



Commissioner
for Environmental
Sustainability
Victoria



Annual Report

2016–17 Commissioner for Environmental Sustainability



REPORT OF OPERATIONS

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TRADITIONAL OWNERS

The Office of the Commissioner for Environmental Sustainability proudly acknowledges Victoria's Aboriginal community and their rich culture and pays respect to their Elders past and present.

We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us.

We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

REPORT OF OPERATIONS

Abbreviations

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
CES Act	<i>Commissioner for Environmental Sustainability Act 2003</i>
CCMR	Catchment Condition and Management Report
CMA	Catchment Management Authority
CRCSI	Cooperative Research Centre for Spatial Information
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
EMS	Environmental Management Systems
EO	Executive Officer
EPA	Environment Protection Authority
FMA	Financial Management Act
FOI	Freedom of Information
FRD	Financial Reporting Directive
FTE	Full-Time Equivalent
IBAC	Independent Broad-based Anticorruption Commission
ICT	Information and Communications Technology
LSL	Long Service Leave
NCP	National Competition Policy
OCES	Office of the Commissioner for Environmental Sustainability
OCI	Other Compliance Income
OH&S	Occupational Health and Safety
PAA	<i>Public Administration Act 2004</i>
RFQ	Request for Quotation
SDGs	Sustainable Development Goals
SEEA	System for Environmental Economic Accounts
SoE	State of the Environment
SotBs	State of the Bays
VAGO	Victorian Auditor General's Office
VCMC	Victorian Catchment Management Council
VCC	Victorian Coastal Council
VIPP	Victorian Industry Participation Policy
VPSC	Victorian Public Service Commission

Responsible Body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Office of the Commissioner for Environmental Sustainability's Annual Report for the year ending 30 June 2017.

A handwritten signature in blue ink that reads "Gillian Sparkes". The signature is written in a cursive, flowing style.

Dr Gillian Sparkes
Commissioner for Environmental Sustainability

DATE: 28 September 2017

The following report of Operations has been prepared in accordance with the requirements of the Financial Management Act, Standing Directions and associated instructions, applicable Accounting Standards and Financial Directives and the Model report as applicable to the Office of the Commissioner for Environmental Sustainability.

Year in review

The *Commissioner for Environmental Sustainability Act 2003* (CES Act), through which I am appointed, contains Victoria's definition of environmentally sustainable development. It also describes the objectives of the Commissioner as "enhancing knowledge and understanding of issues relating to sustainable development, while also encouraging sound environmental practices". These are enabling features of the CES Act that provide an opportunity for discussions across government, business and the community on how we advance sustainability by considering new opportunities and through reporting activities.

In December 2015, the State and Benefit Framework (the Framework) for the 2018 Victorian State of the Environment (SoE) report was tabled in the Victorian Parliament. It is a significant guiding document that sets out how the 2018 SoE report will be developed. This year the focus of my office (OCES) has been on delivering Victoria's inaugural State of the Bays report, commencing development of the 2018 SoE report, and continuing to lead and advocate for the reforms outlined in the Framework. These reforms encourage better community participation in the science of the environment, and advocating the need for government to better apply environmental economic accounting, data analytics and citizen science to environmental management issues, including dealing with the challenges of population growth and climate change.

HIGH IMPACT ENVIRONMENTAL REPORTING – A SNAP SHOT

As Victoria's population and economy continue to grow it is more important than ever that policy makers and the general public understand the state of our natural environment and the benefits that flow from it. The Framework outlines a new approach to reporting that encourages Victoria's collective environmental monitoring and reporting efforts to be more effective, efficient and outcome focussed. Delivering better public value in our endeavour to provide the information that Victorians need to make good decisions and respond to environmental challenges, including the ongoing impacts of climate change. The focus of this new approach is:

- S** providing decision makers and the community with a fact base for policy development, advocacy and practical action;
- S** meaningful engagement and co-creation with government, scientists and other stakeholders;
- S** continuing to move towards digital reporting and developing a range of products to ensure that the data is as accessible as possible for a diverse community;
- S** developing links with educational institutions and encouraging the community to take part in exciting 'citizen science' initiatives; and
- S** focusing only on those areas where OCES has a clear legislative mandate.

MONITORING AND IMPACT

Consistent with the Framework, OCES has collaborated with the Department of Environment, Land, Water and Planning (DELWP) throughout 2016 to deliver the government's election commitment of an historic, scientific, baseline study on the health of Port Phillip Bay and Western Port. The State of the Bays (SotBs) report released this year is a synthesis of published and peer-reviewed science on the biophysical state of the two bays. The OCES approach to producing the report has highlighted strengths and weaknesses in data and data quality for 36 indicators across 50 assessments and seven marine-science themes. SotBs provides guidance on future scientific priorities and identifies the need to develop a Marine Knowledge Framework to promote a co-ordinated approach to marine science investment. It is pleasing that DELWP has now commenced working on the Marine Knowledge Framework.

The SotBs report is accessible in several forms in recognition of the needs and interests of Victoria's diverse community. Our objectives were to present information on the health of the two bays through conventional and digital means to raise awareness and enthuse the community about the wonderful marine environment of Port Phillip Bay and Western Port. With access to the extensive, curated underwater photographic collections of Museums Victoria, and supplemented with new photos from Western Port, the State of the Bays website (www.stateofthebays.vic.gov.au) was launched by the Minister for Energy, Environment and Climate Change the Hon. Lily D'Ambrosio, MP, on 10 December 2016. The comprehensive, peer-reviewed scientific baseline report, a summary report and report card are published on the OCES website <http://www.ces.vic.gov.au>. The SotBs website has been well-received, with visitation statistics comparing favourably to similar sites and the website awarded a silver medal in the 2017 GOV Design Awards, Digital - Government Services category.

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The SotBs report will scientifically align with the 2018 SoE report through the application of shared indicators. Throughout this year, OCES has also worked with the Victorian Catchment Management Council (VCMC) towards similar scientific alignment of its 2017 Catchment Condition and Management Report (CCMR) with the 2018 SoE report as outlined in the Framework. Preparation of the SotBs report was enhanced by the co-creation methodology committed to in the Framework. This method is now being employed for the 2018 SoE report and related reports to ensure alignment of scientific indicators and efficient delivery of the work program of OCES. The reporting responsibilities of OCES expanded this year to meet the needs of Government. For example, Action 7 of the Yarra Action Plan states that: “the Commissioner for Environmental Sustainability is to report on the environmental condition and benefits of the Yarra River and its parklands as part of the regular State of the Environment reporting, commencing with a baseline in the 2018 SoE”.

Accordingly, consultations with relevant stakeholders, experts and key data providers for the 2018 SoE commenced with DELWP and other agencies this year on the following:

- supply of data, analyses and interpretation ('data inventories')
- development of environmental-economic accounts
- review of draft content
- information and advice on environmental assessment, management policies, perceived current and future risks to the environment and Victorian communities
- provision of case studies.

DATA IN THE DIGITAL AGE

An important strategy in the delivery of the SotBs report was the development of a data inventory for marine science relevant to Port Phillip Bay and Western Port. With the assistance of DELWP and other agencies, OCES has now established draft data inventories for most of the scientific themes to be reported in the 2018 SoE report (refer Appendix 1).

The decision to develop data inventories through the SoE reporting process and establish a scientific legacy of the process, is an important milestone for Victoria. Such a comprehensive and enduring strategy to gathering and assessing the evidence base of environmental information in Victoria has not been undertaken by previous Commissioners. This new approach creates a scientific baseline that will be used for policy and decision making well beyond the current SoE reporting cycle.

The Framework also outlines the importance of a shift to digital in environmental reporting; a shift that makes data more accessible and reporting conclusions more transparent. This year, the SotBs data inventory compiled by DELWP continues to move towards making more data and information available to the public. In addition, OCES, DELWP and the Cooperative Research Centre for Spatial Information (CRCSI) completed a stage one project to explore the potential of a digital data enquiry tool.

This year, OCES has made significant progress in advocating the use of the UN's System of Environmental Economic Accounts (SEEA). To demonstrate how the accounts can be applied, a worked example was prepared by DELWP Climate Change division at the Commissioner's request for inclusion in the SotBs report. "[Marine and Coastal Ecosystem Accounting: Port Phillip Bay](#)", is available on our website www.ces.vic.gov.au/publications.

The Framework also includes the development of socio-economic indicators as a means to understand not just the state of our environment but the benefits we derive from it, both economically and socially. To advance SoE report preparation, OCES in partnership with the Monash Sustainable Development Institute commenced a project to develop a methodology to apply relevant UN's Sustainable Development Goals (SDG) and their targets to socio-economic indicators for the 2018 SoE report. This work is leading-edge, taking SDGs from their global perspective and applying them in a Victorian context, to assist in the development of a set of climate change adaptation indicators for Victoria. OCES is now collaborating with the DELWP Climate Change Division and the Climate Change Adaptation Plan team to produce this set of indicators and identify relevant data sets.

