

annual report

2016–17



TOWARDS SV2020

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Sustainability Victoria Annual Report 2016–17

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Contents

Report from the Chair and CEO	1	Financial statements	33
About Sustainability Victoria	2	How this report is structured	33
Accountable Officer's Declaration	2	Notes to the financial statement	42
Our Vision	3	Appendix 1	
Purpose and functions	3	Disclosure index	76
The year in review	4	Appendix 2	
Priority one: helping the Victorian community take action on climate change	4	Office based environmental performance	78
Priority two: facilitating the sustainable use of resources	6	Appendix 3	
Priority three: enabling delivery	9	Office-based environmental impacts	79
Measuring our success	10	Appendix 4	
Summary of financial performance	11	Grant allocations	82
Five year financial summary	11	Appendix 5	
Current year financial review	11	Risk attestation	86
Governance and organisational structure	13	Appendix 6	
Our Board	13	Global Reporting Initiative index	87
Organisational structure and corporate governance arrangements	16	Appendix 7	
Partnerships and charters	19	Glossary of acronyms	90
Our procurement and supply chain	20		
Our risk management approach	22		
Our reporting approach	22		
Our engagement approach	22		
Occupational health and safety	23		
Workforce data	24		
Public sector values and employment principles	24		
Comparative workforce data	24		
Enterprise Agreement	26		
Workforce Inclusion Policy	26		
Executive Officer Data	26		
Other Disclosures	27		
Local Jobs First – VIPP	27		
Government advertising expenditure	27		
Consultancy expenditure	28		
Disclosure of major contracts	30		
Freedom of Information	30		
Privacy and Data Protection Act 2014	31		
Compliance with <i>Building Act 1993</i>	31		
National Competition Policy	31		
Compliance with <i>Protected Disclosure Act 2012</i>	31		
Compliance with DataVic Access Policy	32		

Report from the Chair and CEO

The Victorian government is dedicated to restoring Victoria's leadership in climate change and the environment. Throughout 2016–17 Sustainability Victoria (SV) worked hard toward this, helping Victorians act on climate change and use resources wisely. The results from our comprehensive statewide, baseline research earlier this year are inspiring. They show nearly 80 per cent of Victorians are willing to help tackle climate change, and 90 per cent agree the State Government should be acting.

Our refreshed SV2020 Strategic Plan reinforces our commitment to a sustainable, thriving Victoria. We must create a healthier environment, now and for the future, to maintain our quality of life. With a renewed focus on climate change, SV2020 underpins everything we do. It's our guide to monitoring and demonstrating our achievements, as we help Victorians toward saving energy and using renewable energy; wasting less, recycling more; and transitioning to a zero carbon lifestyle.

The *Climate Change Act 2017* was introduced by the Victorian Government. It sets out a clear policy framework committing Victoria to the goals of the 2015 Paris Agreement.

This legislation is key to SV's work, as we seek to convert international momentum into local action. Our work is guided by key government policies in energy, waste and resource recovery and we are focusing on delivering on these government priorities.

In the past 12 months we embedded the Statewide Waste and Resource Recovery Infrastructure Plan SWRRIP into the Victorian Planning Provisions and Plan Melbourne. We worked hard with others so important issues like reducing landfill and developing new resource recovery facilities, are now part of day to day strategic planning. Decision makers know they are critical considerations.

Focussed on raising the profile of climate change and stimulating demand for sustainable products and services, in 2016–17 SV also:

- › worked with industry on projects totalling \$14.5 million to implement energy efficiency measures
- › commenced programs that will support 2,000 Victorian homes to install solar energy and improve the energy efficiency of vulnerable households in the Latrobe Valley and as part of the Healthy Homes program
- › started work with community organisations in Ballarat, Bendigo and the Latrobe Valley to facilitate community owned renewable energy projects
- › facilitated nearly 8,400 TAKE2 pledges by individuals, local governments and organisations committing to act on climate change and
- › created new relationships with 500 leading Australian companies across all sectors, collectively representing \$200 billion in turnover, 10 million customers and 200,000 employees
- › continued our awareness campaign, Love Food Hate Waste, winning a Golden Target Award in the content marketing category at the Public Relations Institute of Australia National Awards

- › opened two new grant programs, supporting businesses to take direct action to reduce energy usage and their costs
- › launched the \$2 million Waste to Energy Infrastructure Fund, to support investment in facilities to process organic waste to energy
- › announced a funding program of over \$14.6 million to support the development of resource recovery infrastructure in Victoria
- › with the Queensland Government, jointly led the development of a national approach to market development for tyre derived products, increasing the recovery and recycling of end-of-life tyres
- › launched the waste data portal, using councils' kerbside data, to help councils better map and identify where Victoria's waste streams are being generated and how they are managed.

The responsibility for climate change, energy, waste and environment all fall within one Victorian Government portfolio under our Minister, the Hon Lily D'Ambrosio MP. This allows us to work seamlessly with the portfolio, and in partnership with peak bodies, industry associations and community organisations.

Our most important asset is our passionate and professional staff. Every day our staff 'walk the talk' to create a sustainable and thriving Victoria. We thank them for their commitment and dedication.

We also thank outgoing Board members Ross McCann, Roger Parker, Arron Wood and Daniel Fyfe for their service. Their combined insight, experience, guidance and leadership have been invaluable to our success.

We are incredibly proud of what Sustainability Victoria has achieved in 2016–17 and look forward to the opportunities and challenges of the next few years as we work with the community to tackle climate change and create a thriving, sustainable future for all Victorians.

Together, we can do more.



Heather Campbell

Chair
Sustainability Victoria



Stan Krpan

Chief Executive Officer
Sustainability Victoria

About Sustainability Victoria

Accountable Officer's Declaration

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

A handwritten signature in black ink that reads "Heather J. Campbell". The signature is written in a cursive style and is positioned above a light grey rectangular box.

Heather Campbell
Chair
Sustainability Victoria

24 August 2017

Our Vision

Sustainability Victoria (SV) is a Victorian Government statutory authority established under the *Sustainability Victoria Act 2005*.

Our vision is for a sustainable and thriving Victoria.

The responsible Minister during the 2016–17 reporting period was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

Purpose and functions

Our purpose is to mobilise Victorians to create a better environment now and into the future. We help Victorians act on climate change and teach them how to use resources in environmentally sustainable ways.

To reduce waste, increase resource recovery and encourage energy efficiency and renewables, we offer practical programs, investment and support to households, businesses and the broader community. We collaborate closely with our partners. These include the Department of Environment, Land, Water and Planning (DELWP), the Environment Protection Authority Victoria (EPA) and the Waste and Resource Recovery Groups (WRRGs).

Our functions are outlined in the *Sustainability Victoria Act 2005*, Section 2(7), and our powers in Section 2(8).

Planning responsibilities relating to the Statewide Waste and Resource Recovery Infrastructure Plan (SWRRIP) are outlined in the *Environmental Protection Act 1970*, Sections 50AA to 50AH, Part IX, Division 2AC.

The year in review

During 2016–17 we have been actively building on our vision for a sustainable and thriving Victoria. Guided by our Strategic Plan, Towards2020, we've helped Victorian businesses and vulnerable households on their sustainability journeys, stimulating demand for sustainable goods and services, while raising the profile of climate change.

Priority one: helping the Victorian community take action on climate change

In 2016–17 we helped the Victorian community act on climate change by:

Commissioning social research on climate change

We surveyed Victorian residents to capture baseline quantitative data on their attitudes, motivations, and expectations of government in relation to climate change. Our comprehensive study found that:

- › 30 per cent rate climate change in the 'top three issues facing the state'
- › 78 per cent believe climate change is 'an issue that requires urgent action'
- › 73 per cent prefer to buy from businesses that show they care about climate change
- › 84 per cent support the renewable energy targets
- › a significant percentage are interested in undertaking actions such as purchasing 100 per cent of their home energy through a GreenPower supplier (76%), generating their own household's energy and feeding it back into the grid (74 per cent) and installing solar energy battery storage systems (71 per cent).

We'll use the research data to act on climate change, inform policy development and tailor behaviour change programs.

Pledging to take action on climate change

TAKE2 is Victoria's collective climate change pledge initiative to reach net zero emissions by 2050, and keep the global temperature rise to under two degrees. This year we developed practical actions and easy to follow hints and tips, to attract new pledges and help existing pledgees act on climate change. Nearly 8,400 voluntary pledges were made by individuals and organisations.

We're very proud of TAKE2's momentum so far:

- › TAKE2 local governments represent more than 57 per cent of Victoria's population
- › TAKE2 businesses employ more than 282,000 people across Australia and have more than nine million customers
- › TAKE2 community organisations have more than 180,000 members
- › TAKE2 members represent combined annual turnover of at least \$223 billion across Australia
- › Victorians have committed to 67,000 actions to address climate change

We held a suite of events to engage with existing and potential TAKE2 stakeholders to take action on climate change. This includes policy briefings and a series of business roundtables that provided participants with the opportunity to delve deeply into sectoral challenges, identify future avenues for collaboration and contribute to policy development.

Boosting business productivity

We launched the Boosting Business Productivity program. Over three years, we'll help 1,000 businesses better understand the ways that reducing energy use or increasing renewable energy will improve productivity. This program will help businesses undertake energy and materials productivity assessments, allowing them to identify upgrade opportunities to improve business productivity and profitability.

We raised awareness about environmental upgrade finance that is available to help businesses fund energy efficiency and renewable energy projects. We did this by working with Sustainable Melbourne Fund's Better Building Finance program, producing a website, fact sheets and case studies aimed at local government, businesses and financiers. Industry associations and business networks shared this information among their members and ran events to showcase leadership in energy and materials efficiency, inspiring others to act.

We awarded six energy efficiency capability grants to organisations that provide training, skills development and mentoring to help businesses improve productivity.

We launched our innovative Social Impact Investment for Sustainability program which provides financial assistance — in the form of combination grants and low interest loans — to investment-ready social enterprises. They'll use the money to create new jobs and training opportunities, respond to climate change, avoid and recover waste, and improve resource efficiency in the Victorian community. When loans are repaid, funds will be reinvested in the program to support other social enterprises. We're collaborating with Foresters Group to administer this.

Developing ResourceSmart Schools and school communities

ResourceSmart Schools act to minimise waste, save energy and water, promote biodiversity and reduce greenhouse gas emissions. From January to December 2016, approximately 275,000 students (from 552 schools):

- › saved 6,490,615 kWh of electricity
- › saved 35,210 GJ of gas
- › saved 9,981 tonnes CO₂e
- › saved 165,000 kilolitres of water
- › diverted 48,080 m³ of waste from landfill
- › planted 50,936 plants.

More than 1,120 people attended training and professional development programs aimed at building the capability of educators and delivery partners. We provided helpdesk support to participating schools and engaging digital content. Our website got around 265,000 unique views.

We celebrated the program's success with the ResourceSmart Schools Awards—Victoria's largest sustainability awards program—in November. Minister D'Ambrosio was pleased to announce the 2016 ResourceSmart School of the Year. Congratulations to Banyule Primary School who won from a record 206 entries.

Improving comfort and energy efficiency for vulnerable households

We commenced the Healthy Homes and Latrobe Valley Upgrade programs that will partner with industry and local communities to provide advice and upgrade services that improve household comfort, health, efficiency and affordability for 2,000 vulnerable households. We've already commenced a comprehensive research program to quantify the health benefits of having an energy and thermally efficient home, so we can continue to make informed policy decisions.

We published 10 research reports about improving energy efficiency through retrofitting. They include the major study *Energy Efficiency Upgrade Potential of Existing Victorian Houses*. These reports provide useful information on costs and savings, householder comfort and satisfaction with upgrades, and practical considerations when undertaking an upgrade. We held a workshop to inform key government, local council, NGOs and academic stakeholders about the publications and did seminar and conference presentations.

Increasing our reach and contributing to government policy

Our website provided up-to-date advice and information to almost 430,000 Victorians on topics such as how to reduce emissions by having a more energy efficient household and how to waste less and recycle more.

We managed the FirstRate5 thermal assessment tool which provides energy efficiency ratings compliance certificates for new residential buildings and major renovations. FirstRate5 provided 80,867 certificates for new homes, 3,432 for existing homes and 6,085 for alteration and additions.

We're proud to have won the award for Best Energy Savings Program 2016 for our Energy Efficient Office Buildings program. We published our program's achievements and research findings in *Energy Efficient Office Buildings: Transforming the mid-tier sector*. The report and its findings have been promoted in industry publications and media, including the Australian Financial Review; and presented at numerous conferences, including the Facility Management Association of Australia National Conference and the National Energy Efficiency Conference.

We used our research and technical expertise to provide input to DELWP's submission to the Commonwealth Climate Change Review and continue working with DELWP on Victoria's Renewable Energy Targets policy. We have representatives on the following bodies:

- › Operational Targets working group for the climate change division at DELWP—working toward TAKE2's mandatory target of net zero emissions by 2050
- › Interim Targets working group for the climate change division at DELWP—working towards net zero emissions by 2050
- › Victorian Energy Efficiency Target (VEET) Stakeholder Engagement (communications and engagement) panel—working to improve the rate of uptake and profile of the VEET scheme
- › National National Equipment Energy (E3) Program Committee.

