funding for the courts and tribunals.
- ▶ Completing the establishment of key performance indicators across the jurisdictions in-line with the International Framework for Court Excellence for the State Budget.
- ▶ Continuing to improve external reporting for the Courts' Report on Government Services, the Australian Bureau of Statistics performance data and other external agencies.
- ▶ Establishing new analytics capability and developed a multiyear Business Intelligence (BI) and Business Analytics strategy including an upgrade of data warehouse and BI platforms.
- ▶ Developing proof of concepts for advanced analytics including geospatial and predictive modelling.

## PROCUREMENT

The team supported jurisdictions' procurement activity to ensure compliance, best practice and value-for-money. They also supported the CSV Procurement Board in ensuring the strategies, policies, procedures and probity arrangements are consistent with the CSV Procurement Framework.

Key achievements for the team include:

- ▶ Continuing to provide contract management services for the courts' security contract.
- ▶ Establishing a CSV fleet management function previously provided by the Department of Justice and Regulation.
- ▶ Supporting a number of significant tenders and contract negotiations including the transport of deceased persons, employee assistance programs, language services, transcription services, essential services maintenance and legal subscriptions.

## RESPONDING TO CHALLENGES

Financial sustainability continues to be a key priority for CSV to ensure an appropriate level of support for the judiciary, magistrates and tribunal members. CSV is striving to ensure that the courts are supported by contemporary services and systems that enable efficient and effective court administration.

Significant legacy issues in our built infrastructure and information technology require major investment to provide safe, secure and fit-for-purpose buildings and systems for the judiciary. As such we will continue to work with government to secure the necessary investment.

In addition to the challenges of providing appropriate infrastructure and information technology, CSV has absorbed year-on-year efficiency and productivity savings that have reduced the funding available to the courts. Combined with a cost base that is rising faster than funding, CSV will continue to operate in a fiscally demanding environment.



## INFORMATION TECHNOLOGY SERVICES DIVISION

Information Technology Services Division provides high-quality support and expert strategic advice to jurisdictions to support their information technology (IT) requirements and operations. The Division is led by the Chief Information Officer, Justin Bree.

The Division supports IT infrastructure, case management systems and in-court systems with a focus on delivering a high-value service to the jurisdictions.

The division also leads IT strategy development working cooperatively with the jurisdictions to ensure that it supports jurisdictional objectives and outcomes.

### DESKTOP REFRESH AND WINDOWS UPGRADE PROJECT

A major upgrade of PC hardware and software was completed in February 2016. The upgrade involved replacing ageing hardware and out-of-support software for 2,700 users.

### IT INFRASTRUCTURE IMPROVEMENTS

Network bandwidths were upgraded and storage capacity was increased at a number of courts to improve the reliability of access to information for users. Mitigation of infrastructure risks for a number of court case management systems was also undertaken to ensure the availability of systems for the day-to-day operations of the courts.

### IT RISK PROFILE

A program aimed at obtaining a clear understanding of the current aggregated IT risks was initiated during 2015-16. The division will consult with the jurisdictions on an approach to mitigate the risks and implement future changes.

### eLODGE MENT PROJECT

The aim of eLodgement is to reduce reliance on paper and to provide a greater level of convenience, allowing court users to submit documents anytime, anywhere, without having to attend court.

During the previous reporting period, systems were 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.

In 2015-16, three new lists were added to the eLodgement system – VOCAT's Koori List, VCAT's Review and Regulations and Legal list, and the County Court Appeals list.

### RESPONDING TO CHALLENGES

A key challenge for CSV is managing information technology requirements in an environment of increasingly antiquated systems and ageing technologies. A number of court systems, such as the case management systems, have reached the end of their serviceable life. Work is continuing to ensure these systems remain serviceable in the short term, however, a sustainable long term solution is necessary and requires significant additional funding.

Another challenge is ensuring that information technology is fit-for-purpose and capable of supporting a modern and contemporary justice system. Investment in digital solutions is necessary to improve the efficiency and effectiveness of court administration, and improve access. CSV will continue to work with government to secure funding for digital technologies.

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Above right  
Justin Bree, Chief  
Information Officer



## ASSETS AND SECURITY DIVISION

The Assets and Security Division works in partnership with jurisdictions to plan and manage CSV's asset and security requirements. The Division is led by the Chief Operating Officer, Brian Stevenson.

### DELIVERY OF FAMILY VIOLENCE INITIATIVE FACILITY UPGRADES

In 2015-16, work progressed on court facility upgrades to support Victorian Government Family Violence Initiatives, including accommodating new support workers and developing safer waiting areas. Following consultation with court Registrars to consider building work impacts, works are being progressively developed and completion of the full scope is anticipated by mid-2017.

### COURT SAFETY AND SECURITY

In 2015-16 the Victorian Government funded the Victorian Court Safety Audit Project. The purpose of the audit was to assess the physical structure and operations of Victorian Magistrates' Court buildings to ensure that victims of family violence can be safe and free from intimidation while attending court. The audit also considered the safety of all other people attending Victorian courts and tribunals. The audit was a joint project between JS and the Magistrates' Court of Victoria.

### DELIVERY OF INFRASTRUCTURE UPGRADES

A range of infrastructure upgrades continued to be delivered across all jurisdictions. Works have focused on critical asset risks in the Supreme Court and Children's Court, and in several Magistrates' Court locations including Melbourne, Sunshine, Ballarat, Heidelberg and Geelong.

### HAZARDOUS MATERIALS AUDIT

A Hazardous Materials Audit was commenced across CSV managed properties. The audits assess each court site for hazardous materials such as asbestos, polychlorinated biphenyls and synthetic mineral fibre. The final report will inform and identify risks and plan future remediation work.

### PROJECT AND ASSET MANAGEMENT INFORMATION MANAGEMENT

A data management system was developed to streamline project and asset information management. This will assist the division to efficiently maintain project and asset information enabling systematic project management and reporting. It will also ensure asset management information is readily accessible to inform planning and management decisions. This system is a central plank in CSV's response to the Victorian Government's Asset Management and Accountability Framework.

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Above Left  
Brian Stevenson,  
Chief Operating  
Officer

### STRATEGIC LEASED PROPERTIES MANAGEMENT PLAN

A Strategic Leased Properties Management Plan is being developed to actively manage existing leased properties, prepare for end-of-lease term or renegotiation, and provide a comprehensive market assessment approach to determine if alternative leased accommodation delivers best value for money.

### PROPERTY SERVICES TEAM

A Property Services Team was established to deliver end-to-end facility and asset management services to jurisdictions. This includes strategic planning and trend analysis, budget and reporting functions, capital planning and project delivery, project management, facilities management, performance analysis, property and contract management, security and safety and customer service. The team supports CSV to achieve financial and economic efficiency and effectiveness through consolidation of resources and streamlining of services.

### ESSENTIAL SERVICES MAINTENANCE CONTRACT

A robust procurement process was undertaken to establish an Essential Services Maintenance (ESM) Contract which commenced on 1 May 2016. The new contract will deliver benefits through direct oversight of the delivery of ESM and other key services and transparency in the cost of those services. The contract provides for regular reporting on the condition of CSV's assets to inform strategic planning and life cycle management of the plant and equipment on each site.

### RESPONDING TO CHALLENGES

A history of under investment in court assets remains a significant challenge for CSV. The development of the Strategic Asset Plan and Multi-Year Asset Investment Strategy will provide the evidence and catalyst for the ongoing investment required to meet current and future challenges and needs, also ensuring that our assets are safe, secure and fit for purpose.

The Strategic Asset Plan, which is in the final stages of development, is intended to provide a blueprint for strategic planning and future development for the portfolio of courts and tribunals across the state. An investigation of best practice and emerging service trends; analysis of demand; and a review of court building conditions and functionality has enabled comprehensive service planning that informs priority asset needs and an investment strategy for the next 15 years.

The strategy accounts for the complexity of issues facing each jurisdiction and will enable transformation into a modern, cohesive, flexible, fit-for-purpose and high quality service environment throughout Victoria.



## CAPITAL PROJECTS

### SHEPPARTON LAW COURTS REDEVELOPMENT

Construction of the \$73 million Shepparton Law Courts redevelopment commenced on 12 April 2016 and is scheduled for completion in late-2017. The redevelopment will feature a five-storey, state-of-the-art multi-jurisdictional court facility that will also accommodate a range of services for the Greater Shepparton community.

A number of key activities have been completed including the acquisition of the adjoining land, rezoning of the site, subdivision and consolidation of the four separate Crown Allotments that previously made up the Shepparton Law Courts. Extensive local consultation, community engagement and planning workshops were conducted to inform the master planning, feasibility, design and service requirements. Robust procurement and tender processes have resulted in the engagement of early-works and main construction contractors within project budget. The early works program was completed in April 2016 and enabled the main construction to commence at that time.

The project governance is managed by a steering committee with representatives from relevant jurisdictions, local community members and judicial officers.

### BROADMEADOWS CHILDREN'S COURT

The \$11.44 million Children's Court in Broadmeadows opened in November 2015. This state-of-the-art facility supports the Children's Courts requirements including innovative approaches in resolving matters in the Family Division and the delivery of a range of support services to the community.

In an Australian first, the court features a purpose-built Cubby House designed to provide a sanctuary for children to help them escape the emotional environment of the court. The Cubby House offers a relaxing and fun space with games, iPads, books, comfortable seating and an outdoor area with garden space. A youth worker is also on hand to provide support for the children. The Cubby House initiative was developed in partnership with the Alannah and Madeline Foundation.

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**Above Left**  
 New Shepparton Law  
 Courts artist drawing  
*Image supplied by*  
*Architectus + GHD*  
*Woodhead + Guymer Bailey*



## OUTPUT PERFORMANCE

CSV's operational and budgetary objectives and performance are aligned with jurisdiction's performance. The State Budget Papers describe the objectives and associated performance indicators for the Courts output.

The mission for the Courts output, as outlined in the Victorian Budget 2015-16 was:

**Victoria's courts and tribunals safeguard and maintain the rule of law through the fair, timely and efficient dispensing of justice.**

### COURTS OUTPUT OBJECTIVE

**The fair, timely and efficient dispensing of justice.**

There were no changes to the Courts output structure for 2015-16.

### INDICATORS

- ▶ Clearance of criminal caseload (finalisations/Lodgements)
- ▶ Clearance of civil case load (finalisations/Lodgements)

Data in relation to the two clearance rate indicators is included in Table 1 with each of the Courts output measure results.

For more information about Courts outcomes and data, refer to the individual Annual Reports of each jurisdiction.

### INTERNATIONAL FRAMEWORK FOR COURT EXCELLENCE

The International Framework for Court Excellence (IFCE) is a management framework designed to help courts improve their performance. Developed for court use internationally, the Framework covers values, concepts, and tools to assess and improve the quality of justice and court administration within the court and tribunal system.

In 2015-16 three of the Global Measures from the IFCE were integrated into the Courts output performance measures outlined in the Victorian Budget Papers (BP3), which are:

1. **Cost Per Case:** Money expenditures per case (net cost per finalisation).
2. **Case Clearance Rate:** The number of finalised (outgoing) cases expressed as a percentage of registered/filed (incoming) cases.
3. **On-Time Case Processing:** The percentage of cases resolved or otherwise finalised within established timeframes.

## PERFORMANCE AGAINST MEASURES

TABLE 1: COURTS OUTPUT – PERFORMANCE AGAINST MEASURES 2015 - 2016

Performance Measures	Unit of measure	2015-16 Estimate	2015-16 Actual	Performance Variation (%)	Note
<b>Quantity</b>					
Average cost per case – Civil matters disposed in the Supreme Court	\$ dollar	2,174	2,119	-2.5	1
Average cost per case – Civil matters disposed in the County Court	\$ dollar	5,914	5,282	-11	2
Average cost per case – Civil matters disposed in the Magistrates' Court	\$ dollar	989	980	-0.9	
Average cost per case – Civil matters disposed in the Victorian Civil and Administrative Tribunal	\$ dollar	574	626	9.1	3
Average cost per case – Family Division matters disposed in the Children's Court	\$ dollar	1,255	976	-22.2	4
Average cost per case – Coronial matters disposed in the Coroners Court	\$ dollar	3,218	2,566	-20.3	5
Average cost per case – Criminal matters disposed in the Supreme Court	\$ dollar	45,527	34,163	-25.0	6
Average cost per case – Criminal matters disposed in the County Court	\$ dollar	18,181	15,741	-13	7
Average cost per case – Criminal matters disposed in the Magistrates' Court	\$ dollar	458	571	24.7	8
Average cost per case – Criminal matters disposed in the Children's Court	\$ dollar	264	227	-14.0	9
Case clearance rate – Civil matters disposed in the Supreme Court	per cent	100	102.8 (28,579/ 27,808)	2.8	10
Case clearance rate – Civil matters disposed in the County Court	per cent	100	111 (6,473/ 5,821)	11	10, 11
Case clearance rate – Civil matters disposed in the Magistrates' Court	per cent	100	91 (55,316/ 60,699)	-9	10, 12

Performance Measures	Unit of measure	2015-16 Estimate	2015-16 Actual	Performance Variation (%)	Note
<b>Quantity (continued)</b>					
Case clearance rate – Civil matters disposed in the Victorian Civil and Administrative Tribunal	per cent	100	102 (87,448/ 85,961)	2	10
Case clearance rate – Family Division matters disposed in the Children’s Court	per cent	85	95.5 (19,110/ 20,003)	12.3	10, 13
Case clearance rate – Coronial matters disposed in the Coroners Court	per cent	100	104.6 (6,596/ 6,305)	4.6	10
Case clearance rate – Criminal matters disposed in the Supreme Court	per cent	100	105.1 (593/ 564)	5.1	10, 14
Case clearance rate – Criminal matters disposed in the County Court	per cent	100	99 (5,453/ 5,522)	-1	10
Case clearance rate – Criminal matters disposed in the Magistrates’ Court	per cent	100	124 (199,960/ 160,942)	24	15
Case clearance rate – Criminal matters disposed in the Children’s Court	per cent	100	108.6 (25,718/ 23,688)	8.6	16
<b>Quality</b>					
Quality of court registry services in Supreme Court	per cent	85	85	0	
Quality of court registry services in County Court	per cent	85	85	0	
Quality of court registry services in Magistrates’ Court	per cent	91	80	-11	17
<b>Timeliness</b>					
On time case processing – Civil matters resolved or otherwise finalised within established timeframes in the Supreme Court	per cent	90	93	3	18
On time case processing – Civil matters resolved or otherwise finalised within established timeframes in the County Court	per cent	90	86	-4	19
On time case processing – Civil matters resolved or otherwise finalised within established timeframes in the Magistrates’ Court	per cent	80	85	5	20

Performance Measures	Unit of measure	2015-16 Estimate	2015-16 Actual	Performance Variation (%)	Result
<b>Timeliness (continued)</b>					
On time case processing – Civil matters resolved or otherwise finalised within established timeframes in the Victorian Civil and Administrative Tribunal	per cent	85	91	6	21
On time case processing – Family Division matters resolved or otherwise finalised within established timeframes in the Children’s Court	per cent	90	90.9	0.9	
On time case processing – Coronial matters resolved or otherwise finalised within established timeframes in the Coroners Court	per cent	75	80.2	5.2	22
On time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the Supreme Court	per cent	75	84	9	23
On time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the County Court	per cent	85	90	5	24
On time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the Magistrates’ Court	per cent	85	84	-1	25
On time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the Children’s Court	per cent	90	94.4	4.4	
<b>Cost</b>					
<b>Total output cost</b>	<b>\$ million</b>	<b>466.1</b>	<b>465.3</b>	<b>0.2</b>	

**Notes:**

1. Probate matters finalised in the Supreme Court are included within the cost per case calculations.
2. The 2015-16 actual cost per case is lower than the estimate due to an increase in the number of Civil matters disposed in 2015-16 in the County Court resulting in a decrease to the average cost per case for civil matters.
3. The 2015-16 actual is higher than the 2015-16 estimate for the Victorian Civil and Administrative Tribunal (VCAT) due to a decrease in the expected number of cases finalised, some one-off project costs to improve the customer services through investment in digital services and case management services and also an increase in the revised budget of Court Services Victoria.
4. The 2015-16 actual is lower than the estimate as a result of an audit of Family Division matters (see note 13) undertaken by the Children’s Court. This has resulted in an increase in the number of finalised matters with a subsequent decrease in cost per case.
5. The 2015-16 actual is lower than the estimate due to the Coroners Court finalising a greater number of coronial matters in 2015-16 than originally estimated, due to a re-prioritising of workloads and processes with closer weekly monitoring to ensure finalisation is completed in a timely manner. The Coroners Court have also up-skilled other staff to assist with finalisation’s on an ad-hoc basis.