CONNECTING WITH OUR STAKEHOLDERS

Working with our stakeholders on our reports and delivery of the Framework, is a priority for me as Commissioner and my team. We understand that authentic engagement and participation in the work of OCES by critical stakeholders is fundamental to both delivering accurate and scientifically rigorous reports and ensuring our work is both useful and used. Once again this year, connecting with and listening to a large and diverse stakeholder group has continued to be an emphasis for OCES and a high priority for me as Commissioner.

The “Commissioner's Environmental Reporting Reference Group” (the Reference Group) has been invaluable in contributing their insights and expertise throughout the year. I am particularly grateful for the ongoing, generous and enthusiastic involvement of Reference Group members.

In addition to the Reference Group, OCES has continued with structured, formal and informal input from across government including through the Environmental Reporting Project Control Board, the Technical Advisory Group and frequent stakeholder meetings.

It is an honour to meet and share stories with fellow Victorians. This year my senior staff and I have formally participated in over 35 events. Including regional forums and visits, workshops and seminars with government and NGO/environmental organisations, key note speeches and presentations made at a broad range of environment and leadership seminars or conferences. My office has also maintained an active social media presence through channels including Facebook, Instagram and Twitter in addition to the OCES website www.ces.vic.gov.au.

The Victorian Government tracks and reports on its own office-based environmental impact. This year OCES delivered on its requirement to prepare and table a Strategic Audit of the Implementation of Environmental Management Systems (EMS) by mandated Victorian Government agencies. Restricted to a portion (office based emissions) of the overall environmental impact of government, I again took the opportunity in the audit report to recommend a review and update of Financial Reporting Directive (FRD 24C) and to better capture the impact of the operations of government in the FRD24C mandated reporting criteria.

The State of the Bays report delivered this year under the Framework, signalled a new approach to the OCES method of reporting. This higher impact approach translated to improved public value from the effort, and a stronger emphasis on providing an evidence base for policy development and practical action. The changed approach maintains the Commissioner's independence while providing reliable data and trusted insights on environmental policy.

Through implementing the reforms outlined in the Framework, OCES has increased its public value within the environmental portfolio of Victoria. As a result, my office now plays a greater role in independent environmental reporting in Victoria than ever before. With preparation of the 2018 SoE report well underway, and new reports to develop such as the State of the Yarra and its Parklands, I look forward to a busy year ahead and continuing the honour of serving the Victorian community.

I am pleased to present the 2016-17 OCES Annual Report.



Dr Gillian Sparkes

Victorian Commissioner for Environmental Sustainability

REPORT OF OPERATIONS

Performance report: Overview

Funding

OCES is funded via DELWP. Following consultation with DELWP, the OCES 2016-17 Business Plan and the projected budget was approved by the Minister for Energy, Environment and Climate Change, Hon Lily D'Ambrosio, MP, on 30 June 2016, in accordance with s.15 of the CES Act.

Funding for the State of the Yarra and its Parklands report will be provided through a specific agreement with DELWP and, in the last week of the year, the funding agreement for this work was finalised.

Annual reporting requirements from the CES Act

In describing the annual reporting requirements of the Commissioner, the CES Act, s.16 notes:

“The Commissioner must include:

- (a) a brief summary of all activities completed, commenced or conducted; and
- (b) a statement of the financial and other resources used in preparing reports under Part 3 - during the financial year in the relevant annual report of operations under Part 7 of the *Financial Management Act 1994*.”

Our mission

OCES reports on the state of Victoria's environment to help government, business and the community take practical action.

Manner of Establishment, objectives and functions of the Commissioner for Environmental Sustainability

Established by the Victorian Government in November 2003 under the *Commissioner for Environmental Sustainability Act 2003* (CES Act), the Commissioner provides an independent voice that audits and reports on environmental sustainability and the state of Victoria's environment.

The Hon. Lily D'Ambrosio, the Minister for Energy, Environment and Climate Change was the responsible Minister for the period 1 July 2016 to 30 June 2017 with the following acting appointments during the year: The Hon. Natalie Hutchins MP during the period 3 to 10 July 2016, the Hon. Martin Foley MP during the period 11 to 24 July 2016 and the Hon. Lisa Neville MP acted as Minister for Energy, Environment and Climate Change during the period 17 to 28 April 2017.

The legislative objectives of the Commissioner under the s.7 of the CES Act are to:

- report on matters relating to the condition of the natural environment of Victoria;
- encourage decision-making that facilitates ecologically sustainable development;
- enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment; and
- encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.

The Commissioner's major functions under s.8 of the CES Act are to:

- prepare a report on the state of the environment of Victoria;
- conduct annual strategic audits of, and prepare reports on, the implementation of environmental management systems by agencies and public authorities;
- audit public education programs relating to ecologically sustainable development and advise the Minister as to the effectiveness of the programs in encouraging the community to adopt ecologically sustainable development principles and practices; and
- advise the Minister in relation to any matter relating to ecologically sustainable development upon referral from the Minister.

In addition to these statutory reporting functions, the Commissioner may also publish statements and guidelines

Key projects and achievements for the year

During this reporting cycle, the Commissioner has sought to progress the objectives of s.7 of the CES Act. The objectives of the Commissioner set out in this section include “encouraging decision making that facilitates ecologically sustainable development” and “encourage sound environmental practices and procedures to be adopted by the Victorian Government”. These sections of the CES Act, in addition to the tabled framework, are considered the basis for the Commissioner’s advocacy for more contemporary environmental reporting.

The tabled framework titled “Framework for the Victorian 2018 State of the Environment Report: State and Benefit” provides a comprehensive description of the path OCES is taking to deliver the 2018 Victorian SoE.

The initiatives and key achievements for OCES in 2016-17 were:

- at the request of the Minister, prepared and issued the first baseline SotBs report, in collaboration with DELWP and other departments;
- in addition to the full printed SotBs report, based on known peer reviewed science, multiple, additional reporting products to cater for diverse audiences were produced by the OCES for the first time. They were an engaging and highly visual website utilising images from Museums Victoria, a summary report and a score card against defined environmental indicators.
- to further support the uptake by students the SotBs content was successfully mapped against the Victorian state primary and secondary school curriculum. Next steps are to prepare as content suitable for teachers;
- progressed delivery of the 2018 SoE report against key features of the framework including – alignment of other environmental reports, work on development of state-wide indicators, and identifying trends in research and policy;
- secured a two-year business plan and budget to deliver the SoE;
- improved the effectiveness of OCES by;
 - attendance at regional forums and regional visits,
 - participation in workshops and seminars with government and environmental organisations,
 - delivering keynote speeches at a broad range of environment and leadership events,
 - increasing awareness of OCES functions and reports through the website <http://www.ces.vic.gov.au/> and social media, and
 - identifying key stakeholders to facilitate complementary communication regarding OCES and its relevance within the public domain;
- commencement of a project with the Monash Sustainable Development Institute to develop a rigorous method to apply and then assign the relevant SDGs to the 2018 SoE;
- coordinated, prepared and tabled the annual Strategic Audit Report on the implementation of EMS by mandated Victorian Government agencies; and
- participate in stage one of a larger project with DELWP and the CRCSI to explore a digital data enquiry tool.

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Performance reporting: non-financial

The non-financial performance report is structured around the key activities of the office and the statutory requirements of the Commissioner under the CES Act.

The statutory requirements of OCES are;

- State of Environment (SoE) reporting, including delivery of a framework,
- auditing of the implementation of environmental management systems (EMS) by mandated government agencies,
- report on matters relating to the condition of the natural environment of Victoria,
- encourage decision-making that facilitates ecologically sustainable development,
- enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment, and
- encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.

From the 2016-17 Business Plan, the key environmental reporting deliverables for 2016-17 were:

- issuing the first five yearly SotBs report, focused on Port Phillip Bay and Western Port, by December 2016, including: scientific synthesis report, an online report that is engaging, informative and easy to use for all Victorians, incorporating imagery from Museums Victoria,
- supporting the VCMC to deliver the CCMR under the umbrella of the framework,
- progressing delivery of the 2018 SoE report as set out in the framework by taking into account and utilising the findings of the two reports above,
- preparing the Strategic Audit Report of implementation of EMS by Victorian Government agencies and public authorities, as reported through FRD 24C, by 31 January 2017,
- advancing ecologically sustainable development principles and practices by:
 - commencing development of socio-economic indicators, aligned with the UN's SDGs, for use in the 2018 SoE report;
 - considering, and collaborating with DELWP, on the use of the UN's SEEA in reporting, and the development of a strategy to incorporate into the 2018 SoE report; and
 - confirming (through DELWP) the climate adaptation indicators to be used in the 2018 SoE report to ensure they align with Victoria's Climate Change Adaptation Plan,
- facilitating a high-level leadership forum and further advocacy across the portfolio for a shift to digital reporting on the environment in Victoria, including progress toward an achievable digital report for the 2018 SoE report,
- progressing development of a catchments to coasts understanding and theme for the 2018 SoE report, in cooperation with the Victorian Coastal Council (VCC).