Priority two: facilitating the sustainable use of resources

In the last 12 months, we've helped Victorians minimise waste and recover finite resources by:

Leading statewide waste planning

We continued to lead waste and resource recovery planning in Victoria. Our Statewide Waste and Resource Recovery Infrastructure Plan (SWRRIP) is Victoria's roadmap for integrated planning and investment in waste and resource recovery infrastructure over the next 30 years. The Victorian Resource Recovery rate is currently 67 per cent, and continues to improve as new infrastructure and strategies are implemented.

We supported the seven WRRGs in developing their Regional Waste and Resource Recovery Implementation Plans (Regional Plans), with the Metropolitan WRRG publishing its Regional Plan in October 2016 and the remaining six Regional WRRGs publishing in June 2017. We collaborated closely with all WRRGs to ensure the Regional Plans aligned with the SWRRIP and each other. We've already started updating the SWRRIP to include the latest data, government policy and the needs and priorities identified in the Regional Plans.

We collaborated with DELWP to update the Victorian Planning Provisions so the SWRRIP and Regional Plans play an integral role. Authorities will now consider these documents when making land use planning decisions relevant to waste and resource recovery. The SWRRIP was also embedded into Victorian Government strategies and decision making. Examples include:

- › Plan Melbourne refresh 2017-2050, which now considers waste and resource recovery
- › Infrastructure Victoria's 30-year Infrastructure Strategy for Victoria, which sets out a pipeline of initiatives across all infrastructure categories and now aligns with the goals of the 30 year SWRRIP
- › Planning Panels Victoria's recommendations for Planning Scheme Amendment C162 Mt Atkinson and Tarneit Plains Precinct Structure Plan, which supports waste and resource recovery management

We also continued to work closely with DELWP and relevant departments and agencies across government on environmental sustainability policies and strategies, including the development of Victoria's new waste to energy policy and implementation of the EPA's reforms.

Investing in the future of recycling

We launched the Resource Recovery Infrastructure Fund, a \$14.6 million initiative to support local governments and private enterprises to establish infrastructure for waste collection, sorting or processing, diverting more resources from landfill. The fund will leverage existing local government and private enterprises investment to create jobs and increase the recovery of priority materials such as organics, rigid and soft plastics, glass and e-waste.

In our role as enablers, we worked with over 80 investors from across the state, Australia and the world to develop and progress their Victorian resource recovery projects. We raised awareness of investment opportunities in the sector by creating and distributing new promotional materials, and attending and supporting over 30 industry and government events. We linked project proponents with waste generators, financial backers, technology suppliers and government agencies.

We supported development of investors' business cases by providing market intelligence, waste data and other feedback. We improved our investment website to offer a more comprehensive repository of information relevant to the sector and we worked with EPA, DELWP, Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the WRRGs to provide a more integrated service to investors. As a result, we helped progress 14 investment projects valued at over \$200 million of investment, proposing to install over 300,000 tonnes of resource recovery capacity in Victoria.

We also provided funding to several councils, supporting the closure of seven rural and regional landfills, commissioning of replacement transfer stations or resource recovery infrastructure to improve community access to quality waste and recycling services. We also supported the Ballarat and Bendigo City Councils to introduce food and garden organic waste services, providing 80,000 additional Victorian households with access through their kerbside collection. An estimated 20,000 tonnes will be collected annually through these new services.

Our Social Value from Waste program funded equipment for social enterprises and charities so they could divert resources from landfill while delivering social value to communities. Twelve organisations across regional and metropolitan locations were funded and 11 successfully completed the program. A range of materials were recovered, including food waste, e-waste, rigid plastics and mattresses. In total, 548 tonnes of resources were diverted from landfill and 37 additional staff employed. Some of the benefits to the disadvantaged were meals provided, free and low cost computers and jobs, training and work experience in waste and resource recovery.

Turning waste strategies into action

In August 2016 we launched the Victorian Waste Education Strategy. It joins the Victorian Market Development Strategy for Recovered Resources and the Victorian Organics Resource Recovery Strategy released in 2015–16. Collectively, these three strategies will guide the Victorian Government's investment and projects to improve waste and resource recovery education across Victoria, develop markets for recycled materials and improve the recovery and use of organic material.

Tackling food waste

Our Love Food Hate Waste campaign continued to raise awareness of household food waste and its impact on the environment. We supported 20 Love Food Hate Waste council events, with over 700 participants, and awarded grants to 10 schools, councils and community groups to develop programs which avoid food waste. We reached over 414,000 Victorians in 2016–17 through our dedicated website, the Love Food Hate Waste Facebook community (with over 16,000 followers), and our online videos which have been viewed over 160,000 times on social media. We are proud to have won a Golden Target Award in the content marketing category at the Public Relations Institute of Australia National Awards.

Optimising kerbside collection systems and resource recovery centres

Working closely with all local councils and industry, we developed a framework for greater consistency in kerbside recycling to help local councils and the community to increase recycling, improve the quality of recycled materials and reduce contamination through a more consistent approach to how we recycle. To support the framework, we also developed guides to preferred service standards for kerbside recycling and better practice at resource recovery centres in Victoria and recycling guidelines. The new guides also included three case-study style videos showing how three different regional councils implemented best practice and are helping councils to increase recycling, improve the quality of recycled materials and reduce contamination.

Social licence in the waste sector

Ensuring the community is accepting of waste and resource recovery infrastructure is vital to providing essential waste services to Victorians. To understand community attitudes and perceptions towards the waste and resource recovery sector and how we can improve these, we partnered with CSIRO to complete a community study of 1,212 Victorians. We also ran workshops and interviewed 57 people from industry, community and government exploring how we can shape trust and acceptance for waste and recovery infrastructure. Our Australian-first research into social licence in the waste sector found:

- 86 per cent of Victorians agreed that waste and resource recovery services were essential
- Victorians put most effort into reducing waste at home (80 per cent) and less effort when at work or out and about (51 per cent)
- 34 per cent of Victorians would reject living near a waste complex, though most would at least tolerate it or be OK with it (31 per cent and 23 per cent respectively)
- 76 per cent of residents currently impacted by a waste and resource recovery facility were more accepting of living near waste complexes than 66 per cent of residents not impacted.

SV will use this research to continue to work with CSIRO, local government and industry to improve community education and engagement across the sector and continue to monitor our impact over time.

Keeping organics out of landfill

Our organics strategy supports the diversion of organic waste from landfill, to eventually eliminate negative impacts to the environment, human (and animal) health and amenity. We:

- worked with recycled organic processors and the agricultural sector to develop a quality assurance framework for recycled organic products, building on the Australian Standard (AS 4454) for compost, soil conditioners and mulches
- developed an industry specific fit-for-purpose product specification to meet food safety, animal health, environmental health and other specific requirements
- identified potential barriers to increasing the growth of markets for recycled organic products
- completed research on current and emerging technologies in organics recovery to inform best practice guidance
- commenced a literature review into the application of organic waste to land, to help us sample and analyse the impacts of organic waste streams and inform future regulatory frameworks
- supported Bendigo and Ballarat councils to introduce food organic collections services to 80,000 new regional Victorian households.

We assessed municipal solid waste, commercial and industrial, and construction and demolition waste streams to determine the quantity of biomass residues generated in Victoria. Our data was provided to the Australian Renewable Energy Mapping Infrastructure platform to support the five-year Australian Biomass for Bioenergy Assessment project.

Developing markets for recovered materials

We've invested more than \$2 million to develop markets for recovered materials through partnerships with industry, Deakin, Melbourne, Monash and Swinburne universities and the Australian Packaging Covenant Organisation. These projects are working on new uses for glass, plastics and rubber, including additives to road base, lightweight concrete for re-fabricated buildings, railway sleepers and household items including bench-tops, floors and roof tiles.

Detox your home services

We continued to work with all Victorian local councils to provide our Detox Your Home services, delivering 30 mobile events and serviced another 30 permanent drop-off sites across Victoria, supporting Victorian's households to safely get rid of their chemicals. We collected 1160 tonnes of hazardous products including paint, batteries and fluorescent lights. We estimate 100,000 Victorian householders used the service in 2016–17, with 3664 attending the mobile events.

Paintback, the industry funded national paint product stewardship scheme, continued its successful roll-out across Victoria. Our support of Paintback in 2016–17 means we no longer collect paint from an extra eight Detox Your Home sites, reducing costs for the Victorian government.

e-waste landfill ban

We continued to work with DELWP, EPA and the WRRGs to introduce an e-waste landfill ban in Victoria. Our contribution focused on non-regulatory support measures; targeting community awareness, local government capacity and Victorian industry's capability to deal with increasing volumes of e-waste. Key activities included:

- consultation with local government and e-waste industry stakeholders across the State
- social research to better understand behaviours, beliefs and attitudes of target audiences—householders and small to medium enterprises (SMEs)—once electronic items reach their end of life
- designing a \$15 million e-waste infrastructure upgrades program to optimise Victoria's ability to collect e-waste and various other priority waste and material streams.

Tackling litter

Through our Litter Innovation Fund, we supported 34 projects and formed 85 partnerships to address local litter issues and improve recycling. We also developed and published the Victorian Litter Report Card to identify Victoria's key litter issues and target interventions.

We continued to support the Victorian Litter Action Alliance (VLAA) using its better practice model to promote our Litter Innovation Fund and Report Card. We hosted all VLAA meetings, issued six newsletters and coordinated and delivered illegal dumping training in partnership with the EPA.

We ran workshops with land managers to set priorities for investment in litter reduction and identified three Report Card areas for action. These are litter in coastal areas and waterways, illegal dumping, and plastic and micro-plastic litter in the environment. We're tackling the first two problems via our Litter and Illegal Dumping grants. These grants are supporting local projects, run by land managers, using a combination of education and engagement, infrastructure, and enforcement activities.

To address the impact of plastics on the environment and wildlife, we delivered a citizen science project in partnership with EPA and Melbourne Water. It involved collecting and analysing sand samples for the presence of micro plastics, to better understand their source and extent in Port Phillip Bay. We continue to work with a number of other organisations and community groups on this issue.

We developed and promoted eight case studies demonstrating innovative approaches to tackling contamination of recovered resources, and improving the quality of material streams. A further seven case studies will be completed next year.

Waste data services

We continued our annual waste data surveys, which support local government and Victorian government planning. Building on our long history delivering these surveys, we launched our Victorian Waste Data Portal, which provides public interactive mapping data and projections to help identify where Victoria's waste streams are being generated and managed. The portal allows users to search and access kerbside services by local government areas and to search by region. It offers the ability to track and project waste flows until 2045. A tailored service is also available to all 79 councils that provides more granular data to assist councils with their own planning and service provision.

Driving the Product Stewardship Strategy

Our Product Stewardship Strategy is putting Victoria at the forefront of sustainability, having built and maintained momentum across multiple industries. We were leaders with the Byteback Program (2005–2009), the Batteryback Program, and the 2007 Paintback pilot, which provided the necessary evidence to establish the national paint product stewardship scheme, which we have supported since inception. We continued to lead the way on product stewardship in 2016–17, focusing on photovoltaic systems (PV) and tyres by:

- › undertaking a material flow analysis to identify the future volumes of photovoltaic (PV) systems (including solar panels, inverters and battery storage systems), which are projected to be Victoria's fastest growing e-waste stream in future years. Our reputation in product stewardship has led to support from all jurisdictions in 2016–17 to lead the development of a national product stewardship scheme for PV systems.
- › working with Tyre Stewardship Australia to facilitate a national approach to market development for tyre derived products, and to increase the recovery and recycling of end-of-life tyres. We co-led, with Queensland, the preparation of a 'National Market Development Strategy for Used Tyres' that will be implemented by all Australian states and territories in 2017–18.

Advancing ways to turn waste into energy

We launched the Waste to Energy Infrastructure Fund, offering \$2 million in funding and support to encourage investment in infrastructure turns waste into energy, diverting it from landfill and reducing greenhouse gas emissions. The fund was designed with input from local councils, CSIRO, EPA, water authorities, technology providers, the resource recovery and food manufacturing industries and consultants. Successful applicants will be announced in 2017–18.

Priority three: enabling delivery

In the past 12 months we've enabled SV's success by:

- › updating our strategic plan, SV2020, to align with the government's policies and strategies on climate change and resource use
- › realigning our executive leadership to deliver on our strategic priorities
- › reviewing and rebuilding of our website; the updated website, coming in 2017–2018, will offer refreshed content with a focus on the daily choices Victorians can make in order to use resources sustainably and act on climate change
- › reducing our emissions by six per cent on the previous year and supporting others to do the same through our Corporate Sustainability Program— we're the first Victorian Government agency to meet the new standard ISO2015
- › continuing our partnership with BehaviourWorks Australia to ensure our programs are based on solid behaviour change research
- › launching our Diversity and Inclusion Plan 2017–2019 which builds on achievements from our previous plan, highlights our strengths and offers improvement opportunities. This plan will continue to focus on cultural diversity, diversity of thought, youth and community and stakeholder engagement
- › continuing to work towards our 2020 target of 75th percentile in constructive styles according to our Organisational Culture Inventory.