6. The 2015-16 actual is lower than the estimate due to the Supreme Court amending the counting method for criminal cases disposed to include all criminal disposals. The previous counting method did not include applications heard and determined by judicial officers under the Surveillance Devices Act 1999, the Witness Protection Act 1991, the Major Crime (Investigative Powers) Act 2004 and proceeds of crime matters.
7. The 2015-16 actual average cost per case is lower than the 2015-16 estimate as the County Court has seen a significant increase in the total number of cases finalised within 12 months due to ongoing, continual review and enhancement of the Court's listing practices. This has resulted in a decrease to the average cost per case for criminal matters.
8. The 2015-16 actual is higher than the 2015-16 estimate due to efficiencies implemented in Infringement cases. The Magistrates' Court is consolidating multiple infringement matters for the same individual into a single case on lodgement. Without affecting the courts workload, this has resulted in the expected number of criminal finalisations being reduced with the flow-on effect of increasing the average cost per case.
9. The 2015-16 actual is lower than the estimate due to the Children's Court finalising a greater number of criminal cases in 2015-16 than originally estimated.
10. The case clearance rate is calculated as (number of cases disposed/number of cases initiated).
11. The County Court's 2015-16 actual clearance rate is greater than the 2015-16 estimate as, over the month of July 2015, the Court undertook an internal audit of active civil cases greater than 24 months which increased the number of cases finalised over the financial year. The majority of cases finalised has been by way of Plaintiff parties filing Consent Orders (59.06) with the Registrar which has also had an impact on the total number of cases finalised.
12. The 2015-16 actual is lower than the estimate due to increasing lodgements in the civil jurisdiction. The civil jurisdiction in the Magistrates' Court is comprised of civil, intervention order cases and Victims of Crime Assistance Tribunal (VOCAT) cases. Magistrates' Court of Victoria finalised more cases for each jurisdiction, however, the increasing caseload and complexity of matters lead to a decrease in the clearance rate.
13. The 2015-16 actual clearance rate is higher than the 2015-16 estimate due to the Children's Court having undertaken an audit of Family Division matters heard in 2015-16 in order to more accurately reflect the number of matters finalised. This has resulted in an increase in reported matters finalised and a 13.4% increase in the reported clearance rate. Additional measures have been introduced to ensure that matter finalisation continues to be reported accurately on an ongoing basis and to ensure that reporting measures reflect the throughput outcomes achieved by the Court.
14. The 2015-16 actual clearance rate is higher than the 2015-16 estimate due to a slight reduction in criminal cases initiated in the Trial Division and the Court of Appeal compared to previous years. The numbers making up the clearance 2015-16 actual clearance rate differ from the estimate due to the Supreme Court amending the counting method for criminal cases disposed to include all criminal disposals. The previous counting method did not include applications heard and determined by judicial officers under the Surveillance Devices Act 1999, the Witness Protection Act 1991, the Major Crime (Investigative Powers) Act 2004 and proceeds of crime matters.
15. The 2015-16 actual clearance rate is higher than the 2015-16 estimate due to the Magistrates' Court of Victoria implementing changes to case initiation processes in 2015-16 to improve efficiency.
16. The 2015-16 actual clearance rate is higher than the 2015-16 estimate due to increasing overall demand in the Children's Court Criminal Division. Initiations increased by 14% and finalisations increased by 18%. Criminal matters heard in open court (both initiated and finalised) remained relatively stable. However there was a 29% increase (3,114 matters) in unpaid infringement matters initiated through the Children and Young Person Infringement Notice System (CAYPINS), and a 42% increase (4,064) in the number of CAYPINS matters finalised. Additionally, the Children's Court obtained additional prosecution resources to enable out-of-court discussions with defence. This has enabled open court matters to be finalised more efficiently and reduced contested hearing rates.
17. The 2015-16 actual Quality of Registry Services result is lower than the estimate due to an increase of caseload in all jurisdictions. Demands on Magistrates' Court of Victoria registry service have also increased and the court is currently unable to respond in preferred timeframes to counter and phone enquiries.
18. Probate matters are not included in On-time case processing for the Supreme Court of Victoria.
19. The 2015-16 actual On-time Case Processing result is lower than the 2015-16 estimate due to the increasing complexity of cases before the County Court. The Common Law Division cases, on average, take longer to finalise (over 24 months) due to the complex nature of these cases. The majority of cases are ongoing personal injury related WorkCover cases, Serious Injury Cases and Transport Accident Commission cases. The internal audit of active civil cases greater than 24 months old has also impacted on this outcome.
20. The 2015-16 actual is higher than the 2015-16 estimate for On-time Case Processing as the Magistrates' Court have finalised more cases than expected within established timeframes. The court analyses listing practices and procedures and makes modifications to ensure all cases can be heard in a timely manner. Cases that are finalised outside the preferred timeframes are generally of a complex nature.
21. The 2015-16 actual is higher than the 2015-16 estimate, due to VCAT's data review which improved the quality of data in its case management systems, boosted case finalisations and streamlined and strengthened data capture processes. Overall this review also increased case disposal.
22. The 2015-16 On-time case processing is higher than the 2015-16 estimate as a result of the Coroner's Court implementing process improvements in the administrative area for natural cause deaths. This has led to a higher On-time case processing rate within three months of case initiation.
23. The actual 2015-16 On-time case processing is higher than the 2015-16 estimate due to significant reductions in case processing times for criminal matters in the Court of Appeal with over 90% of those matters being resolved within one year of lodgement. (The Victorian Budget 16/17 Budget Paper 3 erroneously referred to the established timeframe for Supreme Court Criminal matters as two years from lodgement to finalisation instead of one year.) These figures include Court of Appeal matters and trial matters only and do not include criminal applications in the Trial Division.
24. The actual 2015-16 On-time case processing result for the County Court has exceeded the estimate as a result of continual review and enhancement of the Court's listing practices, this has enabled more effective judicial management of conviction and sentence appeals from the Magistrates' Court and the listing of criminal custody trials within 7-8 months from committal date. Given this, the Court has seen a significant increase in the total number of cases finalised within 12 months.
25. The 2015-16 actual is higher than the 2015-16 estimate as the Magistrates' Court of Victoria regularly analyses listing practices and procedures and makes modifications to ensure all cases can be heard in a timely manner. In criminal for example, fast tracking of family violence related matters has seen an increase of matters finalised due to specific timeframes.



## FINANCIAL SUMMARY AND REVIEW

The budget outcomes provide a comparison between the actual financial statements of CSV and the forecast financial information (initial budget estimates) published in Budget Paper No.5 Statement of Finances (BP5).

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

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

### TWO-YEAR FINANCIAL SUMMARY

As CSV is in its second year of operation only two years of revenue and expenditure figures are available.

TABLE 2: TWO-YEAR FINANCIAL SUMMARY

	2015-16 \$'000	2014-15 \$'000
Revenue from Government	432,701	412,389
Total income from transactions	457,819	449,332
Total expenses from transactions	458,291	443,160
Net result from transactions (surplus)	(472)	6,172
Net result for the period (surplus)	178,347	4,092
Net cash flow from operating activities	25,957	36,108
<b>Total assets</b>	<b>1,064,833</b>	<b>828,921</b>
<b>Total liabilities</b>	<b>190,256</b>	<b>196,250</b>

## 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 2015-16, CSV's net result from transactions was a deficit of \$0.472 million which comprises a total income of \$457.9 million<sup>1</sup> and expenditure of \$458.3 million.
- ▶ Of the \$457.9 million actual revenues utilised for the operation of the courts' system, approximately \$66 million is made available via a section 29 appropriation from the collection of court fees<sup>2</sup> (known as the Court Fee Pool), approximately \$2 million less than in 2014-15. The remaining funds are 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 \$874.6 million comprises total assets of \$1.065 billion and liabilities of \$190.2 million, further details are provided in the balance sheet in the financial statements. CSVs physical assets were revalued in 2015-16 by the Valuer-General and increased by \$183 million.
- ▶ CSV cash flow at year-end consisted of \$8.4 million, during the year cash transactions included receipts of \$466.4 million, payments of \$440.4 million, purchases of non-financial assets of \$28.3 million, proceed of sales of non-financial assets of \$2.5 million and net cash used in financing activities of \$0.5 million.

### Notes

1. 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.

## BUDGET ALLOCATION

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 table below, 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 JS, the jurisdictions and the College are based on an historical allocations profile adjusted for savings, indexation and new funding.

**TABLE 3: COURT SERVICES VICTORIA'S  
BUDGET ALLOCATION BY JURISDICTION**

By Business Area	2015-16 Published Budget \$m
Supreme Court	65.5
County Court	89.8
Magistrates' Court	124.7
VCAT	41.3
Children's Court	19.2
Coroner's Court	16.3
Judicial College of Victoria	2.1
Jurisdiction Services	107.1
<b>Total CSV</b>	<b>466.1</b>



## DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS

TABLE 4: GRANTS AND OTHER TRANSFER PAYMENTS

Organisation	Payment \$
African Community Foundation	9,000
Australian Bureau of Statistics	74,724
Court Network	730,125
Department of Health and Human Services	34,167
Department of Justice & Regulation	103,800
Jesuit Social Services	136,364
Judicial College of Victoria	2,098,600
Luke Batty Foundation	25,000
Supreme Court Library	350,000
Other minor grants	198,288
<b>Total grants and other transfers</b>	<b>3,760,068</b>

## SECTION 3:

# WORKFORCE DATA

## WORKFORCE DATA

People and Culture undertakes monitoring of CSV-wide workforce data.

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

TABLE 5: FULL TIME EQUIVALENT STAFFING

Full Time Equivalent – 30 June 2015	1,665.7
Full Time Equivalent – 30 June 2016	1,639.3

TABLE 6: SUMMARY OF EMPLOYMENT LEVELS

				Ongoing employees	Fixed term and casual employees
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2015	1,542	1,297	245	1,446.5	219.2
June 2016	1,497	1,242	255	1,400.5	238.8

TABLE 7: DETAILS OF EMPLOYMENT LEVELS

	30 June 2015			30 June 2016		
	Ongoing Employees		Fixed term and casual employees	Ongoing Employees		Fixed term and casual employees
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
<b>Gender</b>						
Male	489	481.6	82.3	453	447.6	89.4
Female	1,053	964.9	136.9	1,044	952.9	149.4
<b>Total</b>	<b>1,542</b>	<b>1,446.5</b>	<b>219.2</b>	<b>1,497</b>	<b>1,400.5</b>	<b>238.8</b>
<b>Age</b>						
Under 25	139	138.4	22.1	124	122.6	32.1
25-34	475	455.2	141.4	471	449.8	146.8
35-44	310	272.7	25.6	296	261.4	29.7
45-54	298	274.9	20	285	261.1	16.7
55-64	256	246.5	8.8	247	237.4	13.5
Over 64	64	58.8	1.3	74	68.2	0
<b>Total</b>	<b>1,542</b>	<b>1,446.5</b>	<b>219.2</b>	<b>1,497</b>	<b>1,400.5</b>	<b>238.8</b>
<b>Classification</b>						
Executive Officer 1	1	1	0	1	1	0
Executive Officer 2	3	3	0	6	6	0
Executive Officer 3	5	5	0	5	5	0
VPS 1	1	0.8	0	0	0	0
VPS 2	373	350.6	89.9	346	326.3	98
VPS 3	250	232.5	78.4	228	211.7	91.3

TABLE 7: DETAILS OF EMPLOYMENT LEVELS (CONTINUED)

	30 June 2015			30 June 2016		
	Ongoing Employees		Fixed term and casual employees	Ongoing Employees		Fixed term and casual employees
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
VPS 4	168	155.5	21.6	162	149.9	19.9
VPS 5	117	113	15	116	110.8	18.4
VPS 6	108	105.9	4.1	102	99.8	7.8
STS	3	3	0	6	6	0
Allied Health 3	3	1.7	0	2	1.3	0
Trainee Registrar	147	146.6	1	147	143.7	1
Deputy Registrar	65	61	0	76	71.8	0
Registrar Grade 3	186	161.3	6.2	186	159.9	2.4
Registrar Grade 4	40	37.7	1	46	43.2	0
Registrar Grade 5	45	41.3	2	48	44.1	0
Registrar Grade 6	19	19	0	18	18	0
Solicitor Grade 3	8	7.6	0	2	2	0
<b>Total</b>	<b>1,542</b>	<b>1,446.5</b>	<b>219.2</b>	<b>1,497</b>	<b>1,400.5</b>	<b>238.8</b>

**Notes**

1. All figures reflect active employees in the last pay period of June each year. 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. 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, 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

An executive officer is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

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

Executives are classified into two distinct categories based on the following definitions:

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

**TABLE 8: NUMBER OF EXECUTIVE OFFICERS CLASSIFIED INTO 'ONGOING' AND 'SPECIAL PROJECTS'**

Class	All		Ongoing		Special projects	
	No.	Var.	No.	Var.	No.	Var.
EO-1	1	+1	1	+1	0	0
EO-2	6	+3	6	+3	0	0
EO-3	5	0	5	0	0	0
<b>Total</b>	<b>12</b>	<b>+4</b>	<b>12</b>	<b>+4</b>	<b>0</b>	<b>0</b>

Note

1. Includes CEO CSV (not previously reported in 2014-15), one vacancy filled and two roles converted to EO during the year.

**TABLE 9: 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	1	+1	0	0	0	0	0	0	0	0
EO-2	4	+1	2	+2	0	0	0	0	0	0
EO-3	1	0	4	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>+2</b>	<b>6</b>	<b>+2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note

1. Includes CEO CSV (not previously reported in 2014-15), one vacancy filled and two roles converted to EO during the year. The above table also reflects two executive roles reclassified from EO-3 to EO-2 during the year.

The 'Reconciliation of executive numbers' table below has been altered from the previous year to provide easier reconciliation of number of executives. This table now includes the number of executives excluded from Note 25 of the Financial Statement ('Remuneration of Executives and Payments to Other Personnel') and vacancies at June. The numbers shown for 2014-15 were as reported and did not include a vacancy as at June 2015.