Output summary

As required under s.16 of the CES Act, this section sets out a summary of all activities completed, commenced or conducted during 2016-17. It reports on OCES delivery against the initiatives set out in the CES Act, in the Business Plan and budget, approved as required under s.15 of the CES Act by the responsible portfolio Minister on 30 June 2016. OCES objectives, indicators and linked outputs are tabulated below, showing the outputs against the statutory requirements and the Business Plan for 2016-17.

OCES objectives, indicators and linked outputs for 2016-17

<i>OCES objectives</i>	<i>Indicators</i>	<i>Outputs</i>
1. Report on matters relating to the condition of the natural environment of Victoria.	Progressing 2018 SoE reporting consistent with the framework and the project plan.	Issued the SotBs Report, as a scientific baseline study, on time in December 2016. Ensured OCES available for input into the CCMR and provided information to East Gippsland Coastal Management Authority (CMA) regarding alignment of the Gippsland Lakes Report.
	Progressing development of a catchments to coasts understanding and theme for the 2018 SoE report, in cooperation with the VCC.	Liaised with the VCC for the SotBs report and VCC attend Commissioner's Reference Group as members.
2. Encourage decision-making that facilitates ecologically sustainable development.	Progressing 2018 SoE reporting consistent with the framework and the project plan.	Commenced a United Nations SDGs project to be undertaken for OCES by the Monash Sustainable Development Institute.
		Collaborated with DELWP on the use of the UN's System of Environmental Economic Accounts in reporting, and development of a strategy to incorporate into the 2018 SoE report.
		Participated in DELWP processes to determine climate adaptation indicators to be used in the 2018 SoE Report to ensure they align with Victoria's Climate Change Adaptation Plan.
3. Enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment.	Provide opportunity for increased engagement leading to knowledge and understanding in the general community.	Successful engaging online SotB report launched December 2016.
		Mapped the SotBs content against Victorian primary and secondary school curriculum.
		Participated in regional forums and visits, workshops and seminars with government and NGOs, speeches and presentations at environment and leadership seminars. Maintained an active social media presence and OCES website www.ces.vic.gov.au .
	With DELWP, create a data inventory for the SotB science.	Data inventory created in the lead up to the SotBs report.

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4. Encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.	Coordination, development and tabling of the Strategic Audit Report on the EMS of mandated Victorian Government agencies. Stakeholder engagement.	Strategic Audit Report on the EMS of mandated Victorian Government agencies tabled on time and advocating a reform of FRD 24C. Multiple reporting products for different audiences produced, including highly visual website utilising images from Museums Victoria, a summary report and a score card against defined environmental indicators. Quarterly meetings of the Commissioner's Reference Group conducted.
	Encourage a shift to digital environmental reporting.	Data inventory created in the lead up to the SotBs report. Completion of a stage one project with the CRCSI to explore one possible digital data enquiry tool.

Reporting progress towards achieving departmental objectives in the report of operations

Progress against objectives

<i>OCES objectives</i>	<i>Outputs</i>	<i>Progress</i>
1. Report on matters relating to the condition of the natural environment of Victoria.	Issued the SotBs report, as a scientific baseline study, on time in December 2016.	Completed. An update is planned in 2018.
	Ensured OCES available for input into the CCMR and provided information to East Gippsland CMA regarding alignment of the State of Gippsland Lakes Report.	Ongoing: Both reports due for release in 2017.
	Liaised with the VCC for the SotBs report and VCC attend Commissioner's Reference Group as members.	Complete. VCC remain on the Reference Group.
2. Encourage decision-making that facilitates ecologically sustainable development.	Commenced a United Nations SDGs project to be undertaken for OCES with the Monash Sustainability Institute.	Phase 1 Complete. A potential phase two is under consideration.
	Collaborated with DELWP on the use of the UN's System of Environmental Economic Accounts in reporting and development of a strategy to incorporate into the 2018 SoE report.	DELWP has committed to developing a set of representative accounts for inclusion in the 2018 SoE. Inclusion of an example of applying accounts in the SotBs.
	Participated in DELWP processes to determine climate adaptation indicators to be used in the 2018 SoE report to ensure they align with Victoria's Climate Change Adaptation Plan.	Ongoing.
3. Enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment.	SotBs online resource launched December 2016.	Complete.
	Mapped the SotBs content against Victorian primary and secondary school curriculum.	Complete. Further opportunities to be explored.

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|---|---|--|
| 4. Encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development. | Data inventory created in the lead up to the SotBs report. | Complete. |
| | Strategic Audit Report on the EMS of mandated Victorian Government agencies tabled on time and advocating a reform of FRD 24C. | Complete. The report is annual and the next year's report will be released in the first quarter of 2018. |
| | Multiple reporting products for different audiences produced, including highly visual website utilising images from Museums Victoria, a summary report and a score card against defined environmental indicators. | Complete. Multiple products will be prepared for the SoE 2018. |
| | Quarterly meetings of the Commissioner's Reference Group conducted. | The Reference Group will continue as an important part of OCES stakeholder engagement. |
| | Data inventory created in the lead up to the SotBs report. | Complete. |
| Completion of a stage one project with the CRCSI to explore one possible digital data enquiry tool. | Complete. | |
-

Performance report: Financial

Budget portfolio outcomes

OCES is funded by parliamentary appropriations. The OCES budget is administered by the DELWP Environment and Climate Change division in accordance with section 15 (3) (b) of the Act and is approved each year by the Minister.

The following budget outcomes statements are not subject to audit by the Victorian Auditor-General's Office and are not prepared on the same basis as the Department's financial statements. The OCES budget is aggregated within the DELWP budget in Budget Paper 5 'Statement of Finances 2016-17' and is not shown as a separate line item.

The July 2016 to June 2017 OCES budget was \$1,300,000.

Budget July 2016 - June 2017

Budgeted Expenditure	2016-17 Budget \$	2016-17 Actual \$
Employee expenses	935,414	837,530
All other expenses	364,586	374,230
Total	1,300,000	1,211,760

Variance in actual employee costs against budget is predominantly due to delayed recruitment and unpaid leave taken during the financial year.

As described in the Service Level Agreement between DELWP and OCES, DELWP continued to provide business systems, information technology access and services, human resources and financial services support. Budget figures for employee expenses are provided by DELWP based on number and classification of staff.

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Five-year financial summary

Departmental five-year financial summary

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Total income from transactions	1,450,000	1,114,608	1,585,984	987,474	1,873,658
Total expenses from transactions	1,211,760	944,200	1,258,983	952,185	1,875,767
Non-financial assets	37,737	17,306	22,093	0	0
Financial assets	632,698	336,082	136,884	49,322	28,307
Total assets	670,435	353,388	158,977	49,322	28,307
Payables	19,497	12,309	11,434	230,048	138,873
Provisions	217,257	162,627	133,284	152,183	257,415
Borrowings	29,181	17,528	22,311	0	0
Total liabilities	265,935	192,464	382,231	396,288	397,843

Departmental current year financial review

OCES has a major report (the State of the Environment report) due every five years and Commissioners are appointed for a five-year period. The timing of this report and new demands such as the first State of the Bays report, delivered in December 2016, are the strongest influences on year to year expenditure. This is due to expansion and contraction of the office across this cycle to meet the work program demands. Reports, and therefore costs, are not evenly distributed across each year. There were no major changes that affected performance.

Financial position – balance sheet

In 2016-17, OCES net worth increased from \$160,924 in 2015-16 to \$404,500 in 2016-17 achieving a comprehensive result of a surplus of \$243,576.

Cash flows

The overall cash and cash equivalents decreased from \$304,115 to \$277,804 resulting from State of the Bays project expenses timing.

Capital projects/asset investment programs

OCES do not undertake capital projects.

Disclosure of grants and transfer payments (other than contributions by owners)

No grants were made by OCES

Subsequent events

There were no subsequent events to report.

Governance and organisational structure

Organisational structure and corporate governance arrangements

Dr Gillian Sparkes was the Commissioner for the full period.

Dr Sparkes holds a PhD in Applied Science (Chemistry), a Masters of Business Administration, and is a Fellow of the Australian Institute of Company Directors and a Victorian Fellow of the Institute of Public Administration Australia. Within the Victorian public sector, Dr Sparkes has held senior roles including:

- Chair of the Board of Sustainability Victoria;
- Deputy Secretary Corporate and Business Services for the Department of Sustainability and Environment; and
- Non-executive Director of South Gippsland Water.

Prior to this, Dr Sparkes gained three decades of experience working in industries that are at the interface of the environment and the community, including occupations in manufacturing and industrial services, waste management and water industries.

The Commissioner's governance bodies

There were three governance bodies active in 2016-17.