Measuring our success

SV's Towards SV2020 Strategic Plan (issued in 2015) outlined a five year strategy for a sustainably, thriving Victoria. In 2016–17 we refreshed this strategic plan to align with changes in government policy. SV2020 builds on the direction of Towards SV2020 and incorporates practical approaches to a sustainable, low emissions Victoria. It continues our commitment and legislated obligation to statewide waste and resource recovery planning.

As part of SV2020, we have articulated the performance measures to track the success of the strategic plan (pending Ministerial approval). The table below outlines our progress in 2016–17 towards meeting this targets. A framework of supporting group and project indicators will ensure we are on track to achieving our targets.

ORGANISATIONAL PERFORMANCE MEASURES	Unit of measure	2015–16 baseline	2016–17 actual	2019–20 Target
Act on climate change				
Climate Change in Top Three for Victorian Householders	per cent	30%	N/A ¹	33%
Energy Saved (GJ per annum)	number	0	58,000	130,000
Energy Generated (GJ per annum)	number	0	0	2,100
Greenhouse Gas Reduction (tonnes per annum CO2 equivalent)	number	12,000	25,000	237,000
Use resources wisely				
Waste and Resource Recovery Infrastructure Capacity (Tonnes)	number	7,500	5,000	230,000
Resources directly recovered through SV programs (Tonnes)	number	17,000	56,000	169,000
Enabling delivery				
Stakeholder rating of Relevance of SV to their organisation	per cent	82%	N/A ²	85%
Webhits (accessing information and knowledge)	number	354,115	428,119	615,000
SV employees engagement within the organisation	per cent	62%	66%	74%

Notes:

1 Survey conducted every two years

2 Survey not conducted in 16–17

Summary of financial performance

Five year financial summary

The following table outlines our five year financial summary and current year financial review (figures represent \$'000).

FIVE YEAR FINANCIAL SUMMARY

	2017	2016	2015	2014	2013
Income from Government	33,778	30,132	32,610	33,183	44,152
Total income from transactions	36,661	32,695	35,181	35,267	53,362
Total expenses from transactions	(32,881)	(33,480)	(40,335)	(44,393)	(41,752)
Net result from transactions	3,780	(785)	(5,154)	(9,125)	11,610
Net result for the period	4,056	(934)	(5,231)	(8,853)	11,775
Net cash flow from operating activities	6,363	(6,485)	(2,845)	(10,462)	13,607
Total assets	32,676	28,319	31,169	36,439	48,073
Total liabilities	4,574	4,273	6,190	6,228	9,009

Current year financial review

Overview

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the comprehensive operating statement, which are outside the control of the agency.

Financial performance and business review

In 2016–17, SV recorded a net result from transactions of \$3.8 million, which is an increase of \$4.6 million compared to 2015–16. This is due to an increase in total income from transactions of \$4.0 million (12.1%) and a decrease in expenditure from transactions of \$0.6 million (0.6%).

Total income in 2016–17 of \$36.7 million increased by \$4.0 million compared to 2015–16, mainly due to increased revenue received from Sustainability Funds grants. There was an overall decrease in expenditure for 2016–17 of \$0.6 million, with the main variance being decreased expenditure for program expenses of \$1.8 million, offset by higher other expenses of \$1.0 million. Employee benefits remained constant compared with 2015–16.

Financial position – balance sheet

Total assets increased by \$4.4 million to \$32.7 million primarily due to an increase of \$5.8 million in cash. This is mainly due to cash being received in advance to be expended on government priorities in future periods, offset by a \$1.9 million decrease in receivables from government entities. Total liabilities of \$4.6 million has remained constant with 2015–16; creditors increasing by \$0.8 million, offset by lower employee related provisions by \$0.4 million.

Cash flows

SV's net cash inflow from operating activities increased by \$12.8 million to \$6.4 million. This increase in cash reflects SV's net result from transactions for the year, adjusted for the impact of non-cash items such as depreciation.

SV has in place a Long-Term Financial Plan which seeks to ensure the organisation's financial sustainability and maintain an adequate financial buffer in outward years.

Income is expected to increase to approximately \$43.0 million in 2017–18 and then remain constant to 2019–20, with the impact built into SV's forward budgets and any deficit being funded through the utilisation of cash reserves on government priorities.

SV had \$23.7 million in cash reserves as at 30 June 2017, of which \$8.5 million represents funds received from government (tied to the delivery of specific projects), that was unspent at 30 June 2017. We have future expenditure commitments totalling \$18.9 million, of which \$8.1 million is for tied funding projects and \$10.8 million for other expenditure.

In 2016–17 SV maintained a minimum working capital of \$5.5 million to ensure the organisation is able to meet its financial commitments.

Tied funding is funding received from government, or third parties, for the implementation of specific projects. Other funding includes our Landfill Levy distribution, with investment decisions made by SV management and Board.

Significant changes in financial position

There were no significant matters with changed SV's financial position during the reporting period.

Significant changes or factors affecting performance

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

Capital projects

In 2016–17 SV did not have any capital projects with a total estimated investment of \$10 million or more.

Disclosure of grants and transfer payments

Please refer to Appendix 4.

Subsequent events

There have been no events subsequent to the balance date at 30 June 2017 which may significantly affect operations in following years.

Governance and organisational structure

Our Board

The *Sustainability Victoria Act 2005* allows for the Minister for Energy, Environment and Climate Change to appoint seven to nine non-executive members to the SV Board. In appointing members to oversee SV's strategy and functions, the minister considers their skills, experience and knowledge.

To meet its responsibility for good governance and effective leadership, the Board:

- › sets our strategic direction, objectives and performance targets
- › selects the Chief Executive Officer (CEO)
- › monitors operational and financial performance
- › oversees compliance with laws, regulations and other obligations
- › sets and monitors internal controls to manage risks
- › ensures organisational good conduct and stakeholder relationships
- › manages and monitors Board and committee conduct and performance.

In 2016–17 the Board fulfilled its responsibilities by:

- › approving the 2016–17 Business Plan
- › approving and submitting the 2015–16 Annual Report to the Minister
- › approving the Financial Statements for the year ending June 2016
- › ensuring systems were in place to address risks in SV's organisational risk management framework
- › overseeing SV's compliance with laws, regulations, and other obligations
- › ensuring the organisation had appropriate policies and procedures in place for good conduct.

Board members

The table below shows our Board members for 2016–17 and overall period of appointment.

Board Member	Period of Appointment
Heather Campbell	Board member since March 2016: Chair from March 2016 to present
Ross McCann	Board member from August 2011 to June 2017: Deputy Chair from February 2016 to July 2017
Arron Wood	Board member from July 2014 to June 2017
Roger Parker	Board member from November 2014 to June 2017
Megan Flynn	Board member since May 2015
Kane Thornton	Board member since May 2015
Daniel Fyfe	Board member since May 2015 to June 2017
Vicky Darling	Board member since June 2016
Jennifer Lauber Patterson	Board member since June 2016

Attendance at Sustainability Victoria Board meetings in 2016–17

There were Board meetings in August, October and December 2016 and February, March, May and June 2017. The following table outlines members' attendance.

Board member	Meetings eligible to attend	Meetings attended
Heather Campbell	7	7
Ross McCann	7	4
Arron Wood	7	6
Roger Parker	7	7
Megan Flynn	7	7
Kane Thornton	7	7
Daniel Fyfe	7	7
Vicky Darling	7	7
Jennifer Lauber Patterson	7	7

Our Board members

Heather Campbell

Heather has over 25 years' experience leading the management of environmental, sustainability and risk issues and brings experience of Landcare, waste minimisation and resource efficiency. Currently the CSIRO's Director of Health Safety and Environment, Heather was the CEO of Landcare Australia for three years and held executive and senior managerial roles with Amcor, Ridley AgriProducts and Cheetham Salt spanning more than 20 years. She also has extensive experience as a Board director and advisory committee member across government, education and the not for profit sector.

Ross McCann

Ross was Chairman of Qenos from 2011 to 2015 and formerly Executive Chairman and Chief Executive Officer. He is a former member of the EPA's Environment Protection Board and current member of Victoria's Workcover Authority, Special Advisor to the President of China National Chemical Company and Former President of the Plastics and Chemicals Association and Director of the inaugural Stem Cell Centre Board. Ross spent 25 years in management based roles at ICI Australia. He was a member of the Executive Committee of WMC Resources Ltd.

Arron Wood

Arron is a sustainability expert with his own award-winning business. In 2001, he was Young Australian of the Year for the environment and, in 2007, he was the Prime Minister's Environmentalist of the Year. He had been awarded The Centenary Medal for outstanding contribution to conservation and the United Nations Individual Award for Outstanding Service to the Environment. Arron is currently a Chair of 2017 World Ecocity Summit Advisory Board and Deputy Lord Mayor for City of Melbourne.

Roger Parker

Roger is a Senior Consultant at Golder Associates. He is an Environmental Auditor for contaminated land in Victoria and Contaminated Sites Auditor in Western Australia. His work has been predominantly with waste disposal consulting matters, but he has also been involved with studies related to transfer stations, waste auditing and waste planning. Roger has been involved with many committees and panels including EPA's Prescribed Waste Advisory Panel and, more recently, the Landfill Expert Advisory Panel. Previously he was on the Victorian State Committee for Waste Management Association of Australia.

Megan Flynn

Megan is the Qantas Group Manager of Environment and Carbon Strategy. She is an experienced business development professional in international and domestic environmental markets and policy. Her background is in law, sustainable business management and corporate strategy. Megan holds non-executive director roles at the Carbon Market Institute, the Earthwatch Institute and sits on the Advisory Board of the Melbourne Sustainable Society Institute for the University of Melbourne.

Kane Thornton

Kane is CEO of the Clean Energy Council, the peak body for Australia's renewable energy and battery storage industry. He has extensive experience in energy policy and leadership within the renewable energy industry. Previous roles include Senior Manager and advisor for Hydro Tasmania and Executive Officer of Renewable Energy Generators Australia. Kane is a graduate of the Australian Institute of Company Directors and has broad international management experience, having previously worked in Asia. He has held advisory and board roles in the climate change and renewable energy sectors.

Daniel Fyfe

Daniel has extensive experience in the waste management industry across Australia and New Zealand. He has developed industry standards with EPA Victoria and waste management policy with the Victorian Government. He was a founding Director of the Australian Landfill Owners Association and went on to chair its Victorian Division. He is currently Divisional Manager at Hanson Landfill Services. Daniel is a Fellow of the Australian Institute of Company Directors, a member of the Institution of Engineers, Australia, and a member of the Waste Management Association of Australia.

Vicky Darling

Vicky is a business consultant with extensive public policy and community engagement experience, having worked for the Premier of Queensland and a Commonwealth Government Minister. Vicky was a Member of the Queensland Parliament for six years from 2006 to 2012, including one year as Minister for Environment. She is currently a member of the Australian Capital Territory Waste Feasibility Study Community Reference Group, and has held several key roles for the Queensland Waste and Recycling Expert Advisory Panel and the Far North Queensland Ministerial Regional Community Forum.