**TABLE 10: RECONCILIATION OF EXECUTIVE NUMBERS**

	2015	2016
Executives with total remuneration over \$100,000 (Financial Statement Note 25)	10	9
Add Vacancies at 30 June (Table 10)	–	0
Executives employed with total remuneration below \$100,000	3	3
Executives not included in Note 25 ('Remuneration of executives')		2
Less Separations	(2)	(2)
<b>Total executive numbers at 30 June</b>	<b>11</b>	<b>12</b>

**Notes**

1. The Financial Statement (Note 25) does not distinguish between executive levels, does not disclose separations, vacancy positions, executives whose total remuneration is below \$100,000, and does not include the Accountable Officer (CEO CSV), or CEO of the Judicial College of Victoria as the College reports its finances separately. To assist readers, these numbers are now included in the above table.
2. Data relating to executives whose total remuneration is below \$100,000 reflects those who were only employed for part of the year.

**EMPLOYMENT AND CONDUCT PRINCIPLES**

CSV continues to respect and uphold public sector conduct, value and encourage 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

The health, safety and wellbeing of CSV employees continued to be a high priority during 2015-16. The Occupational Health and Safety (OH&S) self-assessment process undertaken in each jurisdiction ensured ongoing vigilance in relation to OH&S compliance.

There were 158 reported incidents compared to 124 in 2014-15. This represented an increase of 21.5%. The increase follows implementation of awareness promotion strategies and targeted OH&S activities.

The benefits of increased awareness and risk reporting was evidenced by the reduction in WorkCover claims. There were eight accepted WorkCover claims for the 2015-16 year, compared with 14 accepted claims in 2014-15.

Health promotion was emphasised through the implementation of the CSV Healthy Workplace initiative. The aim of the initiative is to provide employees with the knowledge to look after their own health and wellbeing while concurrently implementing initiatives within the workplace to improve the health and wellbeing of the working environment, and to minimise the risks associated with sedentary work.

CSV employees had the opportunity to be involved in the *Life* program which included four education sessions and a one-on-one health check in order to assist employees to reduce their risk of type 2 diabetes and cardiovascular disease.

Beyond Blue presented five sessions for employees and managers to raise awareness of and provide education about the impact of mental health issues and how to manage mental health issues in the workplace.

TABLE 11: PERFORMANCE AGAINST OH&S MEASURES

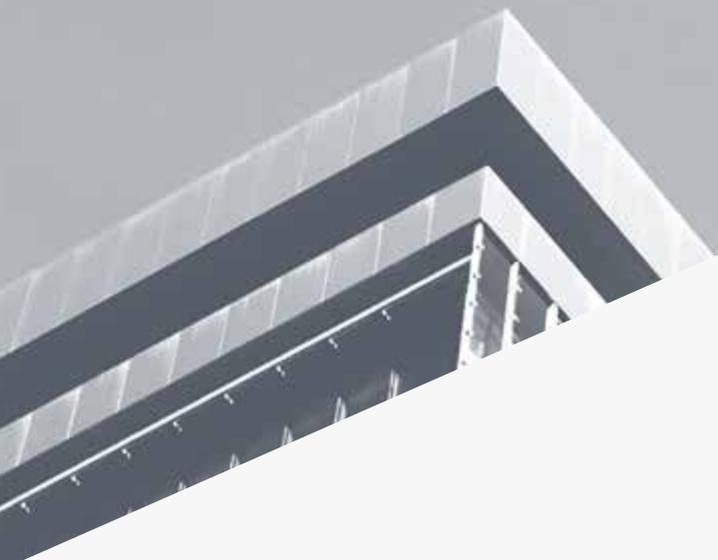
Measure	KPI	2014-15	2015-16	Notes
Incidents	Number of incidents	124	158	1
	Rate per 100 FTE	6.3	8.1	
Claims	Number of standard claims	7	5	2
	Rate per 100 FTE	0.35551	0.25694	1
	Number of lost time claims	5	2	2
	Rate per 100 FTE	0.25394	0.10277	2
	Number of claims exceeding 13 weeks	2	2	2
	Rate per 100 FTE	0.10000	0.10277	
Fatalities	Fatality claims	0	0	2
Claims costs	Average cost per standard claim	\$65,931	\$36,892	2
Return to work	Percentage claims with RTW plan < 30 days	70%	100%	

TABLE 11: PERFORMANCE AGAINST OH&amp;S MEASURES (CONTINUED)

Measure	KPI	2014-15	2015-16	Notes
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	Completed	
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services, and personnel)	Completed	Completed	
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs)	Completed	Completed	
	Compliance with issue resolution procedures IRPs	Completed	Completed	
Risk Management	Percentage of internal audits/ inspections conducted as planned	100%	100%	
	Percentage of issues identified actioned arising from:	Action plans developed	Action plans developed	
	▶ Internal audits			
	▶ HSR Provisional Improvement Notices (PINS) and	100%	0	3
▶ WorkSafe notices	100%	0		
Training	Percentage of managers and employees that have received OH&S training:			
	▶ Induction	100%	100%	
	▶ Management training	25%	60%	
	▶ Contractors, temporary employees and visitors	In development	25%	4
	Percentage of HSRs trained:			
	▶ Acceptance of role	97%	59%	5
	▶ Refresher training	90%	41%	5
▶ Reporting of incidents and injuries	100%	100%		

**Notes:**

1. Includes employees and court users.
2. WorkSafe Victoria data for 2015-16 provided on 22 July 2016.
3. No Provisional Improvement Notices were received and no notices were issued by WorkSafe Victoria in 2015-16.
4. Compliance for contractors and temporary employees continues to evolve to ensure CSV meets its OH&S obligations, and protocols for visitors are currently being developed.
5. HSR training is scheduled for the second half of 2016.



## 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 (VIPPP). Departments and public sector bodies are required to apply VIPPP in all procurement activities valued at \$3 million or more for metropolitan Melbourne and state wide projects, or \$1 million or more for procurement activities in regional Victoria. Industry Capability Network (ICN) Victoria facilitates the VIPPP on behalf of the Victorian Government, providing assistance to suppliers and assessment services to government agencies

During 2015-16, CSV commenced one contract with a large commercial contractor (ADCO Constructions) totalling \$51,886,799 (ex GST) to which a VIPPP Plan was required. This contract covers construction of the Shepparton Law Courts Redevelopment.

The total VIPPP Plan commitments achieved as a result of this contract include:

- ▶ an average of 93 per cent of local content commitment was made
- ▶ 85 new jobs and 800 retained jobs (Annualised Employee Equivalent (AEE))
- ▶ 23 new apprenticeships/traineeships and 60 retained apprenticeships/traineeships.

Benefits to the Victorian economy in terms of skills and/or technology transfer include the involvement of local contractors and suppliers through an industry participation plan and the release of a range of sub-contract and trade tenders within the region. A key expectation placed on the consultant team was the need for the new court to be an exemplar across a range of technologies and with respect to sustainable design that will result in a transfer of knowledge and capability to local contractors. There will be 85 new jobs created, an additional 15 new apprenticeships and 8 new trainee positions. The economic impact assessment for the project indicates that the project will deliver substantial economic benefit to the region. It will deliver cumulative gross regional product (GRP) of \$22.4 million during the construction and up to \$5.2 million during its operation. The projected GRP total impact would boost the region's total (\$2.2 billion in 2011/12) by around 0.2 per cent per annum in the long-run.

## CONSULTANCY EXPENDITURE

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

CSV entered into ten consultancies valued at \$10,000 or greater.

TABLE 12: CONSULTANCIES VALUED AT \$10,000 OR GREATER

Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2015-16 (excluding GST)	Future expenditure (excluding GST)
Centring Pty Ltd	VCAT Fees review	228,400	128,976	0
Consultel IT&T Pty Ltd	Planning of next-generation in-court technology environment	115,885	88,596	27,289
Flanagan Brown-Greaves Pty Ltd	Assessment and Control of Vicarious Trauma Project	21,000	21,000	0
GHD Pty Ltd	Strategic Asset Planning Services	220,016	220,016	0
Health Outcomes International	Children's Court - Evaluation of Conciliation Conferencing Program	27,273	27,273	0
Iedex Pty Ltd	Preparation of CSV's strategy 2016-19 and Jurisdiction Services 2015-16 Business Plan	48,841	48,841	0
KPMG	Magistrates' Court - KPMG development of Drug Court of Victoria expansion business case	87,804	87,804	0
RMIT University	Children's Court - Evaluation of the Youth Diversion Pilot Program by Professor Stuart Thomas	81,669	41,360	40,309

TABLE 12: CONSULTANCIES VALUED AT \$10,000 OR GREATER (CONTINUED)

Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2015–16 (excluding GST)	Future expenditure (excluding GST)
The Boston Consulting Group Pty Ltd	Magistrates' Court of Victoria Major Strategic Review to modernise the Court's processes & structures	1,375,000	1,375,000	0
The University of Melbourne	Consultancy for a Magistrates' Court of Victoria Learning Strategy	17,538	17,538	0
<b>TOTAL</b>		<b>2,223,425</b>	<b>2,056,403</b>	<b>67,598</b>

### DETAILS OF CONSULTANCIES UNDER \$10,000

CSV entered into two consultancies under \$10,000.

TABLE 13: CONSULTANCIES VALUED UNDER \$10,000

Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2015–16 (excluding GST)	Future expenditure (excluding GST)
Boccalatte Pty Ltd	Development of branding and communication strategy for the Neighbourhood Justice Centre	20,000	5,000	0
Perrott Strategic Pty Ltd	Development of Communications Strategy and provision of communications services to the Asset and Security Division	8,600	8,600	0
<b>TOTAL</b>		<b>28,600</b>	<b>13,600</b>	<b>0</b>

## DISCLOSURE OF MAJOR CONTRACTS

CSV entered into one contract greater than \$10 million in the year ended 30 June 2016.

TABLE 14: CONTRACTS GREATER THAN \$10 MILLION

Company	Description	Start Date	End Date	Contract Value
ADCO Constructions (VIC) Pty Ltd ABN: 015 094 531 272	Shepparton Law Courts Redevelopment	15/04/2016	31/10/2017	\$51,886,799 plus GST

## INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

### DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2015-16 reporting period, CSV had a total ICT expenditure of \$50.6 million.

TABLE 15: INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

Business As Usual (BAU) ICT expenditure (Total)	Non-Business As Usual (non-BAU) ICT expenditure (Total comprises Operational Expenditure and Capital Expenditure)	Operational Expenditure (non-BAU)	Capital Expenditure (non-BAU)
38,046,538	12,572,424	8,473,161	4,099,263

#### Notes:

1. ICT expenditure refers to CSV's costs in providing business-enabling ICT services. It comprises business-as-usual (BAU) ICT expenditure and non-business-as-usual (Non-BAU) ICT expenditure.
2. Non-BAU ICT expenditure relates to extending or enhancing CSV's current ICT capabilities, and consists of project expenditure and ICT government funded initiatives.
3. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

## GOVERNMENT ADVERTISING EXPENDITURE

CSV did not conduct any advertising campaigns.

## 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 2015-16, CSV received 58 Freedom of Information (FOI) applications:

- ▶ ten were from the media
- ▶ two were from Members of Parliament
- ▶ 46 were from the general public.

Of the total requests received by CSV, the majority were for documents excluded from the FOI process or were invalid requests. Six applicants applied to the FOI Commissioner for review of a determination by CSV.

Of these requests:

- ▶ four are pending
- ▶ two were affirmed, of which, one was the subject of appeal to VCAT.

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

## 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 made in writing, accompanied by the application fee or request for a fee waiver, and be addressed to:

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

Requests can also be lodged online at [www.foi.vic.gov.au](http://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 Freedom of Information can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au). CSV's Part II Information Statement can be found at [www.courts.vic.gov.au](http://www.courts.vic.gov.au).



TABLE 16: FREEDOM OF INFORMATION OUTCOMES

FOI Outcome	Number of requests
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)	23
Invalid requests (application fee not paid or not waived)	15
Valid requests (application fee paid or waived) - total	20
▶ Access granted in full	5
▶ Access granted in part	4
▶ Access denied	5
▶ No document exists/ No document located	2
▶ Transferred to other agency	3
▶ Not proceeded with	1
▶ In process	0
Total requests received	58

## COMPLIANCE WITH BUILDING ACT 1993 (VIC)

CSV is responsible for a significant built environment and asset base of courts characterised by numerous and aged facilities dispersed throughout the State. Consequently, some of these buildings were constructed during period 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](http://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](mailto: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 and subsequent Victorian Public Service Enterprise Agreement 2016.

CSV also has people management policies that support the guiding principles of the *Carers Recognition Act 2012* including:

- ▶ Personal/Carer's Leave Policy
- ▶ Flexible Working Arrangements Policy
- ▶ Respect in the Workplace Policy.

## OFFICE-BASED ENVIRONMENTAL IMPACTS

CSV is continuing to take a proactive approach in relation to Environmental Management with an aim to reduce its environmental impacts and to increase the efficient use of resources. These activities include:

- ▶ Preparing an information paper entitled 'creating a green and sustainable organisation.' The purpose of the paper is to explore the key environmental issues relevant to office operations, the legislative and policy context and steps required to develop an environment management system. The steps required include creation of an environmental policy, governance, strategies for implementation and reporting mechanisms.
- ▶ Establishment of Environmental Management Committees and the Jurisdiction Services Green Group.
- ▶ Promoting 'green issues' through flyers posted in communal building areas such as lift wells, staff areas and intranet pages.
- ▶ Promoting events, such as 'Earth Hour' and 'Ride to Work Day'.
- ▶ Reviewing and replacement of building plant equipment with energy efficient alternatives.
- ▶ Reviewing induction programs to include environmental information for new staff.
- ▶ New commercial leases must meet green star energy rating standards to be considered.
- ▶ Engaging with the Department of Treasury and Finance in relation to its Green Building initiative.

CSV continues to be guided by 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.courts.vic.gov.au](http://www.courts.vic.gov.au) in machine-readable format.

## RISK MANAGEMENT ATTESTATION

Standing Direction 4.5.5 made under the Financial Management Act 1994 requires public sector agencies to provide a statement of attestation of compliance with the mandatory requirements of the Victorian Government Management Framework which is verified by its Audit Committee.

The Audit and Risk Portfolio Committee of CSV has considered the Statement by the Chief Executive Officer on compliance with the Victorian Government Risk Management Framework, the internal attestation process and independent assessments from Internal Audit. The Chief Executive Officer has indicated that for the 2015/16 financial year CSV has partially complied with the risk management requirements and fully complied with the insurance requirements of the Victorian Government Risk Management Framework. The Audit and Risk Portfolio Committee has assessed this attestation and has also concluded that there has been partial compliance with the risk management requirements.

CSV is in the process of reviewing and updating its risk management framework and is working towards full compliance.

On this basis I certify that CSV has partially complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Audit and Risk Portfolio Committee has verified this.



**The Hon. Marilyn Warren AC**  
Chair of the Courts Council  
Court Services Victoria  
5 October 2016

## STATEMENT OF AVAILABILITY OF OTHER INFORMATION

Under Financial Reporting Direction (FRD) 22G Standard Disclosures in the Report of Operations, CSV is required to retain the following information for the 2015-16 financial year and make it available upon request (subject to freedom of information 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, and
  - 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](mailto:feedback@courts.vic.gov.au)

## 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.

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# FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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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 Direction 4.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Court Services Victoria at 30 June 2016.