The **Reference Group** provides advice and support to the Commissioner (see s.9 (2) (b) of the CES Act). The Reference Group is comprised of leading members of stakeholder and advocacy groups and organisations, identified and invited by the Commissioner and approved by the Minister. The Reference Group includes representatives from:

- Wadawurrung (Registered Aboriginal Party)
- Municipal Association of Victoria
- Trust for Nature
- Victorian Catchment Management Council
- Victorian Coastal Council
- Victorian Farmers Federation
- Environmental Farmers Network
- Victorian Landcare Council
- Victorian National Parks Association
- Wilderness Society Victoria
- Environment Victoria
- Independent water industry expertise
- Clean Energy Council

The **Project Control Board**, a high-level decision making body supporting the Commissioner in delivering the 2018 SoE Report and SotBs Report, is chaired by the Commissioner and includes senior level representation from:

- DELWP (Department of Environment Land, Water and Planning: Biodiversity, Climate Change, Water & catchments, Strategy, Capability & Innovation divisions)
- EPA (Environment Protection Authority)
- VCMC (Victorian Catchment Management Council)

A **Technical Advisory Group** has also been established and includes representation from:

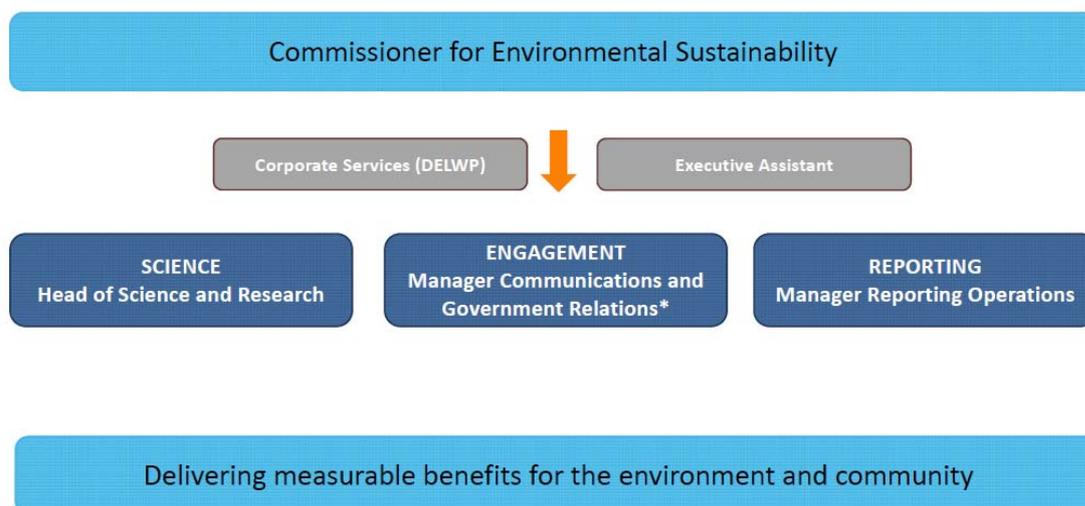
- DELWP
- EPA
- Parks Victoria
- VCC
- VCMC
- DEDJTR (Department of Economic Development, Jobs, Transport and Resources)
- Melbourne Water
- Sustainability Victoria

REPORT OF OPERATIONS

OCES governance bodies meetings

OCES Governance Body	Number of meetings 2016-2017 Financial year
Reference Group	3
Project Control Board	4
Technical Advisory Group	5

Organisation structure



* Renamed mid year to Manager Strategy and Engagement

Audit Committee membership and roles

The Audit Committee consists of the following members:

- Peter Lewinsky, Chairman (independent member);
- Helen Thornton (independent member);
- Mark Peters (independent member);

The main responsibilities of the audit committee are to:

- review and report independently to the Secretary and ministers on the annual report and all other financial information published by OCES;
- assist the Secretary and Ministers in reviewing the effectiveness of the Department's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors; and
- oversee the effective operation of the risk management framework.

Occupational health and safety

OCES is committed to ensuring that all employees, contractors and visitors are provided with the use of facilities, equipment, education and training to minimise and prevent workplace injury and illness. OCES demonstrates its commitment to occupational health and safety (OH&S) through its OH&S Policy and associated safe system of work which aligns with DELWP's OH&S policy.

OCES staff have access to a range of programs provided by DELWP. These services include training and development programs, OH&S courses, counselling services through the Employee Assistance Program and well-being programs. The use of a common framework for managing specific workplace hazards is a critical part of the office's strategy for managing health and safety.

One incident was reported in the 2016-17 period involving a trip and minor abrasions on the pavement with no lost time associated with the incident. There were no incidents in the previous financial year.

An external audit of the office environment was completed in addition to assessments made by the OH&S floor representative.

During the 2016-17 financial year, OCES continued a number of initiatives to improve the health and safety of staff including the OH&S standing agenda item at staff meetings, ergonomic assessment and safety audits to identify and address workplace risks.

Incident management

Incidents arising in OCES are addressed in the first instance by OCES management with assistance from staff. More complex or serious incidents are managed by DELWP under DELWP's policies and procedures as a service function described in the Service Level Agreement between DELWP and OCES.

Employment and conduct principles

OCES is committed to applying merit and equity principles when appointing staff. 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 collections.

Through DELWP, OCES introduced policies and practises that are consistent with the Victorian Public Service Commissioner's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues.

Workforce data

OCES has introduced policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. OCES has advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts, and how it deals with misconduct.

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active public service employees of OCES, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June (2017) of the previous reporting period (2016). Employees have been correctly classified in workforce data collections.

An additional 0.8 FTE executive support role increased the FTE to 4.8 for the reporting period.

Details of employment levels in June 2017

Workforce data	Ongoing employees		Fixed term employees	Total
	Full time	Part time		
June 2017	Male	1	0	1
	Female	2	0	1.8*

* Includes the Commissioner

Workforce data over time FTE	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Statutory appointed Officer (the Commissioner)	1	1	1	1	1	1	1
Director	0	0	0	1	1	1	1
Administrative Staff	0.8	0	0	0	0	0	1
Senior Managers and operational staff	3	3	2	2	3.8	9	9
Total	4.8	4	3	4	5.8	11	12
Male	1	1	1	2	3.8	6	5
Female	3.8	2	2	2	5	5	7

The following table discloses the annualised total salary for senior employees of the Department, categorised by classification. The salary amount is reported as the full-time annualised salary.

REPORT OF OPERATIONS

Annualised total salary, by \$20 000 bands, for executives and other senior non-executive staff

<i>Income band (salary)</i>	<i>Executives</i>	<i>VPS</i>	<i>Other (Statutory Officer)</i>
< \$160 000	0	3	
\$160 000 – \$179 999			
\$180 000 – \$199 999			
\$200 000 – \$219 999			
\$220 000 – \$239 999			
\$240 000 – \$259 999			
\$260 000 – \$279 999			1
\$280 000 – \$299 999			
\$300 000 – \$319 999			
\$320 000 – \$339 999			
\$340 000 – \$359 999			
\$360 000 – \$379 999			
\$380 000 – \$399 999			
\$400 000 – \$419 999			
\$420 000 – \$439 999			
\$440 000 – \$459 999			
\$460 000 – \$479 999			
\$480 000 – \$499 999			
Total	0	3	1

Notes:

The salaries reported above are for the full financial year, at a 1-FTE rate, and excludes superannuation.

Executive officer data

For a Department, an executive officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an EO is defined as an executive under Part 3 of the PAA or a person to whom the Victorian Government's Policy on Executive Remuneration in Public entities applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The Commissioner is a statutory office holder and OCES has no EOs.

Other disclosures

Jobs First- Victorian Industry Participation Policy

In 2016-17, OCES did not have any procurement activity meeting the criteria of \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

Advertising expenditure

In 2016-17, there were no government advertising campaigns with total media spend of \$100 000 or greater (exclusive of GST).

Consultancy expenditure

Details of consultancies (valued at \$10 000 or greater)

In 2016-17, there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016-17 in relation to these consultancies is \$ 115,573 (excluding GST). Details of individual consultancies are outlined below.

Consultancies over \$10,000

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2016-17 (excl. GST)	Future expenditure (excl. GST)
Hays Specialist Recruitment (Australia) Pty Ltd.	Specialist resources recruitment (short term)	\$50,000	\$49,811	
Monash University	Services from Monash Sustainable Development Institute	\$23,000	\$17,820	\$20,000
Museum of Victoria	Provision of new images for reports and website	\$25,000	\$20,790	\$10,000
Ou	Design and layout for reports	\$13,431	12,078	
Remedy Den	Specialist services, communications and website.	\$50,000	26,631	\$25,000

Details of consultancies under \$10 000

In 2016-17, there were 13 consultancies engaged during the year where the total fees payable to the individual consultancies was less than \$10 000. The total expenditure incurred during 2016-17 in relation to these consultancies was \$53,710 (excl. GST).