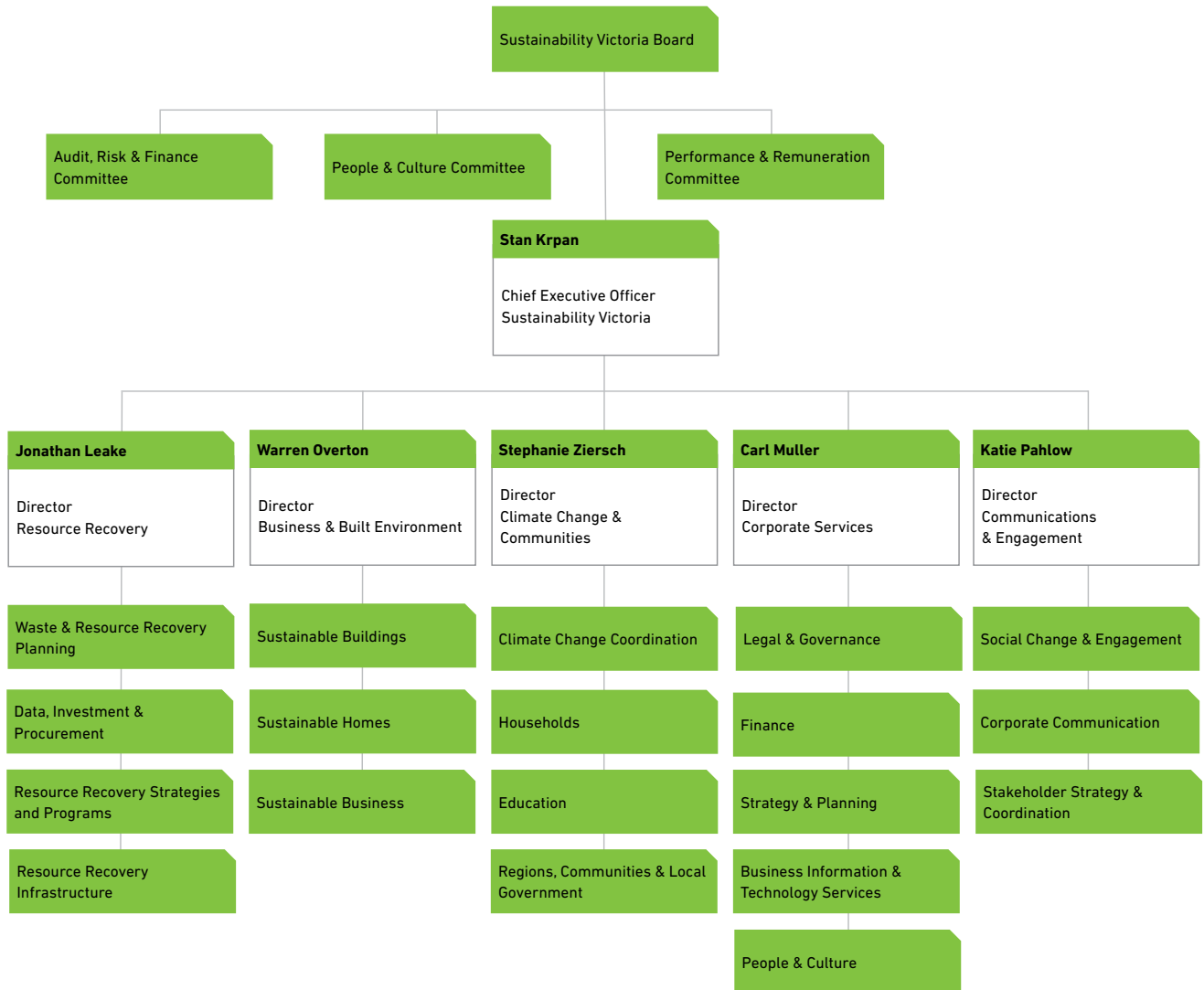
Jennifer Lauber Patterson

Jennifer has spent more than 25 years building new businesses in the energy and banking sectors, specialising in energy, environmental and risk advisory services. Previously, she was Director of Electricity, Renewables and Emission at ANZ Bank and Head of Environmental Treasury Solutions at NAB. Her previous board and committee experience include the Carbon Market Working Group, CPA Australia's Ethics and Governance Advisory and Educational Panel and Special Advisor to the Australasian Emissions Trading Forum Australian Carbon Markets. Jennifer is currently the Managing Director of Frontier Carbon and is Chair of Yarra Energy Foundation.

Organisational structure and corporate governance arrangements

Our 2016–17 executive team comprised the CEO, five directors, with each accountable for key organisational functions, program delivery and line management.

The team as at 30 June 2017 is shown below.



Stan Krpan

Stan was appointed CEO of SV in 2012. As CEO, Stan provides leadership and strategic management to SV and ensures proper resource allocation and the timely delivery of outcomes. He has extensive experience in executive roles, leading reforms in law, health, safety and environment regulation and sustainability across SV, EPA and Worksafe Victoria. He is Chair of Infoxchange, a Director of Western BACE and a member of the BehaviourWorks Australia Advisory Board.

Jonathan Leake

Jonathan leads the integration of SV's statewide waste strategies and programs that deliver infrastructure and markets for Victoria's growing waste and resource recovery industry. He has a strong history of government reform in waste, leadership in sustainability investment and application of environmental and property law.

Stephanie Ziersch

Stephanie leads the Communities and Climate Change program which involves inspiring and educating communities, schools, local government and households to act on climate change. She has extensive public sector experience at an international, national and state level and a strong record in climate change policy development and program delivery

Warren Overton

Warren leads the business and built environment sector, aiming to achieve zero net emissions by 2050. He has extensive experience in energy efficiency and renewable energy in the built environment and played a key role in delivering the Greenhouse Challenge and Cities for Climate Protection programs, as well as the development and delivery of the Green Star rating tools.

Katie Pahlow

Katie leads communication and engagement to put climate change among the top issues for Victorians and promote SV as the first place to go to take action on sustainability. She has expertise in behaviour change campaigns, science communication and education, integrated marketing, brand building and customer focus, with a strong track record of reform and achievement. Under her leadership Zoos Victoria initiated their highly regarded behaviour change and advocacy campaigns, including the Banksia Award winning 'Don't Palm Us Off' campaign.

Carl Muller

Carl leads business support, strategic direction and the measurement of success for SV. He has led a series of transformational programs in the environment sector, including a regulatory reform initiative whilst at EPA. A qualified oceanographer, Carl worked on the establishment of the Australian Tsunami warning system at the Bureau of Meteorology, our response to the 2004 Indonesian tsunami.

Audit, Risk and Finance Committee

The Audit, Risk and Finance Committee consisted of the following members in 2016–17:

- › Ross McCann, Chair
(independent)
- › Roger Parker
(independent)
- › Jennifer Lauber Patterson
(independent - term commenced 18 July 2016)
- › Lee Wapling
(independent - term commenced 18 July 2016)
- › Liza Maimone
(independent - term commenced 15 November 2016)

The responsibilities of the Audit, Risk and Finance Committee are set out in Standing Direction 3.2.1.1. Key responsibilities of the audit committee are to:

- › review and report independently to the board on the annual report and all other financial information published by SV;
- › assist the board in reviewing the effectiveness of SV'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;
- › oversee the effective operation of the risk management framework.

Members are appointed by the board, usually for a three year term, and are subject to the committee's terms of reference.

Meetings are held quarterly or as required. In 2016–17, the committee met five times. Attendance of committee members is detailed in the table below.

Committee member	Meetings eligible to attend	Meetings attended
Ross McCann	5	5
Roger Parker	5	4
Jennifer Lauber Patterson	5	5
Lee Wapling	5	5
Liza Maimone	2	2

People and Culture Committee

The primary role of the People and Culture Committee is to assist the board in fulfilling its corporate governance responsibilities by:

- › setting strategic direction and framework for the delivery of the People and Leadership corporate capability
- › reviewing effectiveness of people strategies and policies
- › ensuring appropriate monitoring and compliance is in place, with requisite reporting to the board.

In 2016–17 the committee:

- › provided strategic oversight and input into the Diversity and Inclusion plan
- › provided strategic oversight and input into Organisational Culture and Pulse survey and results
- › provided guidance and support of SV policies
- › monitored and analysed trends arising from quarterly People and Culture metrics.

The committee comprised two board members in 2016–17, Kane Thornton (Chair) and Megan Flynn, Heather Campbell and an external member Fiona Lund.

Committee member	Meetings eligible to attend	Meetings attended
Kane Thornton (Chair)	2	2
Megan Flynn	2	2
Heather Campbell	2	2
Fiona Lund	2	1

Performance and Remuneration Committee

The primary role of the Performance and Remuneration Committee is to assist the board in fulfilling its corporate governance responsibilities through:

- CEO recruitment, selection, performance and succession
- Executive performance and succession
- Monitoring and compliance.

In 2016–17 the committee reviewed the performance of the CEO over 2015–16, confirmed his performance plan for 2016–17 and renewed his contractual arrangement.

In 2016–17, the committee included four board members: Ross McCann (Chair), Arron Wood, Kane Thornton and Heather Campbell.

Committee member	Meetings eligible to attend	Meetings attended
Ross McCann	2	2
Arron Wood	2	2
Kane Thornton	2	2
Heather Campbell	2	2

Partnerships and charters

The Global Reporting Initiative (GRI) requires us to report on any externally developed economic, environmental and social charters, principles or other initiatives to which we subscribe or which we endorse. We do not subscribe to or endorse any such initiatives.

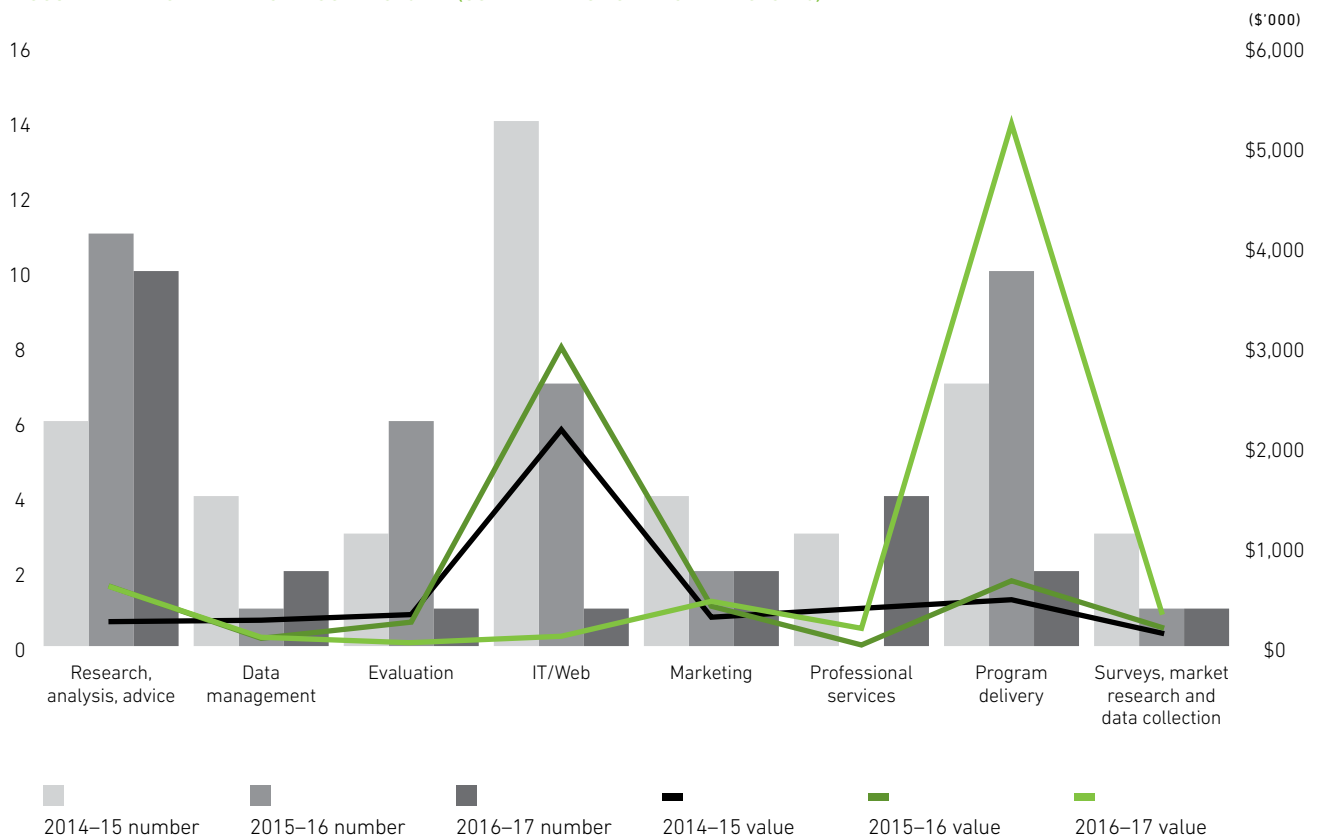
Our procurement and supply chain

Our procurement, tendering and purchasing follows the principles of value for money, open and fair competition, accountability, risk management, probity, transparency and scalability as detailed in the Victorian Government Purchasing Board (VGPB) Policies. These are delivered by our robust procedures and supported by our new procurement management system, SV Enabled. As per the VGPB policy model we focus on complexity and risk to deliver strategic and efficient procurement.

The following infographic outlines the links between our procurement and core activities.



PROCUREMENT ACTIVITY BY CATEGORY 2016–17 (COMPARED TO 2014–15 AND 2015–16)



Social and sustainable procurement

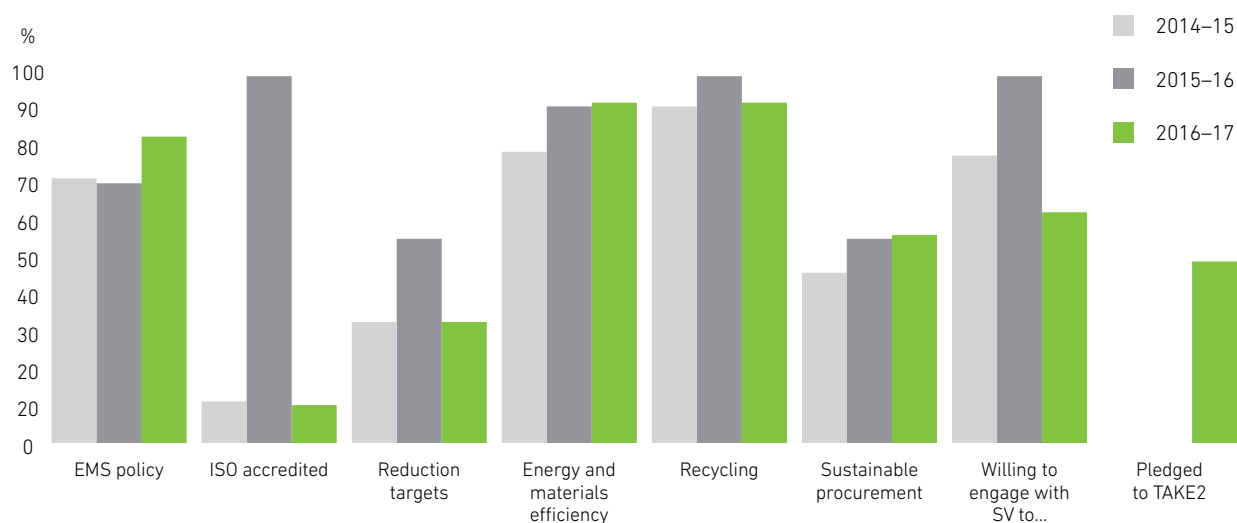
Our procurement policy provides that we will give priority to those products and services that enable us to perform our duties while having minimal impact on the environment and supporting social outcomes. We also seek to positively influence our suppliers and those wanting to make more sustainable purchasing choices. We choose to engage with suppliers and service providers that manage their environmental impact and support social outcomes.