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

We authorise the attached financial statements for issue on 5 October 2016.



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

Melbourne  
5 October 2016



Kerry Osborne  
Chief Executive Officer  
Court Services Victoria

Melbourne  
5 October 2016



Lisa Wills  
Chief Finance Officer  
Court Services Victoria

Melbourne  
5 October 2016

# INDEPENDENT AUDITOR'S REPORT

## VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000

Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010

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

## INDEPENDENT AUDITOR'S REPORT

### To the Courts Council, Court Services Victoria

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 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.

#### *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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **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, I and my staff and delegates complied with all applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

#### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Court Services Victoria as at 30 June 2016 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  
6 October 2016

  
for Andrew Greaves  
Auditor-General

## COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>CONTINUING OPERATIONS</b>			
<b>Income from transactions</b>			
Output appropriations	21(a)	309,603	297,238
Special appropriations	21(b)	123,098	115,151
Grants	4(a)	21,870	35,339
Other income		3,248	1,604
<b>Total income from transactions</b>		<b>457,819</b>	<b>449,332</b>
<b>EXPENSES FROM TRANSACTIONS</b>			
Employee expenses	5(a)	264,574	251,570
Depreciation and amortisation	5(b)	30,489	30,141
Interest expense	5(c)	8,201	9,140
Grants and other transfers	5(d)	3,760	5,053
Capital asset charge	1(g)	40,612	40,600
Supplies and services	5(e)	110,655	106,655
<b>Total expenses from transactions</b>		<b>458,291</b>	<b>443,160</b>
<b>Net result from transactions (net operating balance)</b>		<b>(472)</b>	<b>6,172</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>			
Net gain/(loss) on non-financial assets	6(a)	530	(1,058)
Net gain/(loss) on financial instruments	6(b)	8	(14)
Other gains/(losses) from other economic flows	6(c)	(4,593)	(1,007)
<b>Total other economic flows included in net result</b>		<b>(4,054)</b>	<b>(2,080)</b>
<b>Net Result</b>		<b>(4,527)</b>	<b>4,092</b>
<b>OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation reserve		182,874	0
<b>Total other economic flows – other comprehensive income</b>		<b>182,874</b>	<b>0</b>
<b>Comprehensive result</b>		<b>178,347</b>	<b>4,092</b>

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

## BALANCE SHEET AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>FINANCIAL ASSETS</b>			
Cash and deposits	20	8,379	7,631
Receivables	8	64,785	61,041
<b>Total financial assets</b>		<b>73,165</b>	<b>68,672</b>
<b>NON-FINANCIAL ASSETS</b>			
Non-financial physical assets classified as held for sale	9	153	514
Property, plant and equipment	10	964,545	726,571
Intangible assets	11	25,235	31,962
Prepayments		1,736	1,202
<b>Total non-financial assets</b>		<b>991,668</b>	<b>760,250</b>
<b>Total assets</b>		<b>1,064,833</b>	<b>828,921</b>
<b>LIABILITIES</b>			
Payables	12	22,894	26,260
Borrowings	13	90,807	100,301
Provisions	14	76,555	69,689
<b>Total liabilities</b>		<b>190,256</b>	<b>196,250</b>
<b>Net assets</b>		<b>874,577</b>	<b>632,672</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)		(434)	4,092
Contributed capital		692,137	628,579
Physical asset revaluation surplus		182,874	0
<b>Net worth</b>		<b>874,577</b>	<b>632,672</b>
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 2016

	Note	Physical asset revaluation surplus	Accumulated Surplus/ (Deficit) \$'000	Contributed Capital \$'000	Total \$'000
<b>2015</b>					
<b>BALANCE AS AT 1 JULY 2014</b>					
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
<b>Balance at 30 June 2015</b>			<b>4,092</b>	<b>628,579</b>	<b>632,672</b>
<b>2016</b>					
<b>BALANCE AS AT 1 JULY 2015</b>			<b>4,092</b>	<b>628,579</b>	<b>632,672</b>
Net result for the year			(4,527)		(4,527)
Other comprehensive income		182,874			182,874
Administrative restructure – net assets received	7			53,436	53,436
Transactions with the State in its capacity as owners				10,122	10,122
<b>Balance at 30 June 2016</b>		<b>182,874</b>	<b>(434)</b>	<b>692,137</b>	<b>874,577</b>

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 2016

	Note	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from Government		430,131	412,389
Receipts from Other Entities		22,085	20,603
Goods and services tax recovered from the Australian Taxation Office		14,170	12,724
<b>Total receipts</b>		<b>466,386</b>	<b>445,716</b>
<b>PAYMENTS</b>			
Payments to suppliers and employees		(389,955)	(355,512)
Payments of grants and other transfers		(1,661)	(4,355)
Capital assets charge payments		(40,612)	(40,600)
Interest and other costs of finance paid		(8,201)	(9,140)
<b>Total payments</b>		<b>(440,429)</b>	<b>(409,608)</b>
<b>Net cash provided by/(used in) operating activities</b>	20	<b>25,957</b>	<b>36,108</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of non-financial assets		(28,275)	(23,252)
Proceed from sales of non-financial assets		2,549	2,055
<b>Net cash provided by/(used in) investing activities</b>		<b>(25,726)</b>	<b>(21,196)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Owner contributions by State Government		10,012	2,088
Cash received from activity transferred in Machinery of Government changes			1,933
Payment of borrowing and finance leases		(9,495)	(11,302)
<b>Net cash provided by/(used in) financing activities</b>		<b>517</b>	<b>(7,281)</b>
<b>Net increase (decrease) in cash held</b>		<b>748</b>	<b>7,631</b>
Cash and cash equivalents at the beginning of the financial year		7,631	0
<b>Cash and cash equivalents at the end of the financial year</b>	20	<b>8,379</b>	<b>7,631</b>

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

## 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 2016. The report provides users with information about the entity's 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 AAS paragraphs applicable to not-for-profit entities have been applied.

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

To gain a better understanding of the terminology used in these financial statements, 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 5 October 2016

### 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 revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- ▶ the fair value of land, buildings, 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)).

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 corporate 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 corporate allows the courts to operate independently of the direction of the executive branch of government and supports 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Its principal address is:

Court Services Victoria  
223 William Street  
Melbourne 3000

The financial statements include all transactions and balances arising from the controlled activities of CSV and therefore include the transactions and balances arising from the judicial, quasi-judicial and administrative functions of:

- ▶ 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.

The Judicial College of Victoria is established under separate legislation and prepares and publishes its own financial statements.

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 fines, fees and regulatory fees which are accounted for on a cash basis, the only exception being VCAT fees collected on behalf of Consumer Affairs Victoria and County Court which are recognised on an accruals basis. 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. BASIS OF CONSOLIDATION

The application of Australian Accounting Standard AASB 10 *Consolidated Financial Statements* has been assessed for the financial year ended 30 June 2016. 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 CSV.

### 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 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; and
- ▶ fair value changes of financial instruments.

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 are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if CSV does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

#### 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*.

#### 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 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 fair value of assets received free of charge or for nominal consideration.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 forms of consideration (other than superannuation which is accounted for separately) given by CSV in exchange for service rendered by employees or for the termination of employment. This includes wages and salaries, fringe benefits tax, leave entitlements, termination 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 and assets held for sale) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its 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 current and prior years.

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 because 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the interest component of finance lease repayments.

Interest expense 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 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 provided 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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
- ▶ reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfer' of assets.

### I. ADMINISTERED INCOME

#### Fines and regulatory fees

CSV does not gain control over assets arising from 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). All fines, fees and regulatory fees are accounted for on a cash basis, the only exception being VCAT fees collected on behalf of Consumer Affairs Victoria and County Court.

### 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)), trade receivables, loans and other receivables, but not statutory receivables.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

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

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

### FINANCIAL 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 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.

## K. FINANCIAL ASSETS

### CASH AND DEPOSITS

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 AND OTHER FINANCIAL ASSETS

Investments are classified in the following categories

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

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

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

### DERECOGNITION OF FINANCIAL ASSETS

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

- ▶ the rights to receive cash flows from the asset have expired; or
- ▶ 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### Non-financial physical assets classified as held for sale, including disposal group assets

Non-financial physical assets (including disposal group assets) are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- ▶ the asset is available for immediate use in the current conditions; and
- ▶ the sale is highly probable and the asset's sale is expected to be completed in 12 months from date of classification.

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

#### PROPERTY, PLANT AND EQUIPMENT

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

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 use.

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 including assets which form part of a public private partnership (PPP). 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*.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

Liabilities for wages and salaries, annual leave and sick leave are measured at nominal value.

#### 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### ON-COSTS RELATED TO EMPLOYEE EXPENSES

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.

### 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### R. PUBLIC PRIVATE PARTNERSHIP

CSV sometimes enters into certain arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either public private partnerships or service concession arrangements (SCAs).

These SCAs usually take one of two main forms. In the more common form, CSV pays the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease 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.

CSV has entered into this type of SCA for the design, construction and management of the County Court. Details of the County Court SCA can be found at Note 16.

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.

### S. ACCOUNTING FOR THE GOODS AND SERVICES 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)).

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 2016 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 2016, the following standards and interpretations that are applicable to CSV had been issued but were not mandatory for the financial year ended 30 June 2016. Standards and Interpretations that are not applicable to CSV have been omitted. CSV has not adopted these standards early.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on CSV financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	<p>The assessment has identified that the financial impact of available-for-sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>▶ The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>▶ Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1-Jan-18	<p>The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.</p> <p>Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income.</p>

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on CSV financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on CSV financial statements
AASB 2014 4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	<p>Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to:</p> <ul style="list-style-type: none"> <li>▶ establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;</li> <li>▶ prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.</li> </ul>	1-Jan-16	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]	<p>Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations.</p> <p>Amends AASB 7 Financial Instruments by including further guidance on servicing contracts.</p>	1-Jan-16	<p>The assessment has indicated that when an asset (or disposal group) is reclassified from 'held to sale' to 'held for distribution', or vice versa, the asset does not have to be reinstated in the financial statements.</p> <p>Entities will be required to disclose all types of continuing involvement the entity still has when transferring a financial asset to a third party under conditions which allow it to derecognise the asset.</p>

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on CSV financial statements
AASB 2015 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1-Jan-16	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- ▶ AASB 1057 Application of Australian Accounting Standards
- ▶ AASB 2015 2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

- ▶ AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- ▶ AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

### Notes:

1. For the current year, given the number of consequential amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.
2. This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

## NOTE 2. CONTROLLED OUTPUTS

A description of CSV outputs performed during the year ended 30 June 2016 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 to the Courts and the Tribunal, the cost of which is reflected in the Court's and Tribunal total output cost. The following schedule discloses, by jurisdiction, controlled Comprehensive Operating Statement and Balance Sheet amounts that are able to be directly attributed to the jurisdiction.

### OBJECTIVES

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

## 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.

	Supreme Court of Victoria		County Court of Victoria		Magistrates' Court of Victoria	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ADMINISTERED INCOME FROM TRANSACTIONS</b>						
Special appropriations applied	0	0	0	0	36,157	38,650
Fines	25	19	516	2,581	26,434	24,279
Sales of goods and services (including fees)	19,853	20,742	10,833	11,385	19,725	21,251
Other income	62	59	145	79	1,925	1,984
<b>Total administered income from transactions</b>	<b>19,940</b>	<b>20,820</b>	<b>11,495</b>	<b>14,046</b>	<b>84,241</b>	<b>86,164</b>
<b>ADMINISTERED EXPENSES FROM TRANSACTIONS</b>						
Payments into the Consolidated Fund	(19,853)	(21,330)	(10,833)	(11,385)	(19,687)	(21,214)
Criminal injuries compensation	0	0	0	0	(36,157)	(39,426)
Other expenses	0	0	783	(1,260)	(57)	(73)
<b>Total administered expenses from transactions</b>	<b>(19,853)</b>	<b>(21,330)</b>	<b>(10,050)</b>	<b>(12,645)</b>	<b>(55,901)</b>	<b>(60,712)</b>
<b>Total administered net result from transactions (net operating balance)</b>	<b>87</b>	<b>(510)</b>	<b>1,444</b>	<b>1,401</b>	<b>28,341</b>	<b>25,452</b>
<b>Administered other economic flows included in administered net result</b>						
Net gain/(loss) on non-financial assets	0	0	0	0	0	0
Net gain/(loss) on financial instruments	0	0	0	0	0	0
Other gains/(losses) from other economic flows	0	0	0	0	0	0
<b>Total administered other economic flows</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total administered net result</b>	<b>87</b>	<b>(510)</b>	<b>1,444</b>	<b>1,401</b>	<b>28,341</b>	<b>25,452</b>

### Note

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

## NOTE 3. ADMINISTERED (NON-CONTROLLED) ITEMS (CONTINUED)

	Children's Court of Victoria		Victorian Civil & Administrative Tribunal		Jurisdiction Services		Grand Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
	0	0	0	0	0	0	36,157	38,650
	0	0	10	0	0	56	26,986	26,936
	1	3	7,687	7,190	55	60	58,155	60,631
	0	0	0	0	783	854	2,916	2,976
	1	3	7,697	7,190	838	969	124,213	129,192
	0	0	(7,687)	(7,190)	(29,819)	(26,218) <sup>(ii)</sup>	(87,880)	(87,337)
	0	0	0	0	0	0	(36,157)	(39,426)
	0	0	0	0	(690)	(804)	36	(2,137)
	0	0	(7,687)	(7,190)	(30,509)	(27,023)	(124,001)	(128,899)
	1	3	10	0	(29,671)	(26,053)	212	293
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	1	3	10	0	(29,671)	(26,053)	212	293

## NOTE 3. ADMINISTERED (NON-CONTROLLED) ITEMS (CONTINUED)

	Supreme Court of Victoria		County Court of Victoria		Magistrates' Court of Victoria	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Administered financial assets</b>						
Cash and deposits	136	292	2,594	2,641	2,542	3,108
Receivables	177	85	2,893	2,297	942	(322)
<b>Total administered financial assets</b>	<b>313</b>	<b>377</b>	<b>5,488</b>	<b>4,937</b>	<b>3,484</b>	<b>2,786</b>
<b>Administered liabilities</b>						
Creditors and accruals	0	0	0	0	(376)	(376)
Deposits payable	(27)	(183)	(1,715)	(1,759)	(5,080)	(4,433)
Provisions	0	0	0	0	(2,500)	(2,500)
<b>Total administered liabilities</b>	<b>(27)</b>	<b>(183)</b>	<b>(1,715)</b>	<b>(1,759)</b>	<b>(7,956)</b>	<b>(7,309)</b>
<b>Total administered net assets</b>	<b>286</b>	<b>194</b>	<b>3,772</b>	<b>3,178</b>	<b>(4,472)</b>	<b>(4,523)</b>

## NOTE 3. ADMINISTERED (NON-CONTROLLED) ITEMS (CONTINUED)

	Children's Court of Victoria		Victorian Civil & Administrative Tribunal		Jurisdiction Services		Grand Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	0	0	145	84	0	0	5,418	6,125
	0	0	650	0	1,879	1,713	6,541	3,773
	0	0	795	84	1,879	1,713	11,959	9,898
	0	0	(751)	0	276	375	(850)	(1)
	0	0	607	567	(1,492)	(1,570)	(7,708)	(7,378)
	0	0	0	0	0	0	(2,500)	(2,500)
	0	0	(144)	567	(1,216)	(1,195)	(11,058)	(9,879)
	0	0	651	651	663	518	900	19