Information and communication technology (ICT) expenditure

For the 2016-17 reporting period, OCES had a total ICT expenditure of less than \$100 000 for business as usual operation. There were no project ICT expenses.

Disclosure of major contracts

OCES did not enter into any contracts greater than \$10 million in value during the reporting period.

Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by OCES. For the 12 months ending 30 June 2017, the Department received no applications.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

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

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

Stuart Atkins,
 Manager FOI and Privacy
 Level 19/385 Bourke Street
 Email: foi.unit@delwp.vic.gov.au

From 1 Sept 2017
 Level 15/8 Nicholson Street
 Melbourne Vic 3000

Requests can be lodged and further information regarding freedom of information (FOI) can be found at www.foi.vic.gov.au

An application fee of \$28.40 is applicable and additional charges may also apply once access and processing costs are assessed.

REPORT OF OPERATIONS

Compliance with the Building Act 1993

The OCES does not own or control any government buildings and consequently compliance with the building and maintenance provisions of the *Building Act 1993* is not applicable.

National Competition Policy

Under the NCP, 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; and
- the objectives of the legislation can only be achieved by restricting competition.

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

OCES does not include provision of services for a fee and is therefore not subject to competitive advantage applicable under NCP.

Compliance with the Protected Disclosure Act 2012

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

OCES does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its 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.

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

Reporting procedures

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

- the Commissioner for Environmental Sustainability;
- Secretary of DELWP;
- Protected Disclosure Coordinator or Protected Disclosure Officer DELWP;
- manager or supervisor of the disclosure; or
- manager or supervisor of the person who is the subject of the disclosure.

Alternatively, disclosures may also be made directly to the Independent Broad based Anti-corruption Commission (IBAC):

Level 1, North Tower, 459 Collins Street
Melbourne, VIC 3000
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au

Email: Please refer to the website for the secure email disclosure process, which also provides for anonymous disclosures.

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers, are available on the DELWP website.

Disclosures under the Protected Disclosure Act 2012

There were no disclosures made in relation to OCES to IBAC.

Compliance with the Carers Recognition Act 2012

OCES, through DELWP's policies, has taken all practical measures to comply with its obligations under the Act. Including:

- considering the care relationship principles set out in the Act when setting policies and providing services [e.g. reviewing our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act].

Compliance with the Commissioner for Environmental Sustainability ACT 2003

The Commissioner's role and the strategic and operational activities of the office are established under the *Commissioner for Environmental Sustainability Act 2003* (the CES Act).

The objectives of the Commissioner as defined under s.7 of the CES Act are to:

- a) report on matters relating to the condition of the natural environment of Victoria;
- b) encourage decision making that facilitates ecologically sustainable development;
- c) enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment; and
- d) encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.

The functions of the Commissioner are to:

- a) Prepare the report on the State of the Environment of Victoria (*at intervals no greater than five years*);
- b) Conduct annual strategic audits of, and prepare reports on, the implementation of environmental management systems by agencies and public authorities;
- c) Audit public education programs relating to ecologically sustainable development and advise the Minister as to the effectiveness of the programs in encouraging the community to adopt ecologically sustainable development principles and practices;
- d) Advise the Minister in relation to any matter relating to ecologically sustainable development referred to the Commissioner by the Minister under Section 10(2);
- e) Administer the Act.

The work program is set to deliver against the objectives and functions of the Act through environmental reporting. Firstly, against the condition and extent of Victoria's natural assets, and progressively against socio economic indicators. The Commissioner also has a strong advocacy role in progressing the principles of the Act across the Victorian Government and the community. The Commissioner may be requested by the Minister to undertake additional reports.

OCES is fully compliant with its reporting outputs and has also met the request from the Minister to produce a first State of the Bays report which was issued in December 2016. The next mandated output is the State of Environment report is due in November 2018.

Office based environmental impacts

OCES operates under a Service Level Agreement with DELWP and, as such, its environmental management system data is captured within aggregated data in the DELWP Annual Report.

Additional departmental information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by OCES and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- (a) a statement of declarations of pecuniary interests for all relevant officers;
- (a) details of publications produced by the entity about itself, and how these can be obtained;
- (b) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- (c) details of all consultancies and contractors including:
 - (i) consultants/contractors engaged;
 - (ii) services provided; and expenditure committed to for each engagement.

The information is available on request from:

Commissioner for Environmental Sustainability
 Phone: (03) 99482844
 Email: info.ces@ces.vic.gov.au

Risk Attestation

Risk Attestation: Attestation for compliance with Ministerial Standing Direction 3.7.1

I, the Commissioner for Environmental Sustainability certify that the OCES has complied with the Ministerial Standing Direction 3.7.1– Risk management framework and processes. The OCES Audit Committee has verified this.

Dr Gillian Sparkes
Commissioner for Environmental Sustainability
Office of the Commissioner for Environmental Sustainability

Signature 

Date 25/9/17

Verified by Peter Lewinsky
Chair Risk and Audit Committee
Office of the Commissioner for Environmental Sustainability

Signature 

Date 25/9/17

The following financial statements comply with the Model Financial report as applied to the office of the Commissioner for Environmental Sustainability.

COMMISSIONER FOR ENVIRONMENTAL SUSTAINABILITY: FINANCIAL STATEMENTS

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These annual financial statements represent the audited general purpose financial statements of the Commissioner for Environmental Sustainability for the period 1 July 2016 to 30 June 2017. The purpose of the report is to provide users with information about the Commissioner for Environmental Sustainability's stewardship of resources entrusted to it.

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Income from transactions			
Government grants	2.1	1,450,000	1,114,608
Total income from transactions		1,450,000	1,114,608
Expenses from transactions			
Employee expenses	3.1	(837,530)	(785,452)
Depreciation	4.3	(9,639)	(4,787)
Interest expense	6.2	288	(930)
Supplies and services	3.2	(364,866)	(152,943)
Other operating expenses		(13)	(88)
Total expenses from transactions		(1,211,760)	(944,200)
Net result from transactions (net operating balance)		238,240	170,408
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.1.2	(1,999)	0
Net gains/(losses) arising from revaluation of employee benefits	8.1.2	7,335	(1,432)
Total other economic flows included in net result		5,336	(1,432)
Comprehensive result		243,576	168,976

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

FINANCIAL STATEMENTS

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017	2016
		\$	\$
Assets			
Financial assets			
Cash and deposits	4.4	277,804	304,115
Receivables	5.1	354,894	31,967
Total financial assets		632,698	336,082
Non-Financial assets			
Property, plant and equipment	4.1	37,737	17,306
Total non-financial assets		37,737	17,306
Total assets		670,435	353,388
Liabilities			
Payables	5.2	19,497	12,309
Employee benefits provisions	3.1.1	217,257	162,627
Interest bearing liabilities	6.1	29,181	17,528
Total liabilities		265,935	192,464
Net assets		404,500	160,924
Equity			
Accumulated surplus		401,074	157,498
Contributions by owners		3,426	3,426
Net worth		404,500	160,924
Commitments for expenditure	6.4		
Contingent assets and contingent liabilities	7.3		

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

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Accumulated surplus/(deficit)	Contribution by owners	Total
	\$	\$	\$
Balance at 1 July 2015	(11,478)	3,426	(8,052)
Comprehensive result	168,976	0	168,976
Balance as at 30 June 2016	157,498	3,426	160,924
Comprehensive result	243,576	0	243,576
Balance as at 30 June 2017	401,074	3,426	404,500

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

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts			
Receipt from government		1,131,200	1,088,301
Interest received		288	(930)
Total receipts		1,131,488	1,087,362
Payments			
Payments to suppliers and employees		(1,133,255)	(909,697)
GST paid to ATO		(4,127)	(939)
Total payments		(1,137,382)	(910,627)
Net cash flows from operating activities	4.4(b)	(5,894)	176,735
Cash flows (used in)/from investing activities			
Purchases of non-financial assets		(26,915)	0
Sale of non-financial assets		12,000	0
Net cash flows used in investing activities		(14,915)	0
Cash flows (used in)/from financing activities			
Repayments of finance leases		(5,502)	(4,783)
Net cash flows used in financing activities		(5,502)	(4,783)
Net increase in cash and cash equivalents		(26,311)	171,952
Cash and cash equivalents at the beginning of the financial year		304,115	132,163
Cash and cash equivalents at the end of the financial year	4.4(a)	277,804	304,115

The cash flow statement should be read in conjunction with the notes to the financial statements.

FINANCIAL STATEMENTS

1. ABOUT THIS REPORT

The Commissioner of Environmental Sustainability is a statutory office and government agency of the State of Victoria, established pursuant to an order made by the Premier under the *Commissioner for Environmental Sustainability Act 2003*.