Our social and sustainable procurement achievements in 2016–17 include:

- › adoption of the Victorian government Supplier Code of Conduct and communication to our suppliers
- › e-waste recycled by Green Collect
- › 100 per cent post-consumer recycled paper
- › sustainable choices for office supplies (pens etc.)
- › fair trade coffee
- › subsidised bicycle servicing for staff
- › staff with at least six months' service can access the Salary Advance Bicycle Purchase Policy which offers a salary advance up to \$2,000 to buy a bike for themselves or their family
- › public transport tickets for staff traveling to and from meetings
- › hybrid fleet vehicles
- › hand washing of cars
- › catering from social and sustainable enterprises
- › 100 per cent GreenPower for all office light and power needs
- › carbon offsets for all operational emissions.

We have a mandatory environmental management criteria in all competitive procurement (10 per cent weighting for tenders). The EMS performance of our suppliers in 2016–17 is outlined below.

EMS PERFORMANCE OF OUR CONTRACTORS 2014–15, 2015–16, 2016–17



Our risk management approach

Our Risk Management, Business Continuity and Fraud and Corruption policies are enacted through our Risk Management Framework and various processes and procedures. They detail objectives, key responsibilities, review timeframes and reporting and risk approval. Our risk management is based on international standard AS/NZS ISO 31000:2009.

Risk management is an organisation-wide exercise covering strategic, operational and project risks and forms part of the daily business of individual divisions and contractors. It is embedded in key processes like project and contract management and procurement. Our CEO and Executive Leadership Team review and report quarterly on strategic risks. Throughout the year these are also reviewed by the Audit, Risk and Finance Committee and at least three times by our Board.

Our reporting approach

SV is committed to building a more robust form of reporting as part of its commitment to be accountable to internal and external stakeholders. The GRI framework allows organisations to report on how they are performing in the environmental, social and economic areas of the organisation as well as provide an insight into their material aspects and specific indicators. The Annual Report and the GRI Index is prepared using the Global Reporting Initiative's Sustainability Reporting Guidelines (G4). This report is 'in accordance' with the Guidelines – Core option.

Identified material aspects and boundaries

SV undertook a materiality assessment in 2015–16 to identify the issues which mattered most to our stakeholders which then defined the reporting boundaries.

The material aspects which we believe matter most to our stakeholders is our energy consumption, our waste generation and disposal methods and our Greenhouse gas emissions.

The material issues for 2016–17 were Environmental and Social aspects for the organisation and limited to SV.

The material aspects are limited to SV.

Our engagement approach

Stakeholder engagement is part of our commitment to put the community at the centre of our work and to understand attitudes and support lasting changes to behaviour. Doing this every day allows us to continue delivering effective and efficient programs for all Victorians. It is key to building staff capacity and is how we do business, including in program design and delivery.

Our work means our stakeholders have a diversity of views and we strive to understand their needs and challenges. Common themes of interest to our stakeholders include ideas around how we could continue to work together, through for example, partnerships, stakeholder forums, or consultation processes and opportunities for input into SV's programs. Stakeholders tell us they want access to grants/funding support and subject matter guidance and assistance that is relevant to them.

To ensure we are meeting our stakeholders needs we incorporate their feedback into evaluation processes to continue to improve our offerings and future program design and delivery. We also listen to our stakeholders' on how they want to engage with us and build that into our service delivery, providing direct engagement through projects, online mechanisms to communicate with us, a 1300 number for the community to call us and staff living and working in regional Victoria to provide local knowledge and expertise for our regional and rural stakeholders.

In planning we identify and select stakeholders to work with to deliver programs Victoria wide and work out appropriate methods and levels of engagement and get stakeholder feedback. We actively foster strong, collaborative relationships with Victorian communities. Our state-wide engagement and project teams connect stakeholders to our programs and get community involvement in decisions and actions.

Occupational health and safety

Our people are fundamental to our success. We strive to integrate health, safety and wellbeing into everything we do to provide a positive, healthy and safe working environment. Our Board, CEO, Directors and leaders are committed to providing and promoting a healthy workplace and safe systems of work. This commitment is outlined in the SV Health, Safety and Welfare (HS&W) policy which applies to all SV employees, contractors, agency temps, Board members and volunteers (workers) as well as visitors.

In 2016–17, we recorded:

- › no formal written complaints
- › no equal opportunity, bullying or harassment complaints
- › 14 days of lost time due to injury
- › one worker's injury claims
- › absenteeism (average days lost) of 6.68 days per employee
- › an average of 13.04 training hours per employee
- › an increase in staff turnover of 23.4 per cent (from 11.5 per cent in 2015–16)

PERFORMANCE AGAINST HEALTH, SAFETY AND WELLBEING MANAGEMENT MEASURES

Measure	KPI	2016–17	2015–16	2014–15	2013–14
Incidents	Number of incidents	7	11	7	5
	Rate per 100 FTE	6.4	10.17	6.50	6
	Average time lost per occurrence (days)	2	0	0	0
Claims	Number of standard claims*	1	1	2	1
	Average cost per claim	0	\$1,357	\$2,348	0
Management commitment	Evidence of OH&S policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans	Completed	Completed	Completed	Completed
Risk management	Percentage of internal audits/ inspections conducted as planned	100%	100%	100%	100%

* Data sourced from Victorian WorkCover Authority (VWA).

Workforce data

Public sector values and employment principles

SV 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.

The public sector values are: responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

Public entities are required to have in place employment processes to ensure that:

- › employment decisions are based on merit
- › public sector employees are treated fairly and reasonably
- › equal employment opportunity is provided
- › human rights as set out in the Charter of Human Rights and Responsibilities are upheld
- › public sector employees have a reasonable avenue of redress against unfair or unreasonable treatment.

Codes of conduct and standards issued by the Victorian Public Sector Commission (VPSC), include:

- › the Code of Conduct for VPS employees
- › the Conflict of Interest policy framework and the Gifts Benefits and Hospitality policy framework.

SUMMARY OF WORKFORCE 2016 AND 2017

	Ongoing employees				Fixed term and casual employees
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE
June 2016	87	75	12	82.62	25.6
June 2017	83	70	13	78.8	30

* Ongoing employees includes people engaged in an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

Comparative workforce data

On 30 June 2017:

- › SV employed 83 staff (78.8 full time equivalent) compared to 87 staff (82.62 full time equivalent) on 30 June 2016.
- › the proportion of women was 58 per cent (compared to 59 per cent on 30 June 2016)

The tables below show data on our workforce* composition, average salaries by gender and VPS classification.

SV EMPLOYEE NUMBERS 2011–2017

2017	2016	2015	2014	2013	2012	2011
108.8	108.2	112	110.7	105.7	113	143

WORKFORCE COMPOSITION 2016 AND 2017

Employee type	2017						2016							
	All		Ongoing			Fixed Term and casual		All		Ongoing			Fixed Term and casual	
	No. (Head count)	FTE	FT (head count)	PT (head count)	FTE	No. (Head count)	FTE	No. (Head count)	FTE	FT (head count)	PT (head count)	FTE	No. (Head count)	FTE
Gender														
Male	47	46.4	32	0	32	15	14.4	46	45.8	35	0	35	11	10.8
Female	67	62.4	38	13	46.8	16	15.6	67	62.4	42	10	47.6	15	14.8
Total age														
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25-34	25	24	12	2	13.4	11	10.6	25	25	13	0	13	12	12
35-44	50	46.8	30	7	34.4	13	12.4	49	46.42	32	8	37.82	9	8.6
45-54	26	25	17	4	20	5	5	22	21.2	18	2	19.2	2	2
55-64	11	11	9	0	9	2	2	15	14.6	11	1	11.6	3	3
Over 64	1	1	1	0	1	0	0	1	1	1	0	1	0	0
Total Classification														
VPS 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VPS 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VPS 3	3	3	2	0	2	1	1	4	4	3	0	3	1	1
VPS 4	36	34	24	5	27	7	7	37	35.02	23	6	27.22	8	7.8
VPS 5	55	52	29	6	33	20	19	48	45.6	30	4	31.8	14	13.8
VPS 6	14	13.9	11	1	11.9	2	2	19	18.6	15	1	15.6	3	3
STS	1	1	0	0	0	1	1	1	1	1	0	1	0	0
Executive	5	4.9	4	1	4.9	0	0	4	4	4	0	4	0	0
Total	114	108.8	70	13	78.8	31	30	113	108.22	76	11	82.62	26	25.6

Notes: All figures reflect employment levels during the last full pay period in June of each year. Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies. All employees have been correctly classified in workforce data collection aligned to the VPS classification structure.

Enterprise Agreement

SV has an enterprise agreement covering 95.6 per cent of employees. The current agreement includes working conditions and employee benefits. The enterprise agreement was in operation from 11 May 2016 and has a nominal expiry date of 31 December 2019. We have 4.3 per cent of our workforce employed under Part 3 of the Public Administration Act 2004.

Workforce Inclusion Policy

Tracking and analysing SV's workforce profile provides important insights about the characteristics of our workforce in a diversity and inclusion context.

The profile is reviewed on a regular basis, both as a stand-alone profile and by using relative comparisons such as the VPS, the Victorian labour market, and the general Victorian population. We can then identify and address any systemic issues or barriers to diversity and inclusion.

Given our relatively small workforce, SV does not set targets for employment of people from specific demographic groups. However, our philosophy is that our workforce should generally reflect the composition of the Victorian labour market and working age population. If we identify variances, they can be addressed as part of our Diversity and Inclusion Action Plan.

Executive Officer Data

An executive officer is a person employed as a head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*.

SV's five executive officers in 2016–17 were responsible for leading the business and providing oversight of strategy and operations. They held fixed term and ongoing positions. The tables below show the breakdown of executive officers by gender and reconciliation of executive numbers.

BREAKDOWN OF EXECUTIVE OFFICERS BY GENDER 2016–17

Ongoing				
Male			Female	
Vacancies				
Class	Number	Variation	Number	Variation
EO-1				
EO-2				
EO-3	3	1	2	1
Total	3	1	2	1

RECONCILIATION OF EXECUTIVE NUMBERS 2016–17

		2016–17	2015–16
	Executives	7	5
	Accountable Officer (Secretary)	0	0
Less	Separations	2	0
	Leave without pay	0	0
	Long term acting arrangements	0	0
Total executive numbers at 30 June		5	5

Other Disclosures

Local Jobs First – VIPP

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

We did not commence or complete any contracts relevant to Local Jobs First – VIPP this year.

Government advertising expenditure

In 2016–17 there was one government advertising campaign with a total media spend of \$100,000 or greater (exclusive of GST). The details of the campaign are outlined below.

Details of government advertising expenditure (campaigns with a media spend of \$100,000 or greater)

Name of Campaign	Campaign summary	Start/End date	Advertising (Media) Expenditure 2016–17 (excl. GST)	Creative and campaign development Expenditure 2016–17 (excl. GST)	Research and evaluation Expenditure 2016–17 (excl. GST)	Print and collateral Expenditure 2016–17 (excl. GST)	Other Campaign Expenditure 2016–17 (excl. GST)	Total
TAKE 2	Asks Victorians to pledge their support for action on climate change in Victoria	August 2016 – June 2017	183,971	212,889	41,250	1,630	73,961	513,701

Consultancy expenditure

In 2016–17 we paid eight consultancies \$10,000 or more for a total of \$692,659 (excluding GST). Details of individual consultancies are shown below.