## NOTE 4. INCOME FROM TRANSACTIONS

	2016 \$'000	2015 \$'000
<b>(a) GRANTS</b>		
Other specific purpose from:		
General government outside portfolio	21,703	35,303
Other	168	36
<b>Total grants</b>	<b>21,870</b>	<b>35,339</b>
<b>(b) GRANT DETAILS</b>		
General government outside portfolio		
Department of Justice and Regulation	20,701	34,823
Department of Environment, Land, Water and Planning	133	45
Victoria Police	115	0
Victoria Legal Aid	50	0
Victorian Legal Services Board	14	0
Department of Premier and Cabinet	290	0
Department of Health and Human Services	399	435
	<b>21,703</b>	<b>35,303</b>
<b>OTHER</b>		
VMIA	100	0
Victorian Law Foundation	68	36
	<b>168</b>	<b>36</b>
<b>Total</b>	<b>21,870</b>	<b>35,339</b>

## NOTE 5. EXPENSES FROM TRANSACTIONS

	2016 \$'000	2015 \$'000
<b>(a) EMPLOYEE EXPENSES</b>		
Defined contribution superannuation expense (Note 15)	14,818	13,800
Defined benefit superannuation expense (Note 15)	2,213	2,310
Termination benefits	723	647
Salaries and wages	203,395	194,652
Leave expenses (annual leave and long service leave)	24,626	23,228
Other on-costs (fringe benefits tax, payroll tax, training and WorkCover levy)	18,799	16,933
<b>Total employee expenses</b>	<b>264,574</b>	<b>251,570</b>
<b>(b) DEPRECIATION AND AMORTISATION</b>		
Buildings	10,893	10,924
Buildings leasehold	5,723	5,723
Leasehold improvements	2,198	2,098
Plant and equipment	1,320	1,211
Leased plant and equipment	2,699	2,772
Software	7,657	7,412
<b>Total depreciation and amortisation</b>	<b>30,489</b>	<b>30,141</b>
<b>(c) INTEREST EXPENSE</b>		
Interest on finance leases <sup>(i)</sup>	8,201	9,140
<b>Total interest expense</b>	<b>8,201</b>	<b>9,140</b>
<b>(d) GRANTS AND OTHER TRANSFERS</b>		
Payments for specific purpose to:		
Judicial College of Victoria	2,099	2,157
Corrections Victoria Housing Program	167	1,139
Supreme Court Library	350	950
Other	1,144	808
<b>Total grants and other transfers</b>	<b>3,760</b>	<b>5,053</b>

## NOTE 5. EXPENSES FROM TRANSACTIONS (CONTINUED)

<b>(e) SUPPLIES AND SERVICES</b>		
Accommodation and property services	25,356	25,277
Outsourced contracts	20,579	20,030
Contractors, professional services and consultants	16,630	15,411
Printing, stationery and other office expenses	11,223	10,836
Technology services	16,309	13,331
Juror Payments	3,511	3,608
Repairs and maintenance	4,432	4,755
Deceased removals and transfer costs (Coroners Court)	4,262	3,866
Interpreter and translation services	2,445	2,296
Other	5,908	7,243
<b>Total supplies and services</b>	<b>110,655</b>	<b>106,655</b>

**Note:**

- i. Interest on finance leases comprises interest relating to the County Court Facility Public Private Partnership (PPP) arrangement of \$8.05 million (2015: \$6.8 million) and motor vehicles of \$0.15 million (2015: \$2.3 million).

## NOTE 6. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2016 \$'000	2015 \$'000
<b>(a) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS</b>		
Impairment of buildings	0	(1,528)
Net gain/(loss) on disposal of property, plant and equipment	530	470
<b>Total net gain/(loss) on non-financial assets</b>	<b>530</b>	<b>(1,058)</b>
<b>(b) NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS</b>		
Bad debts written off	8	(14)
<b>Total net gain/(loss) on financial instruments</b>	<b>8</b>	<b>(14)</b>
<b>(c) OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS</b>		
Net gain/(loss) arising from revaluation of long service leave liability	(4,593)	(1,007)
<b>Total other gains/(losses) from other economic flows</b>	<b>(4,593)</b>	<b>(1,007)</b>

## NOTE 7. RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

On 1 July 2014, Court Services Victoria commenced operations as a statutory public body under the *Court Services Act 2014*. 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.

As part of this restructure of administrative arrangements, a number of employees and other net assets were transferred from DJR to Court Services Victoria

The net assets transferred to Court Services Victoria as a result of the administrative restructure were recognised at the carrying amount of those assets in the balance sheet prior to the transfer.

The following net assets of the DJR became the net assets of CSV for the financial year 2015-16. The net assets transfer to CSV is treated as a contribution of capital by the Crown.

	Transferred from DJR 2016 \$'000	Transferred from DJR 2015 \$'000
<b>CONTROLLED</b>		
Cash	0	1,933
Receivables	0	41,183
Prepayments	0	1,305
Property, plant and equipment – carrying value	53,436	731,586
Intangible assets		35,489
<b>LIABILITIES</b>		
Employee provisions	0	[65,104]
Borrowings	0	(108,994)
Payables	0	(10,904)
<b>Controlled net assets transferred</b>	<b>53,436</b>	<b>626,494</b>
<b>Net capital contribution</b>	<b>53,436</b>	<b>626,494</b>
<b>ADMINISTERED</b>		
<b>ASSETS</b>		
Cash	0	6,801
Receivables	0	1,878
<b>LIABILITIES</b>		
Other liabilities	0	(8,956)
<b>Administered net assets transferred</b>	<b>0</b>	<b>(277)</b>
<b>Net Capital contribution</b>	<b>0</b>	<b>(277)</b>
<b>Net Capital contribution – controlled and administered</b>	<b>53,436</b>	<b>626,217</b>

## NOTE 8. RECEIVABLES

	2016 \$'000	2015 \$'000
<b>CURRENT RECEIVABLES</b>		
<b>Contractual</b>		
Other receivables <sup>(i)</sup>	4,630	2,919
Provision for doubtful contractual receivables <sup>(ii)</sup>	(4)	(11)
	<b>4,626</b>	<b>2,908</b>
<b>STATUTORY</b>		
Amounts owing from Victorian Government <sup>(iii)</sup>	54,306	52,490
GST input tax credit recoverable	1,849	1,416
	<b>56,155</b>	<b>53,905</b>
<b>Total current receivables</b>	<b>60,781</b>	<b>56,813</b>
<b>NON-CURRENT RECEIVABLES</b>		
<b>Statutory</b>		
Amounts owing from Victorian Government <sup>(iii)</sup>	4,005	4,227
<b>Total non-current receivables</b>	<b>64,785</b>	<b>61,041</b>

### Notes:

- i. The average credit period for other receivables is 30 days.
- ii. A provision 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.
- iii. The amounts owing 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 by an entity is statutory in nature, and hence not in the scope of the financial instrument standards.)

	2016 \$'000	2015 \$'000
<b>NATURE AND EXTENT OF RISK ARISING FROM CONTRACTUAL RECEIVABLES</b>		
<b>Provision for doubtful debts</b>		
Balance at beginning of the year	(11)	0
Reversal of unused provision recognised in the net result	11	0
Increase in provision recognised in the net result	(4)	(11)
Reversal of provision for receivables written off during the year as uncollectable	0	0
<b>Balance at end of the year</b>	<b>(4)</b>	<b>(11)</b>

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

	2016 \$'000	2015 \$'000
<b>(a) NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Finance lease motor vehicles held for sale <sup>(i)</sup>	153	514
<b>Total non-financial physical assets classified as held for sale</b>	<b>153</b>	<b>514</b>

**Note:**

- i. Finance lease motor vehicles held for sale represent vehicles identified for immediate disposal in their current condition through the VicFleet disposal process. It is anticipated that these disposals will be completed within the next 12 months.
- ii. Classified in accordance with the fair value hierarchy, see note 1(B)

	2016 \$'000	2015 \$'000
<b>(b) LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE INCLUDING DISPOSAL GROUPS</b>		
Finance lease vehicles liabilities	153	514
<b>Total liabilities directly associated with assets classified as held for sale</b>	<b>153</b>	<b>514</b>

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT

NON - CURRENT ASSETS  
TABLE 10.1: CLASSIFICATION BY 'PURPOSE GROUP' - CARRYING AMOUNTS

	Gross carrying amount 2016 \$'000	Gross carrying amount 2015 \$'000	Accumulated Depreciation 2016 \$'000	Accumulated Depreciation 2015 \$'000	Net carrying amount 2016 \$'000	Net carrying amount 2015 \$'000
Land at fair value <sup>(i)</sup>	343,911	163,016	0	0	343,911	163,016
Buildings at fair value <sup>(i)</sup>	365,593	315,319	(422)	(10,924)	365,171	304,395
Leasehold buildings at fair value subject to finance lease <sup>(iii)</sup>	202,099	213,545	0	(5,723)	202,099	207,822
Leasehold improvements at fair value <sup>(iii)</sup>	20,110	19,614	(4,296)	(2,098)	15,814	17,516
Plant and equipment at fair value <sup>(iii)</sup>	3,441	6,076	(719)	(406)	2,722	5,670
Plant and equipment under finance lease at fair value <sup>(iii)</sup>	12,409	11,015	(3,943)	(3,628)	8,465	7,388
Computer & telecommunication equipment at fair value <sup>(iii)</sup>	5,912	6,019	(1,624)	(805)	4,288	5,214
Cultural assets at fair value <sup>(i)</sup>	866	826	0	0	866	826
Assets under construction at cost	21,209	14,725	0	0	21,209	14,725
<b>Total property, plant and equipment</b>	<b>975,550</b>	<b>750,155</b>	<b>(11,005)</b>	<b>(23,583)</b>	<b>964,545</b>	<b>726,571</b>

### Notes:

- i. An independent revaluation of CSV land, buildings and cultural assets was performed by Valuer-General of Victoria as at 30 June 2016.
- ii Fair value of finance leasehold buildings and improvements is depreciated replacement 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.

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Land at fair value \$'000	Buildings at fair value \$'000	Buildings leasehold at fair value \$'000	Leasehold improvements at fair value \$'000	Plant and equipment at fair value <sup>(1)</sup> \$'000	Computer & communication equipment \$'000	Leased plant & equipment at fair value <sup>(1)</sup> \$'000	Cultural assets at fair value \$'000	Assets under construction at cost \$'000	Total \$'000
2016										
Opening balance	163,016	304,395	207,822	17,516	5,670	5,214	7,387	826	14,725	726,571
Additions	0	14	0	0	77	28	5,496	9	20,997	26,622
Disposals	0	0	0	0	(9)	0	(1,567)	0	0	(1,576)
Machinery of government transfer in	49,120	4,316	0	0	0	0	0	0	0	53,436
Depreciation	0	(10,893)	(5,723)	(2,198)	(500)	(819)	(2,699)	0	0	(22,833)
Revaluation of property	131,775	51,068	0	0	0	0	0	31	0	182,874
Transfer between asset classes - refer note 11	0	669	0	0	(2,516)	(135)	0	0	1,585	(396)
Transfer to disposal group held for sale	0	0	0	0	0	0	(153)	0	0	(153)
Transfer in/out of assets under construction	0	15,602	0	496	0	0	0	0	(16,098)	(0)
<b>Closing balance</b>	<b>343,911</b>	<b>365,171</b>	<b>202,099</b>	<b>15,814</b>	<b>2,722</b>	<b>4,288</b>	<b>8,465</b>	<b>866</b>	<b>21,209</b>	<b>964,545</b>

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

2015	Land at fair value \$'000	Buildings at fair value \$'000	Buildings at fair value \$'000	Buildings leasehold value \$'000	Leasehold improvements at fair value \$'000	Plant and equipment at fair value <sup>(i)</sup> \$'000	Computer & communication equipment \$'000	Leased plant & equipment at fair value <sup>(ii)</sup> \$'000	Cultural assets at fair value \$'000	Assets under construction at cost \$'000	Total \$'000
Opening balance	0	0	0	0	0	0	0	0	0	0	0
Additions	1,051	153	0	3,128	3,013	253	5,097	20	9,480	22,195	
Disposals	0	0	0	0	0	0	(1,586)	0	0	(1,586)	
Impairment of assets	0	(1,528)	0	0	0	0	0	0	0	(1,528)	
Machinery of government transfer in	161,965	316,694	213,545	16,601	2,948	5,766	8,017	806	5,245	731,587	
Depreciation	0	(10,924)	(5,723)	(2,098)	(406)	(805)	(3,628)	0	0	(23,584)	
Transfer to disposal group held for sale	0	0	0	0	0	0	(514)	0	0	(514)	
<b>Closing balance</b>	<b>163,016</b>	<b>304,395</b>	<b>207,822</b>	<b>17,516</b>	<b>5,670</b>	<b>5,214</b>	<b>7,387</b>	<b>826</b>	<b>14,725</b>	<b>726,571</b>	

**Note**

i. Plant and equipment includes computer and telecommunications equipment

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

TABLE 10.3: FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2016

2016	Carrying amount as at 30 June 2016 \$'000	Fair value measurement at end of reporting period using		
		Level 1	Level 2	Level 3 <sup>(i)</sup>
<b>LAND AT FAIR VALUE</b>				
Specialised land	343,911	0	0	343,911
<b>Total of land at fair value</b>	<b>343,911</b>	<b>0</b>	<b>0</b>	<b>343,911</b>
<b>BUILDINGS AT FAIR VALUE</b>				
Specialised buildings	244,568	0	0	244,568
Heritage assets	120,603	0	0	120,603
<b>Total of buildings at fair value</b>	<b>365,171</b>	<b>0</b>	<b>0</b>	<b>365,171</b>
<b>PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE</b>				
Plant and equipment	2,722	0	0	2,722
<b>Total of plant, equipment and vehicles at fair value</b>	<b>2,722</b>	<b>0</b>	<b>0</b>	<b>2,722</b>
<b>COMPUTER &amp; TELECOMMUNICATION EQUIPMENT AT FAIR VALUE</b>				
Computer & telecommunication equipment	4,288	0	0	4,288
<b>Total of computer &amp; telecommunication equipment at fair value</b>	<b>4,288</b>	<b>0</b>	<b>0</b>	<b>4,288</b>
<b>CULTURAL ASSETS AT FAIR VALUE</b>				
Artworks	866	0	866	0
<b>Total of cultural assets at fair value</b>	<b>866</b>	<b>0</b>	<b>866</b>	<b>0</b>

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

**Notes:**

- i. Classified in accordance with the fair hierarchy, see Note 1 (B).
- ii. CSV holds \$120.6 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.

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 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. Artwork was revalued by the Valuer-General of Victoria as at 30 June 2016.

### SPECIALISED LAND AND SPECIALISED BUILDINGS

The market approach is also used for specialised land, although this is adjusted for any 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 those restrictions are 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 for CSO are considered 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 as at 30 June 2016. The valuation was performed using the market approach adjusted for CSO.

### LEASEHOLD BUILDINGS

An independent valuation of CSV leasehold buildings was performed by the Valuer-General Victoria as at 30 June 2016. The valuation was performed using the depreciated replacement cost method.