Its address is: The Commissioner for Environmental Sustainability

Level 36, 2 Lonsdale Street

Melbourne, VIC, 3000

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

Basis of preparation

This financial report was authorised for issue by the Commissioner – Dr Gillian Sparkes and the Chief Financial and Accounting Officer – Sam Claringbold on 22 September 2017.

These financial statements:

- are presented in Australian currency and prepared in accordance with historical cost convention. Amounts have been rounded to the nearest \$1 unless otherwise stated;
- have the accrual basis of accounting applied; assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid; and
- have been prepared on a going concern basis and 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), ensuring that the substance of the underlying transactions or other events is reported.

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

Judgements, estimates and assumptions are required to determine the carrying values of assets and liabilities that are not clear. These estimates and assumptions are based on professional judgement derived from historical experience and various other factors. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period the estimate is revised and in future periods affected by the revision. Professional judgements and assumptions has been made by management on which AASs have a significant effect on the financial statements and estimates. These relate to:

- the fair value of property, plant and equipment;
- the estimated useful lives over which non-financial assets are depreciated;
- superannuation expense; and
- future salary movements and future discount rates.

FINANCIAL STATEMENTS

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

2. FUNDING DELIVERY OF OUR SERVICES

Introduction	Structure
<p>The Commissioner's role is to:</p> <ul style="list-style-type: none"> • report on the condition of Victoria's natural environment. • encourage decision making that facilitates ecologically sustainable development. • enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment. • encourage Victorian and local governments to adopt sound environmental practices and procedures. <p>Income from transactions is the primary method the Commissioner for Environmental Sustainability generates funds. To enable the Commissioner for Environmental Sustainability to fulfill its objective and provide outputs, it receives income from grants provided by the Department of Environmental, Land, Water and Planning (DELWP).</p>	<p>2.1 Summary of income that funds the delivery of services</p>

2.1 Summary of income that funds the delivery of services:

	2017	2016
	\$	\$
Government grants		
Grants from DELWP	1,450,000	1,114,608
Total government grants	1,450,000	1,114,608
Total income from transactions	1,450,000	1,114,608

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Commissioner for Environmental Sustainability without receiving approximately equal value in return.

While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers).

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Commissioner for Environmental Sustainability gains control over the assets.

3. THE COST OF DELIVERING SERVICES

Introduction	Structure
<p>This note provides an account of the expenses incurred by the Commissioner for Environmental Sustainability. In note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.</p>	<ul style="list-style-type: none"> 3.1 Employee expenses <ul style="list-style-type: none"> 3.1.1 Employee related provisions 3.1.2 Superannuation 3.1.3 Responsible persons 3.1.4 Executive remuneration 3.1.5 Related party disclosure 3.2 Supplies and services <ul style="list-style-type: none"> 3.2.1 Audit fees

3.1 Employee expenses – comprehensive operating statement

	2017	2016
	\$	\$
Employee expenses		
Salary and wages	(622,050)	(593,505)
Superannuation		
Defined contribution superannuation expense	(36,546)	(57,333)
Annual and long service leave	(129,205)	(90,308)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	(49,729)	(44,306)
Total employee expenses	(837,530)	(785,452)

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

3.1.1 Employee benefits provisions – balance sheet

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 and recorded as an expense during the period the services are delivered.

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

FINANCIAL STATEMENTS

	2017	2016
	\$	\$
Current provisions		
Employee benefits⁽ⁱ⁾ - annual leave		
Unconditional and expected to be wholly settled within 12 months ⁽ⁱⁱ⁾	75,022	52,125
Unconditional and expected to be wholly settled after 12 months ⁽ⁱⁱⁱ⁾	619	1,582
Employee benefits⁽ⁱ⁾ - long service leave		
Unconditional and expected to be wholly settled within 12 months ⁽ⁱⁱ⁾	58,356	47,449
Unconditional and expected to be wholly settled after 12 months ⁽ⁱⁱⁱ⁾	1,520	0
Total employee benefits	135,517	101,156
Provisions for on-costs		
Unconditional and expected to be wholly settled within 12 months ⁽ⁱⁱ⁾	21,161	15,742
Unconditional and expected to be wholly after 12 months ⁽ⁱⁱⁱ⁾	337	250
Total provisions for on-costs	21,498	15,992
Total current provisions	157,015	117,148
Non-current provisions		
Employee benefits ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	52,076	39,270
Provisions for on-costs ⁽ⁱⁱⁱ⁾	8,166	6,209
Total non-current provisions	60,242	45,479
Total provisions	217,257	162,627

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

(ii) The amounts disclosed are nominal amounts.

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

a) Movement in on-cost provisions

	Total 2017 \$
Opening balance	22,201
Additional provisions recognised	9,619
Reduction arising from payments/other sacrifices of future economic benefits	(3,277)
Reductions resulting from re-measurement or settlement without cost	(29)
Unwind of discount and effect of changes in the discount rate	1,150
Closing balance	29,664
Current	21,498
Non-current	8,166
Total	29,664

Provisions are recognised when the entity 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 period date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

FINANCIAL STATEMENTS

Wages and salaries, annual leave and sick leave

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

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

- nominal value – the Commissioner for Environmental Sustainability expects to wholly settle within 12 months; or
- present value – the Commissioner for Environmental Sustainability does not expect to wholly settle within 12 months.

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 the Commissioner for Environmental Sustainability 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:

- discounted value – the Commissioner for Environmental Sustainability expects to wholly settle within 12 months; and
- present value – the Commissioner for Environmental Sustainability 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 as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.1.2 Superannuation

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

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2017 \$	2016 \$	2017 \$	2016 \$
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	23,180	39,027	340	361
Various other	12,838	17,781	188	164
Total	36,018	56,808	528	525

Employees of the Commissioner for Environmental Sustainability are entitled to receive superannuation benefits and the Commissioner for Environmental Sustainability contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

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Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Commissioner for Environmental Sustainability.

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

The Department of Treasury and Finance (DTF) in their Annual Financial Statements disclose, on behalf of the State as the sponsoring employer, the net defined benefit 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.

3.1.3 Responsible persons

The following table lists persons who held the positions of ministers and accountable officers of the Commissioner for Environmental Sustainability:

Minister for Energy, Environment and Climate Change	The Hon. Lily D'Ambrosio MP	1 July 2016 to 30 June 2017
Commissioner for Environmental Sustainability	Dr Gillian Sparkes	1 July 2016 to 30 June 2017

The person who held the position of Accountable Officer of the Commissioner for Environmental Sustainability was Gillian Sparkes.

Remuneration received or receivable by the Accountable Officer in connection with the management of the Commissioner for Environmental Sustainability during the reporting period was in the range: \$260,000 – \$269,999 (2016: \$250,000 – \$259,999).

Amounts relating to Ministers are reported in the financial statements of the Department of Parliamentary Services.

3.1.3 (a) Acting arrangements

The Hon. Natailie Hutchins MP acted as Minister for Energy, Environment and Climate Change during the period 3 to 10 July 2016.

The Hon. Martin Foley MP acted as Minister for Energy, Environment and Climate Change during the period 11 to 24 July 2016.

The Hon. Lisa Neville MP acted as Minister for Energy, Environment and Climate Change during the period 17 to 28 April 2017.

3.1.4 Executive remuneration

There were no executives whose remuneration would require disclosure under *FRD 21C Disclosures of responsible persons and executive officers in the financial report*.

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3.1.5 Related Party Disclosure

The Commissioner for Environmental Sustainability is a wholly owned and controlled entity of the State of Victoria. Related parties of the Commissioner for Environmental Sustainability include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered on an arm's length basis.

The key management personnel of the Commissioner for Environmental Sustainability are listed in note 3.1.3.

The remuneration breakdown of the Commissioner for Environmental Sustainability's key management personnel is shown in the table below:

Compensation of key management personnel	Amount (\$)
Short term benefits	226,058
Post-employment benefits	37,879
Other long-term benefits	6,711
Total	270,648

(i) Remuneration of the relevant minister is included in the Department of Parliamentary Services financial statements.

During the year, the Commissioner for Environmental Sustainability had the following government-related entity transactions:

Department of Environment, Land, Water and Planning

Operating funding received from the Department of Environment, Land, Water and Planning through the Municipal and Industrial Landfill Levy of \$1,300,000 and Yarra River Grant of \$150,000.

Monash University

Monash University was engaged to provide strategic advice and assistance on the Strategic Plan 2018. The amount was \$18,000.

Museum of Victoria

The Museum of Victoria was engaged to provide curatorial services. The amount was \$21,000.

Shared Service Provider

The Shared Service Provider was engaged for carpooling purposes. The amount was \$767.

Trust for Nature

The Trust for Nature was engaged for tickets to events managed by the entity. The amount was \$349.

Victorian Auditor General Office

The Victorian Auditor General's Office was engaged to provide an independent review of the financial statements. The amount was \$7,200.