	Contract ID	Consultant	Title and Description	Start Date	End Date	Total Fees (\$)	Expenditure this year (\$)	Future Commitments (\$)
1	C-09620	AECOM	Better Commercial Buildings Research To provide an overview of the Victorian commercial buildings sector demographic and compare the performance in the mid-tier market with the performance measured in the original The Next Wave report.	10/05/2017	17/07/2017	44,876.00	0.00	44,876.00
2	C-09604	Studio Thick Pty Ltd	Improving Resource Recovery Project Support To design and deliver local government-led projects (behaviour change, practice change, innovative design solutions) to improve resource recovery in Victoria.	19/04/2017	31/12/2017	89,880.00	36,250.00	53,630.00
3	C-09589	Randell Environmental Consulting Pty Ltd	Victorian Market Flow Analysis (MFA) 2015 – Review and Supplementary Analysis To review the Victorian MFA Report Part 1 conducted to assess the processing capacity requirements in support of the states forthcoming e-waste landfill ban	24/05/2017	30/06/2017	29,820.00	5,940.00	23,880.00
4	C-09546	Online Research Unit	E-waste Landfill Ban Social Research Panel Services To conduct social research into the target audiences for a ban on e-waste from landfill in Victoria, to better understand behaviours, beliefs and attitudes once certain categories of electronic items reach their end of life, informing the design, trial and delivery of an education and awareness campaign.	31/03/2017	22/05/2017	32,334.00	32,334.00	0.00

	Contract ID	Consultant	Title and Description	Start Date	End Date	Total Fees (\$)	Expenditure this year (\$)	Future Commitments (\$)
5	C-09432	Point Advisory Pty. Ltd.	Zero Carbon Buildings Challenge Industry Consultation To identify industry readiness to achieve carbon neutrality and assess the benefits of various intervention types and approaches.	22/11/2016	15/01/2017	10,000.00	10,00.00	0.00
6	C-09390	Savills (National) Vic office	Mid-tier investment performance study To comprehensively identify key attributes and specific financial performance benchmarks for mid-tier offices with a view to understanding the investment decisions these building owners employ.	28/02/2017	02/05/2017	33,550.00	10,020.00	23,530.00
7	C-09326	Point Advisory Pty. Ltd.	Energy Efficient Office Buildings Report To produce a report that summarises and captures the results and learnings from the Energy Efficient Office Buildings program.	22/08/2016	07/10/2016	16,160.00	12,000.00	4,160.00
8	C-09394	Wallis Market and Social Research	Climate Change Social Research To conduct a statewide community survey among a representative sample of up to 3,200 Victorians (aged 15+ years) to gather feedback on attitudes and behaviours in relation to climate change.	24/10/2016	31/08/2017	436,039.00	337,082.50	98,956.50

Details of consultancies (valued at less than \$10,000)

In 2016–17, there were five consultancies engaged where total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2016–17 in relation to these consultancies was \$22,830 (excluding GST).

Information and Communication Technology expenditure

For the 2016–17 reporting period, SV had total ICT expenditure of \$2,723,922, with the details shown below.

All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
Business as usual (BAU) ICT Expenditure	Non-Business as usual (non-BAU) ICT Expenditure Total=Opex and Capex expenditure	Operational (Opex) expenditure	Capital (Capex) expenditure
2,084,276	639,646	344,844	294,802

ICT expenditure refers to SV's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing SV's current ICT capabilities.

BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of major contracts

SV did not award any major contracts (valued at \$10 million or more) during 2016–17 (A 'major contract' is a contract entered into during the reporting period valued at \$10 million or more).

Freedom of Information

This act gives the public a right of access to our documents. We received one request for access to documents this year from a Member of Parliament. Access was refused.

Making a request

To access documents write to the Freedom of Information Officer clearly identifying the document you seek, with a \$28.40 application fee (this can sometimes be waived). Charges may apply once documents have been processed. A decision on access is made to cover photocopying, search and retrieval etc.

Address your communication to:

Ms Kara Miller
Freedom of Information Officer
Sustainability Victoria
Level 28, 50 Lonsdale Street
Melbourne Victoria 3000

Telephone (03) 8626 8700

Email foi@sustainability.vic.gov.au

Requests can also be lodged at www.foi.vic.gov.au. Visit www.foi.vic.gov.au for more information on Freedom of Information.

Statement of availability of other information

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 Sustainability Victoria and are available in full on request, subject to the provisions of the *Freedom of Information Act 1982*:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of publications produced by Sustainability Victoria about itself, and how these can be obtained.
- Details of any major reviews carried out in respect of the operation of Sustainability Victoria.
- Details of major research and development activities undertaken by Sustainability Victoria.
- Details of major promotional, public relations and marketing activities undertaken by Sustainability Victoria to develop community awareness of the entity and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations within Sustainability Victoria and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by Sustainability Victoria; the purposes of each committee and the extent to which the purposes have been achieved.
- Details of overseas visits undertaken
- Details of changes in prices, fees, charges, rates and levies charged for its services

The information is available on request from our Freedom of Information Officer (identified above):

Information that is not applicable to Sustainability Victoria

The following information is not relevant to Sustainability Victoria, for the reasons set out below:

- Details of all consultancies and contractors including: consultants/contractors engaged; services provided; and expenditure committed for each engagement. A declaration of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary (No shares have ever been issued in Sustainability Victoria).

Privacy and Data Protection Act 2014

We collect and use customer information according to our Privacy Statement and the *Privacy and Data Protection Act 2014*.

For a copy of the Privacy Statement:

- › call (03) 8626 8700
- › email privacy@sustainability.vic.gov.au
- › visit www.sustainability.vic.gov.au.

We received no complaints of privacy breaches in 2016–17.

Compliance with Building Act 1993

As we don't own or control any government buildings we're exempt from notifying our compliance with the building and maintenance provisions of the *Building Act 1993*.

National Competition Policy

According to the National Competition Policy, legislation cannot restrict competition unless:

- › community benefits outweigh the costs
- › the objectives can only be achieved by restricting competition.

If a government business competes, or even potentially competes with a private business, any government advantage must be removed if it is not in the public interest. Government businesses are required to cost and price as if they were privately owned. Competitive Neutrality policy provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives and focuses on efficiency in service.

We continue to comply with the requirements of the National Competition Policy.

In 2016–17, we undertook a Competitive Neutrality Assessment for FirstRate5 and are implementing the outcomes.

Compliance with Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The PD Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

We will not tolerate improper employee conduct or the taking of reprisals against those who disclose such conduct. We're committed to transparency and accountability in our administrative and management practices and support 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.

We will take all reasonable steps to protect people who make such disclosures from reprisals. We will also afford natural justice to anyone who is the subject of the disclosure to the extent of the law.

How do I make a 'Protected Disclosure'?

We can't receive protected disclosures. However you can make a protected disclosure about us or our Board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (IBAC) on the details below.

How can I access your procedures for the protection of persons from detrimental action?

We've established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about us or our employees. You can access our procedures on our website at: www.sustainability.vic.gov.au

Contacts

Independent Broad-Based Anti-Corruption Commission (IBAC)
Victoria

Address: Level 1, North Tower, 459 Collins Street,
Melbourne Victoria 3000.

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

Email: See website above for the secure email disclosure process. (Also provides for anonymous disclosures).

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the following information is available at www.data.vic.gov.au in electronic readable format:

- › Aggregates, masonry and soils recovery in Victoria 2013–14 (part of the Victorian Recycling Industry Annual Survey 2013–14)
- › Victorian Local Government Annual Survey 2013–14 (Census of all 79 Victorian Local Governments)
- › Rubber recovery in Victoria 2013–14 (part of the Victorian Recycling Industry Annual Survey 2013–14)
- › Plastics recovery in Victoria 2013–14 (part of the Victorian Recycling Industry Annual Survey 2013–14)
- › LCA kerbside recycling calculator: to determine the environmental benefits of recycling
- › Glass recovery in Victoria 2013–14 (part of the Victorian Recycling Industry Annual Survey 2013–14)
- › Paper and cardboard recovery in Victoria 2013–14 (part of the Victorian Recycling Industry Annual Survey 2013–14)
- › Victorian Recycling Industry Annual Survey 2013–14
- › Metal recovery in Victoria 2013–14 (part of the Victorian Recycling Industry Annual Survey 2013–14)
- › 2001–02 to 2007–08 Local Government Waste and Recycling Services Survey
- › Solar Report
- › 2009 Green Light Report - Environmental Attitudes Survey
- › Byteback Drop Off Points
- › ResourceSmart Retailers
- › Detox Your Home Disposal Points

Financial statements

How this report is structured

SV has presented its audited general purpose financial statements for the financial year ended 30 June 2017 in the following structure to provide users with information about SV's stewardship of the resources entrusted to it:

Financial statements	Comprehensive operating statement	38
	Balance sheet	39
	Cash flow statement	40
	Statement of changes in equity	41
Notes to the Financial statements	1. About this report	42
	The basis on which the financial statements have been prepared and compliance with reporting regulations	
	2. Funding delivery of our services	43
	Revenue recognised from grants, levies and other sources	
	2.1 Summary of income that funds the delivery of our services	43
	2.2 Landfill Levy	43
	2.3 Income from transactions	44
	3. The cost of delivering services	45
	Operating expenses of SV	
	3.1 Expenses incurred in delivery of services	45
	3.2 Program expenses	48
	3.3 Other operating expenses	48
	4. Key assets available to support output delivery	49
	Property, plant and equipment and intangible assets	
	4.1 Total property, plant and equipment	49
	4.2 Intangible assets	51
	5. Other assets and liabilities	53
	Working capital balances, and other assets and liabilities	
	5.1 Receivables	53
	5.2 Payables	54
	6. How we financed our operations	56
	Borrowings, cash flow information and leases	
	6.1 Borrowings	56
	6.2 Leases	57
	6.3 Cash flow information and balances	57
	6.4 Commitments for expenditure	59

Notes to the financial statements (continued)	7. Risks, contingencies and valuation judgements	27
	Financial risk management, contingent assets and liabilities as well as fair value determination	
	7.1 Financial instruments specific disclosures	27
	7.2 Contingent assets and contingent liabilities	31
	7.3 Fair value determination	31
	8. Other disclosures	34
	8.1 Ex-gratia expenses	
	8.2 Responsible persons	34
	8.3 Remuneration of executives	35
	8.4 Related parties	35
	8.5 Remuneration of auditors	37
	8.6 Subsequent events	37
	8.7 Australian Accounting Standards issued that are not yet effective	37
	8.8 Glossary of technical terms	39
	8.9 Style conventions	41

Declaration in the Financial Statements

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

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

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

We authorise the attached financial statements for issue on 24 August 2017.



Heather Campbell

Chair
Sustainability Victoria

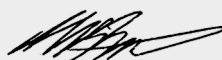
Melbourne 24/08/2017



Carl Muller

Interim Chief Executive Officer
Sustainability Victoria

Melbourne 24/08/2017



Matthew Beattie

Chief Financial Officer
Sustainability Victoria

Melbourne 24/08/2017

Independent Auditor's Report

To the Board of the Sustainability Victoria

Opinion	<p>I have audited the financial report of the Sustainability Victoria 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 • declaration in the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Sustainability Victoria 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 Sustainability Victoria 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>
Board's responsibilities for the financial report	<p>The Board of the Sustainability Victoria 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 Board 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 Board is responsible for assessing the Sustainability Victoria'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 Sustainability Victoria's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board'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 Sustainability Victoria'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 Sustainability Victoria 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 Board 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
31 August 2017



Roberta Skliros
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

For the financial year ended 30 June 2017

	Notes	2017 \$	2016 \$
Income from transactions			
Landfill Levy	2.2	20,022,889	18,558,796
Government grants	2.3.1	13,754,681	11,186,150
Interest	2.3.2	368,490	446,088
Other income	2.3.3	2,514,858	2,504,288
Total income from transactions		36,660,918	32,695,322
Expenses from transactions			
Employee expenses	3.1.1	(13,554,372)	(13,442,812)
Depreciation and impairment	4.1.1	(407,252)	(377,902)
Interest expense	6.1	(5,466)	(4,730)
Program expenses	3.2	(13,288,804)	(15,062,875)
Other operating expenses	3.3	(5,624,786)	(4,592,127)
Total expenses from transactions		(32,880,680)	(33,480,446)
Net result from transactions (net operating balance)		3,780,238	(785,124)
Other economic flows included in net result			
Net gain / (loss) on non-financial assets ^(a)		18,706	3,638
Net gain / (loss) from other economic flows		257,223	(152,425)
Total other economic flows included in net result		275,929	(148,787)
Net result		4,056,167	(933,911)
Comprehensive result		4,056,167	(933,911)

The accompanying notes form part of these financial statements.

Notes: (a) Net (gain)/(loss) on non-financial assets includes disposals of all physical assets

Balance Sheet

As at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Financial assets			
Cash & deposits	6.3	23,720,887	17,875,185
Receivables	5.1	6,838,965	8,728,471
Total financial assets		30,559,852	26,603,656
Non-financial assets			
Property, plant & equipment	4.1	427,502	393,618
Intangible assets	4.2	860,831	804,355
Prepayments		828,190	516,968
Total non-financial assets		2,116,523	1,714,941
Total assets		32,676,375	28,318,597
Liabilities			
Payables	5.2	2,228,984	1,478,951
Borrowings	6.1	170,684	172,726
Employee related provisions	3.1.2	2,174,631	2,621,011
Total liabilities		4,574,299	4,272,688
Net assets		28,102,076	24,045,909
Equity			
Accumulated surplus/(deficit)		2,053,270	(2,002,897)
Contributed capital		26,048,806	26,048,806
Net worth		28,102,076	24,045,909

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the financial year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts			
Receipts from government grants		16,052,173	11,735,848
Receipts from Landfill Levy		19,906,866	13,919,097
Interest received		358,391	496,971
Goods and Services Tax recovered from the ATO ^(a)		1,420,489	1,861,656
Other receipts		2,572,313	3,089,267
Total Receipts		40,310,232	31,102,838
Payments			
Payments to program recipients		(12,934,715)	(16,621,617)
Payments to suppliers and employees		(21,007,137)	(20,961,213)
Interest and other costs of finance paid		(5,466)	(4,730)
Total Payments		(33,947,318)	(37,587,559)
Net cash flows from / (used in) operating activities	6.3.1	6,362,914	(6,484,721)
Cash flows from investing activities			
Payments for property, plant and equipment		(497,612)	(825,859)
Proceeds from disposal of property, plant and equipment		18,706	3,638
Net cash flows from / (used in) investing activities		(478,906)	(822,221)
Cash flows from financing activities			
Repayment of finance leases		(38,306)	(45,703)
Net cash flows from / (used in) financing activities		(38,306)	(45,703)
Net increase in cash & cash equivalents		5,845,702	(7,352,645)
Cash & cash equivalents at the beginning of the financial year		17,875,185	25,227,830
Cash & cash equivalents at the end of the financial year	6.3	23,720,887	17,875,185

The accompanying notes form part of these financial statements.