### 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.

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

TABLE 10.4: RECONCILIATION OF LEVEL 3 FAIR VALUE

	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Plant and equipment \$'000	Computer & communication equipment \$'000	Leased plant & equipment at fair value \$'000
<b>2016</b>						
<b>Opening balance</b>	<b>163,016</b>	<b>304,395</b>	<b>826</b>	<b>5,670</b>	<b>5,214</b>	<b>7,387</b>
Purchases (sales)	49,120	4,330	9	77	28	5,496
Transfers in (out) of level 3	0	669	0	(2,516)	(135)	0
Disposal	0	0	0	(9)	0	(1,720)
Depreciation	0	(10,893)	0	(500)	(819)	(2,699)
Accumulated depreciation transferred to reduce the carrying value	0	0	0	0	0	0
Revaluation	131,775	51,068	31	0	0	0
Transfer in/out of assets under construction	0	15,602	0	0	0	0
<b>Closing balance</b>	<b>343,911</b>	<b>365,171</b>	<b>866</b>	<b>2,722</b>	<b>4,288</b>	<b>8,465</b>
<b>2015</b>						
<b>Opening balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Purchases (sales)	163,016	316,847	826	6,076	6,019	15,050
Transfers in (out) of level 3	0	0	0	0	0	0
Disposal	0	0	0	0	0	(4,035)
Depreciation	0	(10,924)	0	(406)	(805)	(3,628)
Impairment loss	0	(1,528)	0	0	0	0
<b>Closing balance</b>	<b>163,016</b>	<b>304,395</b>	<b>826</b>	<b>5,670</b>	<b>5,214</b>	<b>7,387</b>

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Details	Valuation technique	Significant unobservable inputs used in valuation	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community service obligation (CSO) adjustment	25%	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	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage buildings	Depreciated replacement cost	Useful life	2-44 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Leasehold improvements	Depreciated replacement cost	Term of lease	2-37 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life	1-10 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

## NOTE 11. INTANGIBLE ASSETS

### (A) NON-CURRENT INTANGIBLE ASSETS

	2016 \$'000	2015 \$'000
<b>Opening balance</b>	<b>39,374</b>	<b>0</b>
Additions	45	1,127
Additions to work in progress	488	0
Machinery of Government transfer in	0	35,488
Transfer between asset classes	396	0
Assets under construction at cost	0	2,759
<b>Gross value at the end of the financial year</b>	<b>40,304</b>	<b>39,374</b>
<b>Accumulated depreciation, amortisation and impairment</b>		
Opening balance	(7,412)	0
Depreciation	(7,657)	(7,412)
<b>Closing balance</b>	<b>(15,069)</b>	<b>(7,412)</b>
<b>Net book value at the end of the financial year</b>	<b>25,235</b>	<b>31,962</b>

#### 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 statements.

## NOTE 12. PAYABLES

	2016 \$'000	2015 \$'000
<b>CURRENT PAYABLES</b>		
<b>Contractual</b>		
Trade creditors and other payables <sup>(i)(ii)</sup>	16,086	17,295
Accrued capital works	453	1,974
Salaries and wages	3,635	4,546
	<b>20,175</b>	<b>23,815</b>
<b>Statutory</b>		
Payroll tax	864	849
Fringe benefits tax	813	898
Amounts payable to the Judicial College of Victoria	989	648
	<b>2,666</b>	<b>2,395</b>
<b>Total current payables</b>	<b>22,841</b>	<b>26,209</b>
<b>NON-CURRENT PAYABLES</b>		
<b>Statutory</b>		
Amounts payable to the Judicial College of Victoria	53	50
<b>Total non-current payables</b>	<b>53</b>	<b>50</b>
<b>Total payables</b>	<b>22,894</b>	<b>26,260</b>

**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 risk from contractual payables.

## NOTE 13. BORROWINGS

	2016 \$'000	2015 \$'000
<b>CURRENT BORROWINGS</b>		
Finance lease liabilities <sup>(i)</sup> (Note 16)		
PPP related finance lease liabilities	12,303	10,197
Non-PPP related finance lease liabilities	4,275	4,348
<b>Total current borrowings</b>	<b>16,579</b>	<b>14,546</b>
<b>NON-CURRENT BORROWINGS</b>		
Finance lease liabilities <sup>(i)</sup> (Note 16)		
PPP related finance lease liabilities	69,840	82,144
Non-PPP related finance lease liabilities	4,388	3,612
<b>Total non-current borrowings</b>	<b>74,228</b>	<b>85,756</b>
<b>Total borrowings</b>	<b>90,807</b>	<b>100,301</b>

**Note:**

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

**(a) MATURITY ANALYSIS OF BORROWINGS**

Please refer to Table 19.5 in Note 19 for the maturity analysis of borrowings.

**(b) DEFAULTS AND BREACHES**

During the current year there were no defaults and breaches of any of finance lease liabilities.

## NOTE 14. PROVISIONS

	2016 \$'000	2015 \$'000
<b>CURRENT PROVISIONS</b>		
<b>Employee benefits (note 14(a))<sup>(i)</sup></b>		
Annual leave (note 14(a)):		
Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	8,325	8,002
Unconditional and expected to be settled after 12 months <sup>(iii)</sup>	1,921	1,970
Long service leave (note 14(a)):		
Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	4,761	4,477
Unconditional and expected to be settled after 12 months <sup>(iii)</sup>	43,475	37,837
	<b>58,482</b>	<b>52,285</b>
<b>Provisions for on-costs (note 14(a) and (b))</b>		
Unconditional and expected to be settled within 12 months <sup>(ii)</sup>	3,468	3,484
Unconditional and expected to be settled after 12 months <sup>(iii)</sup>	5,204	4,993
	<b>8,672</b>	<b>8,477</b>
<b>Total current provisions</b>	<b>67,154</b>	<b>60,763</b>
<b>NON-CURRENT PROVISIONS</b>		
Employee benefits <sup>(i)</sup> (note 14(a))	8,396	7,958
Provisions for on-costs (note 14(a))	1,005	968
<b>Total non-current provisions</b>	<b>9,402</b>	<b>8,926</b>
<b>Total provisions</b>	<b>76,555</b>	<b>69,689</b>
<b>(a) EMPLOYEE BENEFITS AND ON-COSTS<sup>(i)</sup></b>		
<b>Current employee benefits</b>		
Annual leave entitlements	10,246	9,971
Long service leave entitlements	48,235	42,314
<b>Non-current employee benefits</b>		
Long service leave entitlements	8,396	7,958
<b>Total employee benefits</b>	<b>66,878</b>	<b>60,244</b>
Current on-costs	8,672	8,477
Non-current on-costs	1,005	968
<b>Total on-costs</b>	<b>9,677</b>	<b>9,445</b>
<b>Total employee benefits and related on-costs</b>	<b>76,555</b>	<b>69,689</b>

### 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 nominal value

iii. Amounts are measured at present value

## NOTE 14. PROVISIONS (CONTINUED)

	Employee benefit on-costs 2016 \$'000	Employee benefit on-costs 2015 \$'000
<b>(b) MOVEMENT IN PROVISIONS</b>		
<b>Opening balance</b>	9,445	0
Additional provisions recognised	5,137	5,227
Machinery of Government transfer in	0	8,667
Reductions arising from payments/other sacrifices of future economic benefits	(4,905)	(4,449)
<b>Closing balance</b>	<b>9,677</b>	<b>9,445</b>
Current	8,672	8,477
Non-current	1,005	968
<b>Total</b>	<b>9,677</b>	<b>9,445</b>

## NOTE 15. SUPERANNUATION

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

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		Contribution outstanding at year end	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>DEFINED BENEFIT PLANS:</b>				
Emergency Services and State Super – revised and new	2,184	2,292	29	18
<b>DEFINED CONTRIBUTION PLANS:</b>				
VicSuper	10,419	9,895	145	83
Various other	4,197	3,791	57	31
<b>Total</b>	<b>16,800</b>	<b>15,978</b>	<b>231</b>	<b>132</b>

**Note:**

*The basis for determining the level of contributions is determined by various actuaries of the defined benefit superannuation plan.*

## 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 operation and maintenance commitments are disclosed in Note 17. The finance lease for these facilities is disclosed in the table below.

### 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 2016 \$'000	Present value of Minimum Lease payments 2016 \$'000	Minimum future lease payments 2015 \$'000	Present value of Minimum Lease payments 2015 \$'000
<b>COMMISSIONED PPP RELATED FINANCE LEASE LIABILITIES PAYABLE</b>				
Not longer than 1 year	19,325	12,303	18,253	10,197
Longer than 1 year and not longer than 5 years	70,893	54,538	72,638	51,442
Longer than 5 years	15,999	15,302	33,579	30,701
<b>OTHER FINANCE LEASE LIABILITIES PAYABLE</b>				
Not longer than 1 year	4,522	4,275	4,609	4,348
Longer than 1 year and not longer than 5 years	4,512	4,388	3,723	3,612
Longer than 5 years				
<b>Minimum future lease payments</b>	<b>115,252</b>	<b>90,807</b>	<b>132,802</b>	<b>100,301</b>
Less future finance charges	(24,445)	0	(32,501)	0
<b>Present value of minimum lease payments</b>	<b>90,807</b>	<b>90,807</b>	<b>100,301</b>	<b>100,301</b>
Included in the financial statements as:				
Current borrowings lease liabilities (note 13)		16,579		14,546
Non-current borrowings lease liabilities (note 13)		74,228		85,756
<b>Total lease liabilities</b>		<b>90,807</b>		<b>100,301</b>

## NOTE 17. COMMITMENTS FOR EXPENDITURE

	2016 \$'000	2015 \$'000
<b>(a) COMMITMENTS OTHER THAN PUBLIC PRIVATE PARTNERSHIP</b>		
Capital Expenditure	75,872	16,098
<b>Total capital expenditure commitments</b>	<b>75,872</b>	<b>16,098</b>
<b>Operating lease commitments</b>		
Accommodation leases	24,168	19,409
Other	370	409
<b>Total operating lease commitments</b>	<b>24,538</b>	<b>19,819</b>
<b>Outsourcing commitments</b>		
Security services	1,278	1,016
Records management, archival and mail services	2,800	3,548
Other	3,534	3,654
<b>Total outsourcing commitments</b>	<b>7,612</b>	<b>8,219</b>
<b>(b) COMMITMENTS UNDER PUBLIC PRIVATE PARTNERSHIP</b>		
<b>Commissioned public private partnership – operation and maintenance commitments</b>		
County Court	83,401	96,957
<b>Total – Commissioned public private partnership – operation and maintenance commitments</b>	<b>83,401</b>	<b>96,957</b>
<b>(c) COMMITMENTS PAYABLES</b>		
<b>Capital expenditure</b>		
Less than 1 year	52,255	12,645
Longer than 1 year and not longer than 5 years	23,617	3,453
<b>Total capital expenditure commitments</b>	<b>75,872</b>	<b>16,098</b>
<b>Operating lease commitments</b>		
Less than 1 year	8,159	6,565
Longer than 1 year and not longer than 5 years	16,379	13,253
<b>Total operating lease commitments</b>	<b>24,538</b>	<b>19,819</b>
<b>Outsourcing commitments</b>		
Less than 1 year	4,747	3,670
Longer than 1 year and not longer than 5 years	2,850	4,518
Longer than 5 years	16	31
<b>Total outsourcing commitments</b>	<b>7,612</b>	<b>8,219</b>

## NOTE 17. COMMITMENTS FOR EXPENDITURE(CONTINUED)

	2016 \$'000	2015 \$'000
<b>Public private partnership – operation and maintenance commitments</b>		
Less than 1 year	13,651	13,556
Longer than 1 year and not longer than 5 years	55,594	55,194
Longer than 5 years	14,156	28,207
<b>Total outsourcing commitments</b>	<b>83,401</b>	<b>96,957</b>

**Note:**

*These figures are inclusive of GST.*

## NOTE 18. CONTINGENT LIABILITIES

	2016 \$'000	2015 \$'000
<b>Contingent liabilities</b>		
Liabilities pending the outcome of legal action	400	463
Make good provision <sup>(i)</sup>	570	165
<b>Total contingent liabilities</b>	<b>970</b>	<b>628</b>

**Note:**

*i. Provision for various leased properties that CSV need to make good at the end of the lease term.*

## NOTE 19. FINANCIAL INSTRUMENTS

### (a) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

CSV principal financial instruments comprise of:

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

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

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

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

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 CSV Finance Committee

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

2016	Note	Contractual financial assets – receivables and cash (\$'000)	Contractual financial liabilities amortised cost (\$'000)	Total (\$'000)
<b>CONTRACTUAL FINANCIAL ASSETS</b>				
Cash and deposits/(overdrawn)	20	(1,519)	0	(1,519)
Funds held in trust	20	9,898	0	9,898
Receivable				
– Other receivables	8	4,626	0	4,626
		<b>13,005</b>	<b>0</b>	<b>13,005</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>				
Payable:				
– Trade creditors and other payables	12	0	16,086	16,086
– Accrued capital works		0	453	453
– Salary and wages		0	3,635	3,635
Borrowings:				
– PPP related Finance lease liabilities	13	0	82,144	82,144
– Non PPP related Finance lease liabilities		0	8,663	8,663
<b>Total contractual financial liabilities</b>			<b>110,982</b>	<b>110,982</b>

## NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

TABLE 19.1: CATEGORISATION OF FINANCIAL INSTRUMENTS

2015	Note	Contractual financial assets – receivables and cash (\$'000)	Contractual financial liabilities amortised cost (\$'000)	Total (\$'000)
<b>CONTRACTUAL FINANCIAL ASSETS</b>				
Cash and deposits/(overdrawn)	20	(1,466)	0	(1,466)
Funds held in trust	20	9,097	0	9,097
Receivable				
– Other receivables	8	2,908	0	2,908
		<b>10,539</b>	<b>0</b>	<b>10,539</b>
<b>CONTRACTUAL FINANCIAL LIABILITIES</b>				
Payable:				
– Trade creditors and other payables	12	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	13	0	92,341	92,341
– Non PPP related Finance lease liabilities		0	7,960	7,960
<b>Total contractual financial liabilities</b>		<b>0</b>	<b>124,116</b>	<b>124,116</b>

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

	Total expense 2016 (\$'000)	Total expense 2015 (\$'000)
Contractual financial liabilities under the Public Private Partnership (PPP) arrangement for the County Court Facility	(8,055)	(6,800)
Contractual financial liabilities for Vic Fleet	(146)	(2,340)
<b>Total</b>	<b>(8,201)</b>	<b>(9,140)</b>

## NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

### (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)
<b>2016</b>				
Cash and deposits/(overdrawn)	0	(1,519)	0	(1,519)
Funds held in Trust	0	0	9,898	9,898
Other receivables	0	4,437	189	4,626
<b>Total contractual financial assets</b>	<b>0</b>	<b>2,918</b>	<b>10,087</b>	<b>13,005</b>
<b>2015</b>				
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
<b>Total contractual financial assets</b>	<b>0</b>	<b>(316)</b>	<b>10,855</b>	<b>10,539</b>

**Note:**

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

## NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

### 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 of contractual financial assets that are past due but not impaired.