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Victorian Managed Insurance Authority

The Victorian Managed Insurance Authority was engaged to provide insurance. The amount was \$8,050

3.3 Supplies and services

	2017	2016
	\$	\$
Supplies and services		
Contract and professional services	(263,078)	(59,562)
General expenses	(40,196)	(27,466)
IT expenses	(21,367)	(25,118)
Motor vehicle expenses	114	(4,045)
Office and accommodation expenses	(14,277)	(55)
Office expenses	0	(11,806)
Payments for shared services	(2,275)	(466)
Postage and telephone	(14,001)	(14,818)
Travel and subsistence	(9,786)	(9,607)
Total supplies and services	(364,866)	(152,943)

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

3.2.1 Audit fees

	2017	2016
	\$	\$
Victorian Auditor General's Office		
Audit or review of the financial statements	7,400	7,200
Total	7,400	7,200

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction	Structure
The Commissioner for Environmental Sustainability controls assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Commissioner for Environmental Sustainability to be utilised for delivery of those outputs.	<ul style="list-style-type: none"> 4.1 Property, plant and equipment <ul style="list-style-type: none"> 4.1.1 Movements in carrying amounts of property, plant and equipment 4.2 Fair value measurement hierarchy for assets <ul style="list-style-type: none"> 4.2.1 Reconciliation of Level 3 fair value movements 4.2.2 Description of significant unobservable inputs to Level 3 valuations 4.3 Depreciation 4.4 Cash

4.1 Property, plant and equipment

	2017 \$	2016 \$
Property, plant and equipment		
Motor vehicles under finance lease at fair value	31,153	26,879
Accumulated amortisation for motor vehicles	(2,027)	(9,573)
Total motor vehicle	29,126	17,306
Plant and equipment at cost	12,916	0
Accumulated depreciation for plant and equipment at cost	(4,305)	0
Total plant and equipment	8,611	0
Total property, plant and equipment	37,737	17,306

4.1.1 Movements in carrying amounts of property, plant and equipment

	2017 \$	2016 \$
Movements in carrying amounts		
Opening balance	17,306	22,093
Additions	44,069	0
Disposals	(13,999)	0
Depreciation expense (refer to note 4.3)	(9,639)	(4,787)
Closing balance	37,737	17,306

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined regarding the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

The Commissioner for Environmental Sustainability capitalises expenditures on individual items of \$5,000 (2016: \$5,000) or more, and records these as non-financial assets.

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Vehicles are valued using the depreciated replacement cost method. The Commissioner for Environmental Sustainability acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Department of Environment, Land, Water and Planning who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Assets with finite useful lives are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Intangible produced assets with finite useful lives, are depreciated as an 'expense from transactions' on a straight-line basis over their useful lives.

4.1.1 (a) Impairment of non-financial assets

Non-financial assets, including items of Property, Plant and Equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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

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

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

4.2 Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2017 \$	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$	Level 2 ⁽ⁱ⁾ \$	Level 3 ⁽ⁱ⁾ \$
Plant and equipment at fair value				
Motor vehicles under finance lease	29,126	0	29,126	0
Plant and equipment at cost	8,611	0	0	8,611
Total	37,737	0	29,126	8,611

(i) Classified in accordance with the fair value hierarchy, refer to 'About this Report'.

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

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

The Commissioner for Environmental Sustainability 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.

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Classes of assets and liabilities are determined by the Commissioner for Environmental Sustainability based on the nature, characteristics, risks of the asset or liability and where it is categorised in the hierarchy.

4.2.1 Reconciliation of Level 3 fair value movements

	Plant and equipment (\$)
Balance at 1 July 2016	
Purchases	12,916
Transfers in/(out) of Level 3 – assets classified as held for sale	0
Transfers in/(out) – free of charge	0
Transfers in/(out) – from other categories	0
Depreciation expense	(4,305)
Gains/(losses) recognised in net result	
Recognition/(derecognition), (write-down) of assets	0
Gains/(losses) recognised in other economic flows – other comprehensive income	
Revaluation increments/ (decrements)	0
Balance at 30 June 2017	8,611

4.2.2 Description of significant unobservable inputs to Level 3 valuations

2017	Valuation technique	Significant Unobservable Inputs
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

4.3 Depreciation

	2017 \$	2016 \$
Depreciation		
Motor vehicle finance lease assets	(5,334)	(4,787)
Plant and equipment at cost	(4,305)	0
Total depreciation	(9,639)	(4,787)

All motor vehicles and plant and equipment that have finite useful lives are depreciated. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Plant and equipment	3 to 42 years
Motor vehicle	Term of lease (1 to 5 years)

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

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4.4 Cash

	2017	2016
	\$	\$
(a) Reconciliation of cash and cash equivalents		
Funds held in trust – cash	277,804	304,115
Total cash and deposits disclosed in the balance sheet	277,804	304,115
Balance per cash flow statement	277,804	304,115
(b) Reconciliation of net result for the period		
Comprehensive result	243,576	168,976
Non-cash movements		
Depreciation	9,639	4,787
Net gain/(loss) on non-financial assets	1,999	0
Movements in assets and liabilities		
(Increase)/Decrease in receivables	(322,926)	(27,246)
Increase/(Decrease) in payables	7,188	876
Increase/(Decrease) in provisions	54,630	29,342
Net cash flows from operating activities	(5,894)	176,735

Cash and deposits, including cash equivalents, comprise of cash on hand and cash at bank with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes and which are readily convertible to known amounts of cash and are subject to significant risk of changes in value.

5 OTHER ASSETS AND LIABILITIES

Introduction	Structure
This note sets out those assets and liabilities that arose from the Commissioner for Environmental Sustainability's operations.	5.1 Receivables 5.2 Payables 5.2.1 Maturity analysis of contractual payables

5.1 Receivables

	2017	2016
	\$	\$
Current receivables		
Statutory		
Amounts owing from Department of Environment, Land, Water and Planning	350,767	31,028
GST input tax credit recoverable	4,127	939
Total statutory receivables	354,894	31,967
Total current receivables	354,894	31,967
Total receivables	354,894	31,967

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

5.2 Payables

	2017	2016
	\$	\$
Current payables		
(a) Contractual		
Trade creditors ⁽ⁱ⁾	157	(4,385)
Other accrued expenses	18,167	15,662
Total contractual payables	18,324	11,277
(b) Statutory		
Taxes payable	526	507
Other payables	647	525
Total statutory payables	1,173	1,032
Total current payables	19,497	12,309
Total payables	19,497	12,309

(i) The average credit period is 30 days. No interest is charged on the trade creditors or other payables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at differing rates determined by the individual trade arrangements entered into.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. This includes trade creditors and other accrued expenses. Trade creditors represents liabilities for goods and services provided to the Commissioner for Environmental Sustainability prior to the end of the financial year that are unpaid and arise when the Commissioner for Environmental Sustainability becomes obliged to make future payments in respect of the purchase of those goods and services.

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, as they do not arise from a contract.

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5.2.1 Maturity analysis of contractual payables

The following table discloses the contractual maturity analysis for the entity's contractual payables.

	Carrying Amount \$	Nominal amount \$	Maturity dates				
			Less than 1 month \$	1 - 3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2017							
Payables ⁽ⁱ⁾							
Trade creditors	157	157	157	0	0	0	0
Accrued expenses	18,167	18,167	18,167	0	0	0	0
Total	18,324	18,324	18,324	0	0	0	0
2016							
Payables ⁽ⁱ⁾							
Trade creditors	(4,385)	(4,385)	0	15 ⁽ⁱⁱ⁾	0	0	0
Accrued expenses	15,662	15,662	15,662	0	0	0	0
Total	11,277	11,277	15,662	15	0	0	0

(i) The amount of payables disclosed exclude statutory payables (i.e. taxes payable).

(ii) The trade creditors carrying and nominal amounts do not equal the sum of maturity date period segments, as \$4,400 related to a credit note.

6 HOW WE FINANCED OUR OPERATIONS

<p>Introduction</p> <p>This note provides information on the sources of finance utilised by the Commissioner for Environmental Sustainability during its operations.</p>	<p>Structure</p> <p>6.1 Interest bearing liabilities</p> <p>6.1.1 Maturity analysis of interest bearing liabilities\</p> <p>6.2 Interest expense</p> <p>6.3 Leases</p> <p>6.4 Commitments for expenditure</p>
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6.1 Interest bearing liabilities

	2017	2016
	\$	\$
Current interest bearing liabilities		
Motor vehicles under finance lease	6,042	5,009
Total current interest bearing liabilities	6,042	5,009
Non-current interest bearing liabilities		
Motor vehicles under finance leases	23,139	12,519
Total non-current interest bearing liabilities	23,139	12,519
Total interest bearing liabilities	29,181	17,528

Interest bearing liabilities are classified as financial instruments.

All interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

The Commissioner for Environmental Sustainability categorises its interest bearing liabilities as financial liabilities at 'amortised cost'.

The Commissioner for Environmental Sustainability recognises interest bearing liability costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset.