Notes: (a) GST recovered from the Australian Taxation Office is presented on a net basis.

Statement of changes in Equity

For the financial year ended 30 June 2017

	Notes	Accumulated Surplus / (Deficit) \$	Contributions by Owner \$	Total \$
Balance at 1 July 2015		(1,068,986)	26,048,806	24,979,820
Net result for the year		(933,911)	-	(933,911)
Balance at 30 June 2016		(2,002,897)	26,048,806	24,045,909
Net result for the year		4,056,167	-	4,056,167
Balance at 30 June 2017		2,053,270	26,048,806	28,102,076

The accompanying notes form part of these financial statements.

Notes to the financial statement

Note 1: About this report

Sustainability Victoria ("SV") is a Government Statutory Authority of the State of Victoria established under the *Sustainability Victoria Act 2005*.

Its principal address is:

Level 28
Urban Workshop
50 Lonsdale Street
Melbourne VIC 3000

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

Basis of preparation

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

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

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

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

- › the fair value of plant and equipment (refer Note 4.1);
- › superannuation expense (refer Note 3.1.3); and
- › actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of claims, future salary movements and future discount rates (refer Note 3.1.2).

The financial statements include all the controlled activities of SV.

Compliance information

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

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

Note 2: Funding Delivery of our Services

Introduction

SV's objectives are to facilitate and promote environmental sustainability in the use of resources. It does this by helping households, businesses and groups within the broader community adopt more sustainable practices to ensure a healthy environment, community and economy, now and for the future.

SV is funded predominantly from the government via the *Environment Protection (Distribution of Landfill Levy) Regulations 2010*.

Structure

2.1 Summary of income that funds the delivery of our services	43
2.2 Landfill Levy	43
2.3 Income from transactions	44

Note 2.1 Summary of income that funds the delivery of our services

	Notes	2017 \$	2016 \$
Landfill Levy	2.2	20,022,889	18,558,796
Government grants	2.3.1	13,754,681	11,186,150
Interest	2.3.2	368,490	446,088
Other income	2.3.3	2,514,858	2,504,288
Total income from transactions		36,660,918	32,695,322

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

Note 2.2 Landfill Levy

	2017 \$	2016 \$
Landfill Levy	20,022,889	18,558,796
Total Landfill Levy	20,022,889	18,558,796

Revenue from the Landfill Levy is accrued as it is earned and brought to account in the period to which it relates, based on actual receipts during the year and the accrual amount defined in the *Environment Protection (Distribution of Landfill Levy) Regulations 2013*.

Note 2.3 Income from transactions

Note 2.3.1 Government grants

	2017 \$	2016 \$
Sustainability Fund grants to Sustainability Victoria	8,695,264	4,750,579
Government initiatives funding	5,059,417	6,435,571
Total Government grants	13,754,681	11,186,150

Sustainability Fund grants and Government initiatives funding are recognised as income when SV obtains control over the assets comprising these receipts. Control over granted assets is normally obtained upon their receipt or upon earlier notification that a grant has been secured, and assets are valued at their fair value at the date of transfer.

Note 2.3.2 Interest

	2017 \$	2016 \$
Interest on bank deposits	368,490	446,088
Total interest	368,490	446,088

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Note 2.3.3 Other income

	2017 \$	2016 \$
FirstRate5 Certificates and Accreditation	1,717,746	1,595,163
Program contributions	460,463	522,065
Secondment fees	336,649	387,060
Total Other income	2,514,858	2,504,288

FirstRate5 Certificates and accreditation, program contributions and secondment fees are recognised as income when SV obtains control over the assets comprising these receipts. Control is normally obtained upon their receipt or upon earlier notification that the receipt has been secured, and assets are valued at their fair value at the date of transfer.

Note 3: The Cost of Delivering Services

Introduction

This section provides an account of the expenses incurred by SV in delivering the services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are recorded.

Structure

3.1 Expenses incurred in delivery of services	45
3.2 Program expenses	48
3.3 Other operating expenses	48

Note 3.1 Expenses incurred in delivery of services

	Notes	2017 \$	2016 \$
Employee benefit expenses	3.1.1	13,554,372	13,442,812
Program expenses	3.2	13,288,804	15,062,875
Other operating expenses	3.3	5,608,642	4,592,127
Total expenses incurred in delivery of services		32,451,818	33,097,814

Note 3.1.1 Employee benefits in the comprehensive operating statement

	2017 \$	2016 \$
Salaries and wages, annual leave and long service leave	12,482,572	12,351,438
Defined contribution superannuation expense	1,046,452	1,042,968
Defined benefits superannuation expense	25,348	48,406
Total employee expenses	13,554,372	13,442,812

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

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

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

Note 3.1.2 Employee benefits in the balance sheet

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

	2017 \$	2016 \$
Current provisions		
Annual Leave		
Unconditional and expected to settle within 12 months	400,758	498,157
Unconditional and expected to settle after 12 months	208,718	276,729
Long Service Leave		
Unconditional and expected to settle within 12 months	470,521	548,563
Unconditional and expected to settle after 12 months	423,217	504,688
Provisions for on-costs:		
Unconditional and expected to settle within 12 months	127,207	152,539
Unconditional and expected to settle after 12 months	92,262	113,965
Total current provisions for employee benefits	1,722,683	2,094,641
Non-current provisions		
Employee Benefits	394,370	459,311
On-costs	57,578	67,059
Total non-current provisions for employee benefits	451,948	526,370
Total provisions for employee benefits	2,174,631	2,621,011

Reconciliation of Movement in on-cost provision

	2017
Opening Balance	333,563
Additional provisions recognised	112,733
Reductions arising from payments/other sacrifices of future economic benefit	(168,831)
Reduction transfer out	(417)
Closing Balance	277,048
Current	219,470
Non-current	57,578

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

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

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

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

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

Unconditional LSL is disclosed as a current liability; even where SV 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:

- › undiscounted value – if SV expects to wholly settle within 12 months; or
- › present value – if SV 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 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.

Note 3.1.3 Superannuation contributions

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

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

	Paid contribution for the year		Contribution outstanding at year end	
	2017 \$	2016 \$	2017 \$	2016 \$
Defined benefit plans: ⁽ⁱ⁾				
Emergency Services and State Super Fund	24,219	48,406	1,129	-
Defined contribution plans:				
VicSuper	487,573	514,410	10,350	-
Other	539,511	528,557	9,018	-
Total	1,051,303	1,091,374	20,497	-

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

Note 3.2 Program expenses

	2017 \$	2016 \$
Program expenses		
Integrated Waste Management	6,224,969	8,377,660
Resource Efficiency	2,154,466	3,275,952
Engagement (Includes all Litter and Schools Programs)	4,909,369	3,409,263
Total program expenses	13,288,804	15,062,875

Expenditure incurred for each of the operating areas of SV includes grants, rebates, advertising campaigns and sponsorships. Grants that form part of program expenditure are taken into account on the basis of the percentage of the contract performed as at the reporting date, with the unperformed component of the contract included as part of committed expenditure.

Note 3.3 Other operating expenses

	2017 \$	2016 \$
Purchase of services	1,788,410	1,198,342
Occupancy costs	1,406,320	1,332,631
Telecommunication & IT costs	2,430,056	2,061,154
Total other operating expenses	5,624,786	4,592,127

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Other operating expenses are recognised as an expense in the reporting period in which they are incurred.

Note 4: Key assets available to support output delivery

Introduction

SV controls assets that are utilised in fulfilling its objectives and conducting activities. They represent the resources that have been entrusted to SV to be utilised for delivery for these outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Total property, plant and equipment	49
4.2 Intangible assets	51

Note 4.1: Total property, plant and equipment

	Gross Carrying amount		Accumulated depreciation		Net Carrying Amount	
	2017	2016	2017	2016	2017	2016
Office furniture and equipment	427,365	578,116	(383,517)	(517,351)	43,847	60,766
Computer equipment	784,887	832,171	(571,916)	(671,142)	212,971	161,029
Motor vehicles	210,169	216,951	(39,485)	(45,128)	170,684	171,823
	1,422,421	1,627,238	(994,918)	(1,233,621)	427,502	393,618

Initial recognition: Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

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

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

Refer to Note 7.3 for additional information on fair value determination of plant and equipment.

Note 4.1.1: Depreciation and impairment

Charge for the period

	2017 \$	2016 \$
Office furniture and equipment	16,919	19,519
Computer equipment	113,556	172,041
Motor vehicles	38,450	44,733
Intangible assets	238,327	141,610
Total depreciation and amortisation	407,252	377,902

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:

	(Years) Useful Life
Office furniture and equipment	5 to 10 years
Computer equipment	3 years
Motor vehicles – Leased	3 years
Intangible asset	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.

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

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

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

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

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Note 4.1.2: Reconciliation of movements in carrying amount of property, plant and equipment

(\$)

	Office furniture and equipment		Computer equipment		Motor vehicles		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Opening balance	60,766	80,285	161,029	191,413	171,823	168,698	393,618	440,396
Additions	-	-	165,498	141,657	73,949	136,220	239,447	277,877
Disposals	-	-	-	-	(36,638)	(88,362)	(36,638)	(88,362)
Depreciation	(16,919)	(19,519)	(113,556)	(172,041)	(38,450)	(44,733)	(168,925)	(236,293)
Closing balance	43,847	60,766	212,971	161,029	170,684	171,823	427,502	393,618

Note 4.2: Intangible assets

	2017 \$	2016 \$
Gross carrying amount		
Opening balance	945,965	309,621
Additions from IT development	294,803	636,344
Closing balance	1,240,768	945,965
Accumulated amortisation		
Opening balance	(141,610)	-
Amortisation expense ⁽ⁱ⁾	(238,327)	(141,610)
Closing balance	(379,937)	(141,610)
Net book value at end of financial year	860,831	804,355

Notes: (i) Amortisation expense is included in the line item 'Depreciation and impairment' in the comprehensive operating statement.

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An **internally generated intangible asset** arising from development is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Additions from IT development with finite useful lives, are depreciated as an 'expense from transactions' on a straight line basis over their useful lives. Additions from IT development have useful lives of five years.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in section 4.1.1.

Significant intangible assets

SV has capitalised software development expenditure for the development of its SV Enabled technology software. The carrying amount of the capitalised software development expenditure is \$860,831 (2016: \$804,355). Its useful life is five years and will be fully amortised in 2022.

Note 5: Other Assets and Liabilities

Introduction

This section sets out those assets and liabilities that arose from SV's controlled operations.

Structure

5.1 Receivables	53
5.2 Payables	54

Note 5.1: Receivables

	2017 \$	2016 \$
Contractual		
Trade debtors	280,500	43,322
Accrued Investment income	38,539	28,441
Other receivables	26,385	18,783
Amounts owing from Victorian Government ⁽ⁱ⁾	1,325,858	3,623,350
Statutory		
Accrued Landfill Levy ⁽ⁱⁱ⁾	4,755,722	4,639,699
GST Receivable	411,961	374,877
Total receivables	6,838,965	8,728,471
Represented by:		
Current receivables	6,838,965	8,728,471

Notes:

(i) Funds due from the Department of Environment, Land, Water and Planning for government priority programs.

(ii) All monies due for Landfill Levy in 2016 were paid in July 2016.

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

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

Doubtful Debts: Receivables are assessed for bad and doubtful debts on a regular basis. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

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

Ageing analysis of contractual receivables

	Carrying amount \$	Not past due and not impaired Less than 1 month \$	Past due but not impaired		
			Less than 1 month \$	1–3 month \$	3 months – 1 year \$
2017					
Trade Debtors	280,500	280,500	-	-	-
Accrued investment income	38,539	38,539	-	-	-
Amounts owing from Victorian Government	1,325,858	1,325,858	-	-	-
Other debtors	26,385	-	3,400	10,227	12,758
Total	1,671,282	1,644,897	3,400	10,227	12,758
2016					
Receivables:					
Trade Debtors	43,322	10,322	33,000	-	-
Accrued investment income	28,441	28,441	-	-	-
Amounts owing from Victorian Government	3,623,350	3,623,350	-	-	-
Other debtors	18,783	-	2,897	8,690	7,195
Total	3,713,896	3,662,113	35,897	8,690	7,195

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

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

Note 5.2: Payables

	2017 \$	2016 \$
Contractual		
Trade creditors	520,661	203,909
Accrued project grants	1,085,812	731,723
Accrued expenses	503,755	374,616
Statutory		
GST payable	57,406	144,127
Payroll tax payable	37,777	-
FBT payable	23,573	24,576
Total payables	2,228,984	1,478,951
Represented by: Current payables	2,228,984	1,478,951

Payables consist of:

- › **contractual payables**, such as accounts payable, and accrued expenses. Accounts payable represent liabilities for goods and services provided to SV prior to the end of the financial year that are unpaid, and arise when SV becomes obliged to make future payments in respect of the purchase of those goods and services; and
- › **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the outstanding balance.