### 19.4: AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

	Carrying amount (\$'000)	Not past due and not impaired (\$'000)	Past due but not impaired		
			Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)
<b>2016</b>					
<b>RECEIVABLES</b>					
Other receivables	4,626	3,181	1,438	3	5
<b>Total contractual financial assets</b>	<b>4,626</b>	<b>3,181</b>	<b>1,438</b>	<b>3</b>	<b>5</b>
<b>2015</b>					
<b>RECEIVABLES</b>					
Other receivables	2,908	2,202	14	206	486
<b>Total contractual financial assets</b>	<b>2,908</b>	<b>2,202</b>	<b>14</b>	<b>206</b>	<b>486</b>

### (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.

## NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

TABLE 19.5: MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

	Carrying amount (\$'000)	Nominal Amount (\$'000)	Maturity dates				
			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)
<b>2016</b>							
<b>CONTRACTUAL PAYABLES</b>							
Other trade and payables	16,086	16,086	16,086	0	0	0	0
Accrued capital works	453	453	453	0	0	0	0
Accrued salaries	3,635	3,635	3,635	0	0	0	0
<b>BORROWINGS</b>							
PPP Finance lease liabilities	82,144	106,217	1,594	4,926	12,806	70,893	15,999
Other finance lease liabilities payable	8,663	9,034	1,091	581	2,850	4,512	0
<b>Total</b>	<b>110,982</b>	<b>135,427</b>	<b>22,860</b>	<b>5,507</b>	<b>15,656</b>	<b>75,405</b>	<b>15,999</b>
<b>2015</b>							
<b>CONTRACTUAL PAYABLES</b>							
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
<b>BORROWINGS</b>							
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
<b>Total</b>	<b>124,116</b>	<b>156,617</b>	<b>25,074</b>	<b>4,921</b>	<b>16,625</b>	<b>76,419</b>	<b>33,579</b>

## NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

CSV currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature.

#### Financial assets

- ▶ Cash and deposits
- ▶ Other receivables

#### Financial liabilities

- ▶ For supplies and services
- ▶ Amounts payable to government agencies
- ▶ Other payables

## NOTE 20. CASH FLOW INFORMATION

	2016 \$'000	2015 \$'000
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash <sup>(i)</sup>	(1,519)	(1,466)
Funds held in trust <sup>(ii)</sup>	9,898	9,097
<b>Balance as per cash flow statement</b>	<b>8,379</b>	<b>7,631</b>

**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 are not used for operating purposes. Details of trust account balances can be found at note 23(a)

At 30 June 2016, cash at bank included an amount of unrepresented cheques of \$1.2 million.  
(2015: \$1.03 million)

### RECONCILIATION OF NET RESULT FOR THE PERIOD

	2016 \$'000	2015 \$'000
<b>RECONCILIATION OF NET RESULT FOR THE PERIOD</b>		
Net result for the period	(4,527)	4,092
<b>Non-cash movements:</b>		
(Gain)/loss on sale or disposal of non-current assets	530	(470)
Depreciation and amortisation of non-current assets	30,489	30,141
Impairment of non-current assets	0	1,528
Allowance for doubtful debts	(8)	14
Resources provided free of charge	250	0
<b>Change in net assets and liabilities</b>		
Decrease / (increase) in receivables	(3,745)	(18,457)
Decrease / (increase) in prepayments	(534)	103
Increase / (decrease) in payables	(3,366)	14,575
Increase / (decrease) in provisions	6,867	4,582
<b>Net cash from operating activities</b>	<b>25,957</b>	<b>36,108</b>

## 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 APPROPRIATIONS

	Appropriation Act		Financial Management Act 1994										Variance			
	Annual Appropriation		Advance from Treasurer		Section 29		Section 31A		Section 32		Total Parliamentary Authority		Appropriations Applied			
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	
Controlled																
Provision of outputs	247,632	234,137	991	2,009	66,437	68,602	(420)	(2,707)	4,803	0	319,443	302,041	309,603	297,238	9,840 <sup>iii</sup>	4,803
Additions to net assets	23,597	2,528	4,400	55	0	0	420	2,707	5,235	0	33,652	5,290	7,781	55	25,871 <sup>iii</sup>	5,235
	271,229	236,665	5,391	2,064	66,437	68,602	0	0	10,038	0	353,094	307,331	317,384	297,293	35,711	10,038

#### Note

- Variances relate to a number of programs such as ending violence against women and children and IT projects, whereby funds have been carried forward into the 2016/17 financial year for completion.
- CSV authority was \$33.7 million whereby only \$7.8 million was drawn down as accumulated capital funds were used.

## NOTE 21. SUMMARY OF COMPLIANCE WITH ANNUAL PARLIAMENTARY AND SPECIAL APPROPRIATIONS (CONTINUED)

### (b) SUMMARY OF COMPLIANCE WITH SPECIAL APPROPRIATIONS

Authority	Purpose	2016 \$'000	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	20,430	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	7,220	6,626
3 County Court Act 1958 (No. 6230/1958) s.10 (7)	Remuneration to Judges of the County Court of Victoria	29,279	26,724
4 Victims of Crime Assistance Act 1996 (No. 81/1996), s.69	Operating costs of the Victims of Crime Assistance Tribunal	2,698	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	48,227	45,330
6 Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA	Remuneration to Members of the Victorian Civil and Administrative Tribunal	15,244	14,689
7 Juries Act 2000 (No. 53/2000), s.59	Compensation to jurors from the WorkCover Authority Fund under the Accident Compensation Act 1985	0	3
		<b>123,098</b>	<b>115,151</b>
8 Constitution Act 1975 (No. 8750/1975), s.82 (7)	Capital component of remuneration to Judges of the Supreme Court of Victoria.	398	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	102	115
10 County Court Act 1958 (No. 6230/1958) s.10 (7)	Capital component of remuneration to Judges of the County Court of Victoria	577	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	991	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	163	4
		<b>2,231</b>	<b>2,085</b>
13 Administered Special Appropriations Applied Victims of Crime Assistance Act 1996 (No. 81/1996), s.69	Costs incurred by the Victims of Crime Assistance Tribunal and payments to victims of crime	36,157	38,650
		<b>36,157</b>	<b>38,650</b>

## 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:

	2016 \$'000	2015 \$'000
<b>User charges, or sales of goods and services</b>		
Court fees and retail of courts data	66,437	68,602
<b>Total annotated income agreements</b>	<b>66,437</b>	<b>68,602</b>

## NOTE 23. TRUST ACCOUNT BALANCES

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

2016	Opening balance as at 1 July 2015 \$'000	Total receipts \$'0000	Total payments \$'000	Closing balance as at 30 June 2016 \$'000
	<b>Cash and cash equivalents and investments</b>			
<b>CONTROLLED TRUSTS</b>				
<b>Treasury Trust Fund</b>				
- <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
- Working account for CSV	9,097	9,437	10,391	8,143
<b>Vehicle Lease Trust Account</b>				
- <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
- Working account for the sale of VicFleet motor vehicles	0	556	556	0
<b>Victorian Civil and Administrative Tribunal Trust Account</b>				
- <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
- Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes.	0	18,553	16,797	1,755
<b>Total controlled trusts</b>	<b>9,097</b>	<b>28,546</b>	<b>27,745</b>	<b>9,898</b>

## NOTE 23. TRUST ACCOUNT BALANCES (CONTINUED)

2016	Opening balance as at 1 July 2015 \$'000	Total receipts \$'0000	Total payments \$'000	Closing balance as at 30 June 2016 \$'000
	<b>ADMINISTERED TRUSTS</b>			
<b>Courtlink Trust Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the Magistrates Courts' court orders				
	507	44,421	43,685	1,243
<b>Suspense Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for CSV				
	565	53	62	556
<b>Public Service Commuter Club</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the Public Service Commuter Club				
	(348)	782	679	(245)
<b>Revenue Suspense</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the allocation of revenue				
	0	0	0	0
<b>Treasury Trust Fund</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for CSV				
	517	346	1	862
<b>Security Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Holds monies as security for good behaviour				
	45	24	0	69
<b>Victorian Civil and Administrative Tribunal Trust Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes.				
	0	650	0	650
<b>Total administered trusts</b>	<b>1,286</b>	<b>46,276</b>	<b>44,427</b>	<b>3,135</b>

## NOTE 23. TRUST ACCOUNT BALANCES (CONTINUED)

2015	Opening balance as at 1 July 2014 \$'000	Total receipts \$'0000	Total payments \$'000	Closing balance as at 30 June 2015 \$'000
	<b>Cash and cash equivalents and investments</b>			
<b>CONTROLLED TRUSTS</b>				
<b>Treasury Trust Fund</b>				
- <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
- Working account for CSV	0	19,759	10,662	9,097
<b>Vehicle Lease Trust Account</b>				
- <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
- Working account for the sale of VicFleet motor vehicles	0	527	527	0
<b>Victorian Civil and Administrative Tribunal Trust Account</b>				
- <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
- Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes	0	18,414	18,414	0
<b>Total controlled trusts</b>	<b>0</b>	<b>38,701</b>	<b>29,604</b>	<b>9,097</b>

## NOTE 23. TRUST ACCOUNT BALANCES (CONTINUED)

2015	Opening balance as at 1 July 2014 \$'000	Total receipts \$'0000	Total payments \$'000	Closing balance as at 30 June 2015 \$'000
	<b>ADMINISTERED TRUSTS</b>			
<b>Courtlink Trust Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the Magistrates Courts' court orders				
	0	41,672	41,166	507
<b>Suspense Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for CSV				
	0	599	33	565
<b>Public Service Commuter Club</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the Public Service Commuter Club				
	0	851	1,199	(348)
<b>Revenue Suspense</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for the allocation of revenue				
	0	0	0	0
<b>Treasury Trust Fund</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Working account for CSV				
	0	517	0	517
<b>Security Account</b>				
– <i>Financial Management Act 1994</i> (No. 18/1994), Part 4				
– Holds monies as security for good behaviour				
	0	45	0	45
<b>Total administered trusts</b>	<b>0</b>	<b>43,684</b>	<b>42,398</b>	<b>1,286</b>

**Note:**

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

## NOTE 23. TRUST ACCOUNT BALANCES (CONTINUED)

### 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.

	2016 \$'000	2015 \$'000
<b>COURTS</b>		
Bail Monies	3,834	1,725
Court Infant Investment Accounts	21	21
Crimes Compensation Infant Investment Accounts	496	1,077
Assets under management by the Senior Master of the Supreme Court (Funds in Court)	1,628,290	1,607,914
<b>Total</b>	<b>1,632,640</b>	<b>1,610,737</b>

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 PERSON

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.

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

### RESPONSIBLE MINISTER

Attorney-General The Hon. Martin Pakula MP	1 July 2015 to 30 June 2016
Acting Attorney-General The Hon. Jill Hennessy, MP	23 September 2015 to 2 October 2015
Acting Attorney-General The Hon. Jane Garrett, MP	24 December 2015 to 10 January 2016

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### ACCOUNTABLE OFFICER

Chief Executive Officer Kerry Osborne	16 November 2015 to 30 June 2016
Acting Chief Executive Officer Michael Carroll	6 August 2015 to 15 November 2015
Chief Executive Officer Alan Clayton	1 July 2015 to 5 August 2015

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### CHAIR OF THE COURTS COUNCIL

The Hon. Chief Justice Marilyn Warren AC	1 July 2015 to 30 June 2016
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### ACCOUNTABLE OFFICER

The Honourable Chief Justice Marilyn Warren AC	1 July 2015 to 30 June 2016
The Honourable Justice Gregory Garde AO RFD	1 July 2015 to 30 June 2016
His Honour Chief Judge Peter Kidd	28 September 2015 to 30 June 2016
His Honour Acting Chief Judge Michael McInerney	1 July 2015 to 27 September 2015
His Honour Chief Magistrate Peter Lauritsen	1 July 2015 to 30 June 2016
Her Honour Judge Amanda Chambers	1 July 2015 to 30 June 2016
Her Honour Judge Sara Hinchey	15 December 2015 to 30 June 2016
His Honour Judge Ian Gray	1 July 2015 to 14 December 2015
Dr Philip Williams	1 July 2015 to 30 June 2016

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## NOTE 24. RESPONSIBLE PERSON (CONTINUED)

### REMUNERATION

	2016 No.	2015 No.
\$40,000-\$49,999	1	0
\$110,000-\$119,999	1	0
\$250,000- \$259,999	1	0
\$340,000- \$349,999	0	1
Total	3	1

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 2016 No.	Base Remuneration 2016 No.	Total Remuneration 2015 No.	Base Remuneration 2015 No.
\$100 000 – 109,999	0	0	0	1
\$140 000 – 149 999	0	0	1	1
\$150 000 – 159 999	0	0	0	1
\$160 000 – 169 999	1	1	2	1
\$170 000 – 179 999	1	1	1	0
\$180 000 – 189 999	1	3	1	2
\$190 000 – 199 999	1	1	1	0
\$200 000 – 209 999	1	0	0	1
\$210 000 – 219 999	2	1	1	0
\$250 000 – 259 999	0	0	2	2
\$260 000 – 269 999	0	1	0	1
\$270 000 – 279 999	1	0	1	0
\$290 000 – 299 999	1	1	0	0
<b>Total number of executives</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
<b>Total annualised employee equivalents <sup>(i)</sup></b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total amount</b>	<b>1,918</b>	<b>1,871</b>	<b>2,024</b>	<b>1,922</b>

#### 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 Courts 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. (2015: nil)

## NOTE 26. REMUNERATION OF AUDITORS

	2016 \$'000	2015 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	209	165
	<u>209</u>	<u>165</u>

## NOTE 27. GLOSSARY OR TERMS AND STYLE CONVENTIONS

### ADMINISTERED ITEM

Administered item generally refers to a entity lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefits.

### 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 non interest bearing advances from government that are acquired for policy purposes.

### COMPREHENSIVE RESULT

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

### CONTROLLED ITEM

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

### CAPITAL ASSET CHARGE

A charge levied on the written down value of controlled non current physical assets in CSV balance sheet which aims to: attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to departments to identify and dispose of underutilised or surplus assets in a timely manner.

### COMMITMENTS

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

### 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.

## NOTE 27. GLOSSARY OR TERMS AND STYLE CONVENTIONS (CONTINUED)

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

**FINANCIAL STATEMENTS**

A complete set of financial statements 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.

## NOTE 27. GLOSSARY OR TERMS AND STYLE CONVENTIONS (CONTINUED)

### 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.

### OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

It includes:

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

### 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

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.

## NOTE 27. GLOSSARY OR TERMS AND STYLE CONVENTIONS (CONTINUED)

### 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
200x-0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2015 *16 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of CSV annual report.