6.1.1 Maturity analysis of interest bearing liabilities

The following table discloses the contractual maturity analysis for the entity's contractual interest bearing liabilities.

	Carrying Amount	Nominal amount	Maturity dates				
			Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	5+ years
	\$	\$	\$	\$	\$	\$	\$
2017							
Interest bearing liabilities							
Finance lease liabilities	29,181	29,181	503	1,007	4,532	23,139	0
Total	29,181	29,181	503	1,007	4,532	23,139	0
2016							
Interest bearing liabilities							
Finance lease liabilities	17,528	17,528	417	835	3,757	12,519	0
Total	17,528	17,528	417	835	3,757	12,519	0

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6.2 Interest expense

	2017	2016
	\$	\$
Interest expense		
Interest on finance leases	288	(930)
Total interest expense	288	(930)

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes interest component of finance leases repayments.

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

6.3 Leases

	Minimum future lease payments 2017 \$	Minimum future lease payments 2016 \$	Present value of minimum future lease payments 2017 \$	Present value of minimum future lease payments 2016 \$
Not longer than one year	6,867	5,713	6,042	5,009
Longer than one year but not longer than five years	23,632	12,520	23,139	12,519
Minimum future lease payments	30,499	18,233	29,181	17,528
Less future finance charges	(1,318)	(705)	0	0
Present value of minimum lease payments	31,817	17,528	29,181	17,528
Included in the financial statements as:				
Current finance lease liability			6,042	5,009
Non-current finance lease liability			23,139	12,519
Total lease liabilities			29,181	17,528

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 to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. The commencement of the lease term is deemed to be the date the asset is commissioned. All other leases are classified as operating leases.

The finance leases disclosed above are exempt from GST.

a) Leasing arrangements – Motor vehicles

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 the Commissioner for Environmental Sustainability. The weighted average interest rate implicit in the leases is 3.12% p.a (2016: 4.62% p.a).

FINANCIAL STATEMENTS

b) Finance leases - Commissioner as lessee

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

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. 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.

There are no commitments for expenditure (2016: Nil).

7 Risks, Contingencies and Valuation Judgements

Introduction	Structure
<p>The Commissioner for Environmental Sustainability is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This note sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.</p>	7.1 Financial instrument specific disclosures
	7.1.1 Financial asset
	7.1.2 Financial liabilities
	7.2 Financial risk management objective and policies
	7.2.1 Liquidity risk
	7.3 Contingent assets and liabilities

7.1 Financial instrument specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Commissioner for Environmental Sustainability's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

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.

Categories of financial instruments

7.1.1 Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;
- (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.

7.1.1 (a) Loans and receivables and cash

Loans and receivables and cash 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 (and for assets, less any impairment).

Loans and receivables category includes cash and deposits (refer to note 4.4), term deposits with maturity date less than three months and receivables (excluding statutory receivables).

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7.1.2 Financial liability

A financial liability is any liability that is:

- (a) A contractual or statutory obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity;
- (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.

7.1.2 (a) Financial liabilities at amortised cost

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

- payables (excluding statutory payables); and
- interest bearing liabilities (including finance lease liabilities).

7.2 Financial risk management objective and policies

The Commissioner for Environmental Sustainability's principal financial instruments comprise of:

- cash and deposits;
- payables (excluding statutory payables); and
- interest bearing liabilities.

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

The Commissioner for Environmental Sustainability is exposed to the following risks:

- Liquidity risk.

The carrying amounts of the Commissioner for Environmental Sustainability's financial assets and financial liabilities by category are in the table below:

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	2017			2016		
	Contractual financial assets – loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$	Contractual financial assets – loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial assets						
Cash and deposits	277,804	0	277,804	304,115	0	304,115
Total contractual financial assets	277,804	0	277,804	304,115	0	304,115
Contractual financial liabilities						
Payables⁽ⁱⁱ⁾						
Trade creditors	0	157	157	0	(4,385)	(4,385)
Accrued expenses	0	18,167	18,167	0	15,662	15,662
Interest bearing liabilities						
Finance lease liabilities	0	29,181	29,181	0	17,528	17,528
Total contractual financial liabilities	0	47,505	47,505	0	28,805	28,805

(i) The amount of receivables disclosed excludes statutory receivables (i.e. taxes receivable).

(ii) The amount of payables disclosed exclude statutory payables (i.e. taxes payable).

7.2.1 Liquidity risk

Liquidity risk is the risk that the Commissioner for Environmental Sustainability would be unable to meet its financial obligations as they fall due. The Commissioner for Environmental Sustainability operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The Commissioner for Environmental Sustainability's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

7.3 Contingent assets and contingent liabilities

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

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

There are no contingent assets or contingent liabilities (2016: Nil).

8 Other disclosures

Introduction

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

Structure

- 8.1 Accounting Policy
 - 8.1.1 Accounting for the goods and services tax (GST)
 - 8.1.2 Other economic flows included in net result
 - 8.1.3 Subsequent events
- 8.2 Glossary
 - 8.2.1 Net result
 - 8.2.2 Transactions
- 8.3 Reclassification of financial information
- 8.4 Australian Accounting Standards issues that are not yet effective

8.1 Accounting Policy

8.1.1 Accounting for the goods and services tax (GST)

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

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

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

8.1.2 Other economic flows included in net result

	2017	2016
	\$	\$
Other gains/(losses) from other economic flows		
Net gain/(loss) on non-financial assets	(1,999)	0
Net gains/(losses) arising from revaluation of employee benefits	7,335	(1,432)
Total other gains/(loss) from other economic flows	5,336	(1,432)

8.1.3 Subsequent events

The Commissioner for Environmental Sustainability is not aware of any other circumstances that have arisen, or information that has become available between 30 June 2017 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

FINANCIAL STATEMENTS

8.2 Glossary

8.2.1 Net result

Measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

8.2.2 Transactions

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

8.3 Reclassification of financial information

Where the presentation or classification of items in the financial statements changes, the comparative amounts are also reclassified unless it is impractical to do so. The nature, amount and reason for the reclassification is also disclosed. If the reclassification affects an item on the balance sheet, a third statement of financial position is also presented.

The Commissioner for Environmental Sustainability has reviewed its financial statements and has made the following revisions:

- the 2015-16 Trade Receivables comparatives amount has been reduced by \$4,400. The \$4,400 represents a credit note moved from Trade Creditors to Trade Receivables in the 2015-16 financial year. This has impacted the balance sheet, cash note (4.4), receivables (5.1), payables (5.2, 5.2.1) and financial risk management objectives and policies (7.2). The change has been made to better improve transparency.
- the 2015-16 net GST amount has been included in the statements for better visibility of how much GST receivable or payable the entity received or owed. This has impacted the Cash Flow Statement and Receivable note (5.1).
- the 2015-16 superannuation note amount (3.1.2) has been updated to better reflect the split between VicSuper and other superannuation funds.

8.4 Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the Commissioner of their applicability and early adoption where applicable.

As at 30 June 2017, the following applicable AASs have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operating date as follows:

FINANCIAL STATEMENTS

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	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: <ul style="list-style-type: none"> • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • 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. 	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. 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 (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the entity.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

FINANCIAL STATEMENTS

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on entity financial statements
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	<p>Amends the measurement of trade receivables and the recognition of dividends.</p> <p>Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.</p> <p>Dividends are recognised in the profit and loss only when:</p> <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably. 	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the entity.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 Jan 2018	The assessment has indicated that there will be no significant impact for the entity, other than the impact identified for AASB 15 above.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments:</p> <ul style="list-style-type: none"> require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1 Jan 2019	The assessment has indicated that there will be no significant impact for the entity, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>No change for lessors.</p>
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> 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 entity assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on entity reporting.

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* [AASB 112]
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle*

Accountable officer's declaration and statutory certification

The attached financial statements for the Commissioner for Environmental Sustainability have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

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 22 September 2017.



Dr Gillian Sparkes
Commissioner for Environmental Sustainability
Melbourne
22 September 2017



Sam Claringbold
Chief Financial Officer
Melbourne
22 September 2017

INDEPENDENT AUDITORS REPORT: VAGO



Independent Auditor's Report

To the Commissioner of the Commissioner for Environmental Sustainability

Opinion	<p>I have audited the financial report of the Commissioner for Environmental Sustainability which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements • accountable officer's declaration and statutory certification. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Commissioner for Environmental Sustainability as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Commissioner for Environmental Sustainability in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commissioner's responsibilities for the financial report	<p>The Commissioner of the Commissioner for Environmental Sustainability is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioner is responsible for assessing the Commissioner for Environmental Sustainability's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Commissioner for Environmental Sustainability's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner
- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commissioner for Environmental Sustainability's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commissioner for Environmental Sustainability to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
26 September 2017



Roberta Skliros
as delegate for the Auditor-General of Victoria

DISCLOSURE INDEX

The annual report of the Department is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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