## APPENDIX 1

### COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Variance Note	Original Budget 2016 (\$ million)	Actual 2016 (\$ million)	Variance (\$ million)
<b>CONTINUING OPERATIONS</b>				
<b>Income from transactions</b>				
Output appropriations		311.8	309.6	(2.2)
Special appropriations	1	137.7	123.1	(14.6)
Grants	2	16.6	21.9	5.3
Other income		0	3.2	3.2
<b>Total income from transactions</b>		<b>466.1</b>	<b>457.8</b>	<b>(8.3)</b>
<b>EXPENSES FROM TRANSACTIONS</b>				
Employee expenses	3	279.9	264.6	(15.3)
Depreciation and amortisation		31.2	30.5	(0.7)
Interest expense	4	11.4	8.2	(3.2)
Grants and other transfers	5	0.3	3.8	3.5
Capital asset charge		40.6	40.6	0.0
Supplies and services		0	110.7	110.7
Other operating expenses	6	102.7	0	(102.7)
<b>Total expenses from transactions</b>		<b>466.1</b>	<b>458.3</b>	<b>(7.8)</b>
<b>Net result from transactions (net operating balance)</b>		<b>0</b>	<b>(0.5)</b>	<b>(0.5)</b>
<b>OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT</b>				
Net gain/(loss) on non-financial assets		0	0.5	0.5
Net gain/(loss) on financial instruments		0	0.0	0.0
Other gains/(losses) from other economic flows	7	0	(4.6)	(4.6)
<b>Total other economic flows included in net result</b>		<b>0</b>	<b>(4.1)</b>	<b>(4.1)</b>
<b>Net Result</b>		<b>0</b>	<b>(4.5)</b>	<b>(4.5)</b>
<b>OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified to net result				
Changes in physical asset revaluation reserve	8	0	182.9	182.9
<b>Total other economic flows - other comprehensive income</b>		<b>0</b>	<b>182.9</b>	<b>182.9</b>
<b>Comprehensive result</b>		<b>0</b>	<b>178.3</b>	<b>178.3</b>

## APPENDIX 1 (CONTINUED)

### BALANCE SHEET AS AT 30 JUNE 2016

	Variance Note	Original Budget 2016 (\$ million)	Actual 2016 (\$ million)	Variance (\$ million)
<b>FINANCIAL ASSETS</b>				
Cash and deposits	9	1.7	8.4	6.7
Receivables	10	67.6	64.8	(2.8)
<b>Total financial assets</b>		<b>69.3</b>	<b>73.2</b>	<b>3.9</b>
<b>NON-FINANCIAL ASSETS</b>				
Non-financial physical assets classified as held for sale		0	0.2	0.2
Property, plant and equipment	11	843.6	964.5	120.9
Intangible assets		21.5	25.2	3.7
Prepayments		0	1.7	1.7
<b>Total non-financial assets</b>		<b>865.1</b>	<b>991.7</b>	<b>126.6</b>
<b>Total assets</b>		<b>934.4</b>	<b>1,064.8</b>	<b>130.4</b>
<b>LIABILITIES</b>				
Payables	12	12.1	22.9	10.8
Borrowings	13	99.9	90.8	(9.1)
Provisions	14	62.8	76.6	13.8
<b>Total liabilities</b>		<b>174.8</b>	<b>190.3</b>	<b>15.5</b>
<b>Net assets</b>		<b>759.6</b>	<b>874.6</b>	<b>115.0</b>
<b>EQUITY</b>				
Accumulated surplus/(deficit)		0	(0.4)	(0.4)
Physical asset revaluation surplus		0	692.1	692.1
Contributed capital	11	759.5	182.9	(576.6)
<b>Net worth</b>		<b>759.5</b>	<b>874.6</b>	<b>115.1</b>

## APPENDIX 1 (CONTINUED)

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Physical Asset Revaluation Surplus (\$ million)	Accumulated Surplus/ [Deficit] (\$ million)	Contributions by owner (\$ million)	Total (\$ million)
<b>ORIGINAL BUDGET</b>				
Opening balance	0	0	710.4	(710)
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	47.60	(48)
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	0	0
<b>Balance at 30 June 2016</b>	<b>0</b>	<b>0</b>	<b>758.0</b>	<b>(758)</b>
<b>ACTUALS</b>				
Balance as at 1 July 2015	0	4.1	628.6	(633)
Net result for the year	0	(4.5)	0	5
Other comprehensive income for the year	182.9	0	0	(183)
Transactions with the State in its capacity as owners	0	0	0	0
Administrative restructure - net assets received	0	0	53.4	(53)
Transactions with owners in their capacity as owners	0	0	10.1	(10)
<b>Balance at 30 June 2016</b>	<b>182.9</b>	<b>(0.4)</b>	<b>692.1</b>	<b>(874.6)</b>
<b>VARIANCE TO BUDGET</b>				
Balance as at 1 July 2014	0	4.1	(81.8)	78
Net result for the year	0	(4.5)	0	5
Other comprehensive income for the year	182.9	0	0	(183)
Transactions with the State in its capacity as owners	0	0	(47.6)	48
Administrative restructure - net assets received	0	0	53.4	(53)
Transactions with owners in their capacity as owners	0	0	10.1	(10)
	<b>182.9</b>	<b>(0.4)</b>	<b>(65.9)</b>	<b>(116.6)</b>

## APPENDIX 1 (CONTINUED)

### CASH FLOW FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Variance Note	Original Budget 2016 (\$ million)	Actual 2016 (\$ million)	Variance (\$ million)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>RECEIPTS</b>				
Receipts from Government	15	428.8	430.1	1.3
Receipts from Other Entities		16.6	22.1	5.5
Goods and services tax recovered from the ATO		0	14.2	14.2
<b>Total receipts</b>		<b>445.4</b>	<b>466.4</b>	<b>21.0</b>
<b>PAYMENTS</b>				
Payments to suppliers and employees	16	(382.5)	(390.0)	(7.5)
Payments of grants and other transfers		(0.3)	(1.7)	(1.4)
Capital assets charge payments		(40.6)	(40.6)	(0.0)
Interest and other costs of finance paid		(11.4)	(8.2)	3.2
<b>Total payments</b>		<b>(434.8)</b>	<b>(440.4)</b>	<b>(5.6)</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>10.6</b>	<b>26.0</b>	<b>15.4</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of non-financial assets	17	(53.4)	(28.3)	25.1
Proceed sales of non-financial assets		0	2.5	2.5
Net investment		0	0	0
<b>Net cash provided by/(used in) investing activities</b>		<b>(53.4)</b>	<b>(25.7)</b>	<b>27.7</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Owner contributions by State Government		47.6	10.0	(37.6)
Cash received from activity transferred in MoG changes		0	0	0
Repayment of borrowing and finance leases	18	(4.8)	(9.5)	(4.7)
Net borrowings				
<b>Net cash provided by/(used in) financing activities</b>		<b>(0.1)</b>	<b>0</b>	<b>0.1</b>
<b>Net increase (decrease) in cash held</b>		<b>42.7</b>	<b>0.5</b>	<b>(42.2)</b>
<b>Net increase (decrease) in cash held</b>		<b>0</b>	<b>0.7</b>	<b>(7.6)</b>
Cash and cash equivalents at the beginning of the financial year		1.70	7.6	0
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1.70</b>	<b>8.4</b>	<b>0</b>

## APPENDIX 1 (CONTINUED)

### ADMINISTERED (NON-CONTROLLED) ITEMS

	Variance Note	Original Budget 2016 \$'million	Actual 2016 \$'million	Variance \$'million
<b>Administered income from transactions</b>				
Special appropriations applied	19	61.6	36.2	(25.4)
Fines	20	0	27.0	27.0
Sales of goods and services (including fees)		57.1	58.2	1.1
Other income		20.9	2.9	(18.0)
<b>Total administered income from transactions</b>		<b>139.6</b>	<b>124.2</b>	<b>(15.4)</b>
<b>Administered expenses from transactions</b>				
Payments into the Consolidated Fund	21	78.0	87.9	9.9
Criminal injuries compensation		0	36.2	36.2
Other expenses		0	(0.0)	(0.0)
Grants and other transfer		58.1	0	(58.1)
Expenses on behalf of the State		3.5	0	(3.5)
<b>Total administered expenses from transactions</b>		<b>139.6</b>	<b>124.0</b>	<b>(15.6)</b>
<b>Total administered net result from transactions (net operating balance)</b>		<b>0</b>	<b>0.2</b>	<b>0.2</b>
<b>Administered other economic flows</b>				
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
<b>Total administered other economic flows</b>		<b>0</b>	<b>0</b>	<b>0.2</b>
<b>Total administered comprehensive result</b>		<b>0</b>	<b>0.2</b>	<b>0.4</b>
<b>Administered financial assets</b>				
Cash and deposits		6.8	5.4	(1.4)
Receivables		0	6.5	6.5
<b>Total administered financial assets</b>		<b>6.8</b>	<b>12.0</b>	<b>5.2</b>
<b>Administered liabilities</b>				
Creditors and accruals		0	0.9	0.9
Deposits payable		7.2	7.7	0.5
Provisions		0.9	2.5	1.6
<b>Total administered liabilities</b>		<b>8.1</b>	<b>11.1</b>	<b>3.0</b>
<b>Total administered net assets</b>		<b>(1.3)</b>	<b>0.9</b>	<b>2.2</b>

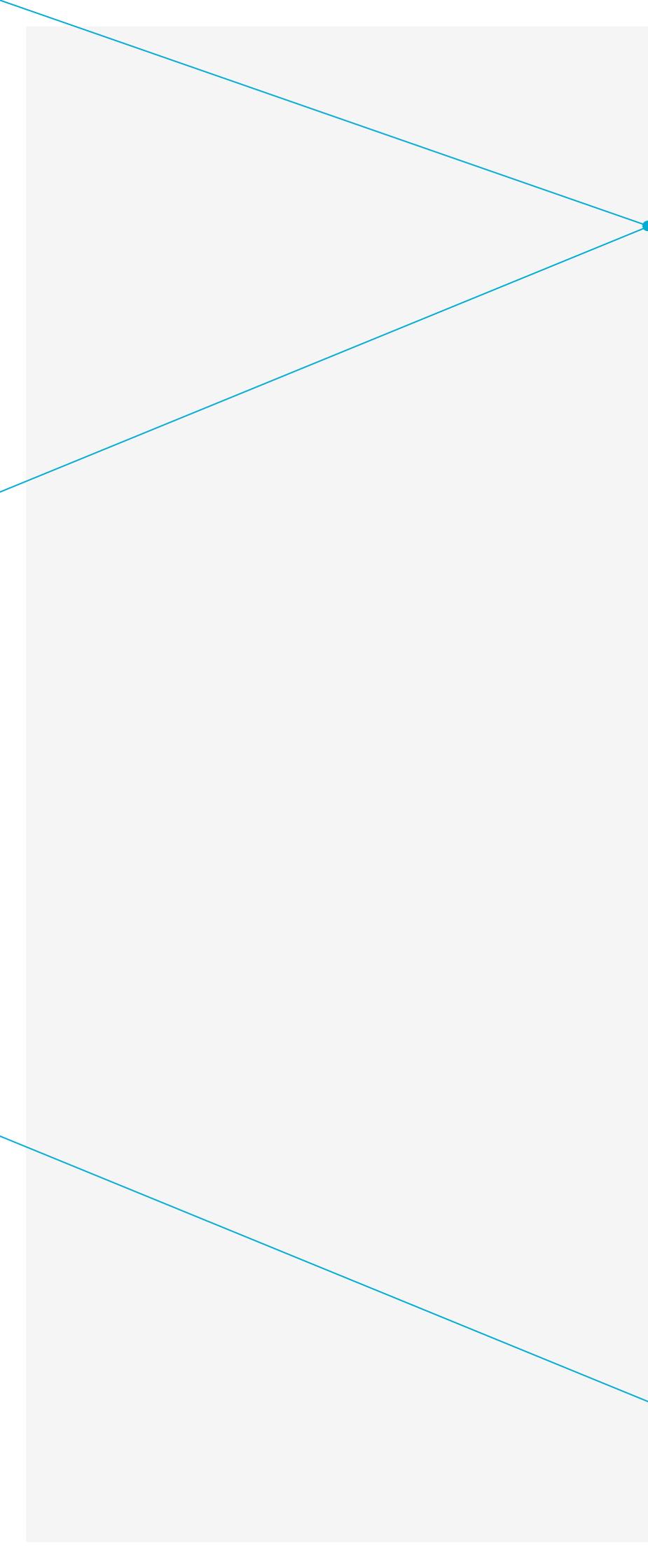
## APPENDIX 1 (CONTINUED)

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

- 1 Special appropriation budget represents the annual warrant provided to cover the salaries and entitlements of the judiciary and non-judicial members of the Victorian Civil and Administrative Tribunal (VCAT). The annual warrant is set conservatively to afford judicial salary increases, indexation of some allowances and judicial retirements.
- 2 Grants variance relates to higher fees collected for VCAT Consumer Affairs Victoria (CAV) specialist lists.
- 3 Employee expenses are lower than budget due to delays in new initiatives like Ending Violence Against Women and Children (EVAWC) and vacancy management.
- 4 Interest expense relates primarily to the finance lease interest paid for the County Court PPP contract. The interest expense has declined as the lease principal has reduced over the term of the contract.
- 5 The grants variance is materially due to statutory reporting requirements relating to appropriation revenue allocated to the Judicial College of Victoria, Corrections Victoria Housing Program, Supreme Court Library and Court Network.
- 6 The supplies and services variance is driven mainly by increased expenditure on Information Technology (IT) services and consumables.
- 7 The loss variance is due to annual revaluation of the long service leave liability (LSL). This year CSV has a higher value for unconditional LSL for employees that have completed the requisite years of service when compared to the previous financial year.
- 8 This variance is due to the 2015-16 revaluation of CSV's non-financial physical assets which are revalued every five years. The revaluation increases for the 2015-16 are \$131.7 million for land, \$51 million for buildings and \$0.031 million for cultural assets.
- 9 The cash and deposits year end balance consists mainly of deposits held for third parties.
- 10 The receivables balance represents primarily the annual appropriation revenue drawdown to the State Administration Unit (SAU), for funding that is owed from the Victorian Government for output expenses recognised by CSV as they are incurred.
- 11 The property, plant and equipment variance is mainly due to the 2015-16 revaluation of CSV's non-financial physical assets which are revalued every five years. The revaluation increased the value of property plant and equipment by \$182.9 million.
- 12 The payables balance represents accrued liabilities for creditors, salary and wages, and taxation (payroll and FBT). The original budget was revised to \$25 million to align with the expected result for the year.
- 13 The borrowing balance includes the finance lease liabilities for County Court PPP contract and the VicFleet current lease liabilities.
- 14 The higher provision balance this year is primarily due to the annual revaluation of the long service leave liability (LSL). This year CSV has a higher value for unconditional LSL for employees that have completed the requisite years of service when compared to the previous financial year. This is an increase of around \$5.9 million in current employee provisions.

## APPENDIX 1 (CONTINUED)

- 15 The receipts from government variance is due to \$1.0 million Treasurers' advance for flood damage works at Heidelberg Magistrate Court and land tax for the County Court Building and \$4.7 million from prior year carry over.
- 16 The payments to suppliers and employees variance is due to delays in implementing initiatives, the most significant are Ending Violence Against Women and Children (EVAWC) and Video Conferencing; and various other case management information systems improvements.
- 17 Purchases of non-financial assets is lower than the original budget due to delays in new asset investment initiatives, primarily the Shepparton Court Redevelopment and the expansion of the Video Conferencing network.
- 18 The repayment of borrowing and finance leases actual relates mainly to the finance lease repayments of the County Court PPP. The lease principal repayments have reduced over the term of the contract.
- 19 Special appropriation applied is for criminal injuries compensation administered by VOCAT. The volume, size and timing of payments are difficult to predict, hence the annual variance.
- 20 The Fines variance is for State receipts arising from Court Orders, particularly in relation to the Magistrate's Court.
- 21 Payments to consolidated fund are for revenue collected from court fees and fines on behalf of the Government.



**COURT SERVICES VICTORIA**

223 William Street  
Melbourne Vic 3000  
Email: [feedback@courts.vic.gov.au](mailto:feedback@courts.vic.gov.au)