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

Maturity analysis of contractual payables ⁽ⁱ⁾

	Carrying amount	Nominal Amount	Maturity dates			
			Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$
2017						
Trade creditors	520,661	520,661	464,359	56,303	-	-
Accrued project grants	1,085,812	1,085,812	1,085,812	-	-	-
Accrued expenses	503,755	503,755	503,755	-	-	-
Total	2,110,228	2,110,228	2,053,926	56,303	-	-
2016						
Trade creditors	203,909	203,909	195,668	7,900	341	-
Accrued project grants	731,723	731,723	731,723	-	-	-
Accrued expenses	374,616	374,616	374,616	-	-	-
Total	1,310,248	1,310,248	1,302,007	7,900	341	-

Notes: (i) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables). Maturity analysis is presented using the contractual undiscounted cash flows.

Note 6: How we financed our operations

Introduction

This section provides information on the sources of finance utilised by SV during its operations, along with interest expense (the cost of borrowings) and other information related to the financing activities of SV.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 and 7.3 provide additional, specific financial instrument disclosures.

Structure

6.1 Borrowings	56
6.2 Leases	57
6.3 Cash flow information and balances	57
6.4 Commitments for expenditure	59

Note 6.1: Borrowings

	2017 \$	2016 \$
Current borrowings		
Finance lease liabilities ⁽ⁱ⁾	37,001	70,027
Total current borrowings	37,001	70,027
Non-current borrowings		
Finance lease liabilities ⁽ⁱ⁾	133,683	102,699
Total non-current borrowings	133,683	102,699
Total borrowings	170,684	172,726

Notes: (i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Maturity analysis of borrowings

	Carrying amount	Nominal Amount	Maturity dates			
			Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$
2017						
Finance Lease Liabilities	170,684	170,684	3,083	9,249	24,669	133,683
Total	170,684	170,684	3,083	9,249	24,669	133,683
2016						
Finance Lease Liabilities	172,726	172,726	5,836	17,507	46,684	102,699
Total	172,726	172,726	5,836	17,507	46,684	102,699

Interest expense

	2017 \$	2016 \$
Interest on finance leases	8,727	4,730
Total interest expense	8,727	4,730

Interest expense includes costs incurred in connection with the interest component of finance lease repayments.

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

Note 6.2: Leases**Note 6.2.1: Finance lease liabilities**

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2017 \$	2016 \$	2017 \$	2016 \$
Not longer than one year	42,180	75,194	37,001	70,027
Longer than one year but not longer than five years	137,231	107,110	133,683	102,699
Minimum future lease payment	179,411	182,304	170,684	172,726
Less future finance charges	(8,727)	(9,578)	-	-
Present value of minimum lease payments	170,684	172,726	170,684	172,726
Included in the financial statements as:				
Current borrowings (Note 6.1)			37,001	70,027
Non- current borrowings (Note 6.1)			133,683	102,699
Total			170,684	172,726

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

The finance leases entered into by SV relate to motor vehicles through VicFleet with lease terms of three years. SV has options to purchase the vehicles at the conclusion of the lease agreements.

Note 6.3: Cash flow information and balances

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

	2017 \$	2016 \$
Cash at bank	986,887	3,199,585
Cash on hand	1,000	1,600
Short-term deposits	22,733,000	14,674,000
Balance as per cash flow statement ⁽ⁱ⁾	23,720,887	17,875,185

Note: (i) Of the \$23,720,887 cash and short term deposits held by SV as at 30 June 2017, \$8,464,405 represents funds received from Government tied to the delivery of specific projects that was unspent at 30 June 2017.

Note 6.3.1: Reconciliation of net result for the period to cash flow from operating activities

	2017 \$	2016 \$
Net result for the financial year	4,056,167	(933,911)
Non-cash movements:		
Depreciation	407,252	377,902
(Gain) / Loss on disposal of assets	(18,706)	(3,638)
Movements in assets and liabilities:		
(Decrease) / Increase in employee related provisions	(446,380)	(57,744)
Increase / (Decrease) in payables	786,296	(1,813,491)
(Increase) / Decrease in prepayments	(311,222)	(319,692)
Decrease / (Increase) in receivables	1,889,506	(3,734,147)
Net cash flows from / (used in) operating activities	6,362,913	(6,484,721)

Note 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 the GST payable. 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.

Nominal Amounts	Less than 1 year \$	1 – 5 years \$	5+ years \$	Total \$
2017				
Operating and lease commitments ⁽ⁱ⁾	1,149,514	3,948,755	-	5,098,269
Other commitments-contracts ⁽ⁱⁱ⁾				
– Tied funding	5,524,156	3,421,711	-	8,945,867
– Other funding	2,934,100	1,233,877	-	4,167,977
Total commitments (inclusive GST)	9,607,770	8,604,343	-	18,212,113
Less GST recoverable	-	-	-	1,655,647
Total commitments (exclusive GST)	-	-	-	16,556,466
2016				
Operating and lease commitments ⁽ⁱ⁾	1,105,302	5,098,270	-	6,203,572
Other commitments-contracts ⁽ⁱⁱ⁾				
– Tied funding	7,041,431	66,000	-	7,107,431
– Other funding	2,774,337	2,932,422	-	5,706,759
Total commitments (inclusive of GST)	10,921,070	8,096,692	-	19,017,762
Less GST recoverable				1,728,887
Total commitments (exclusive of GST)				17,288,875

Notes:

(i) Operating lease commitments relate to the CBD office accommodation tenanted by SV located at The Urban Workshop, Level 28, 50 Lonsdale Street, Melbourne, Victoria. The lease terms are 15 years (lease expires 31 August 2021) with an option to extend a further 5 years.

(ii) Other commitments are entered into through 190 contracts by SV as at the reporting date (174 contracts at 30 June 2016) but not included in the Balance Sheet and are carried forward into the 2016–17 financial year and beyond

Note 7: Risk, contingencies and valuation judgements

Introduction

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

Structure

7.1 Financial instruments specific disclosures	60
7.2 Contingent assets and contingent liabilities	65
7.3 Fair value determination	65

Note 7.1: Financial instruments 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 SV's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of Financial instruments

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, receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). SV recognises the following assets in this category:

- › cash and deposits
- › receivables (excluding statutory receivables); and
- › term deposits.

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

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

- › payables (excluding statutory payables) – and
- › borrowings (including finance lease liabilities).

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

- › the rights to receive cash flows from the asset have expired; or
- › SV retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- › SV has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

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

Note 7.1.1: Financial instruments: Categorisation

2017	Contractual financial assets/ loans and receivables and cash \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial assets			
Cash and deposits	23,720,887	-	23,720,887
Receivables ⁽ⁱ⁾	1,671,282	-	1,671,282
Total Contractual financial assets	25,392,169	-	25,392,169
Contractual financial liabilities			
Payables ⁽ⁱ⁾	-	2,110,228	2,110,228
Finance Lease Liabilities	-	170,684	170,684
Total Contractual financial liabilities	-	2,280,912	2,280,912

Notes: (i) The total amounts disclosed here exclude statutory amounts.

2016	Contractual financial assets/ loans and receivables and cash \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial assets			
Cash and deposits	17,875,185	-	17,875,185
Receivables ⁽ⁱ⁾	3,713,896	-	3,713,896
Total Contractual financial assets	21,589,081	-	21,589,081
Contractual financial liabilities			
Payables ⁽ⁱ⁾	-	1,310,248	1,310,248
Finance Lease Liabilities	-	172,726	172,726
Total Contractual financial liabilities	-	1,482,974	1,482,974

Notes: (i) The total amounts disclosed here exclude statutory amounts.

Note 7.1.2: Financial risk management objectives and policies

Details of the significant accounting policies and methods adopted, including the criteria for the recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

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

SV's main financial risks include credit risk, liquidity risk and interest rate risk. SV manages these financial risks in accordance with its financial risk management policy.

SV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the SV Board.

Financial Instruments: Credit risk

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

Credit risk associated with SV's financial assets is minimal, because the main debtors are Victorian Government entities and no credit facilities are provided to non-government clients.

In addition, SV does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, SV's policy is to only deal with banks with high credit ratings.

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

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

There has been no material change to SV's credit risk profile in 2016–17.

Credit quality of contractual financial assets that are neither past due or impaired ⁽ⁱⁱⁱ⁾

	Financial institutions (triple A credit rating)	Government agencies (triple A credit rating)	Other (min triple B credit rating)	Total
2017	\$	\$	\$	\$
Receivables ⁽ⁱ⁾	-	1,607,397	37,500	1,644,897
Total Contractual financial assets	-	1,607,397	37,500	1,644,897
2016	\$	\$	\$	\$
Receivables ⁽ⁱ⁾	-	3,629,113	33,000	3,662,113
Total Contractual financial assets	-	3,629,113	33,000	3,662,113

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

Financial instruments: Liquidity risk

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

SV exposure to liquidity risk is deemed insignificant, based on prior period's data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available cash deposits, at call and /or maturing short-term deposits.

Financial instruments: Market risk

SV's exposure to market risk is primarily through interest rate risk. Objectives, policies and processes used to manage this are disclosed below.

Sensitivity disclosure analysis and assumptions

SV's sensitivity to market risk is determined based on past performance and economic forecasts of the financial markets. SV believes that the following movements are "reasonably possible" over the next 12 months:

- ▶ a movement of 50 basis points up and down (2016: 50 basis points up and down) in market interest rates (AUD) from year-end rates of 1.66 per cent (2016: 2.00 percent)

Interest rate risk

Exposure to fair value interest rate risk is insignificant and might arise primarily through SV's variable cash deposits. SV's exposure is insignificant due to its policy to minimise risk by mainly undertaking fixed rate investments with relatively even maturity profiles, which are managed by Treasury Corporation of Victoria.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. SV has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in table below.

Interest rate exposure of financial instruments

2017	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
Financial assets					
Cash and deposits	1.66%	23,720,887	22,733,000	986,887	1,000
Receivables		1,671,282	-	-	1,671,282
Total financial assets		25,392,169	22,733,000	986,887	1,672,282
Financial liabilities					
Payables		2,110,228	-	-	2,110,228
Finance lease liabilities	3.41%	170,684	170,684	-	-
Total financial liabilities		2,280,912	170,684	-	2,110,228
2016					
Financial assets					
Cash and deposits	1.84%	17,875,185	14,674,000	3,199,585	1,600
Receivables		3,713,896	-	-	3,713,896
Total financial assets		21,589,081	14,674,000	3,199,585	3,715,896
Financial liabilities					
Payables		1,310,248	-	-	1,310,248
Finance lease liabilities	4.17%	172,726	172,726	-	-
Total financial liabilities		1,482,974	172,726	-	1,310,248

Note: The carrying amounts disclosed here exclude statutory amounts.

Interest rate risk sensitivity

Interest rate risk					
		-50 basis points		+50 basis points	
	Carrying amount	Net Result	Equity	Net Result	Equity
30 June 2017	\$	\$	\$	\$	\$

Contractual financial assets

Cash and cash equivalents	23,720,887	(118,604)	(118,604)	118,604	118,604
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Interest rate risk					
		-50 basis points		+50 basis points	
	Carrying amount	Net Result	Equity	Net Result	Equity
30 June 2016	\$	\$	\$	\$	\$

Contractual financial assets

Cash and cash equivalents	17,875,185	(89,376)	(89,376)	89,376	89,376
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Note: Cash and deposits includes a deposit of \$23,720,887 (2016: \$17,875,185) that is exposed to floating rates movements. Sensitivities to these movements are calculated as follows:

- › 2017: $\$23,720,887 \times 0.005 = \$118,604$
- › 2016: $\$17,875,185 \times 0.005 = \$89,376$

Foreign currency risk

SV is exposed to foreign currency risk mainly through its payables relating to purchases of supplies and consumables from overseas.

Based on past and current assessment of economic outlook, it is deemed unnecessary for SV to enter into any hedging arrangements to manage the risk. SV is not exposed to any material foreign currency risk.

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

SV has no contingent assets or liabilities as at the reporting date (2016: \$Nil).

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

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

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

The following assets and liabilities are carried at fair value:

- › financial assets and liabilities at fair value through operating result; and
- › plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

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

Fair value hierarchy

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

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

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

How this section is structured

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

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

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

7.3.1 Fair value determination of financial assets and liabilities

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

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

SV currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2016–17 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Finance lease liabilities
Receivables:	
› Trade receivables	
› Accrued investment income	
› Other receivables	

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Fair value of financial instruments measured at amortised cost

	Carrying amount 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
Financial liabilities				
Finance lease liabilities	170,684	170,684	172,726	172,726

7.3.2 Fair value determination of non-financial physical assets

Fair value measurement hierarchy

	Carrying amount	Fair value measurement at end of reporting period using:		
2017	as at 30 June 2017	Level 1 (a)	Level 2 (a)	Level 3 (a)
Office furniture and equipment	43,847	-	-	43,847
Computer equipment	212,970	-	-	212,970
Total of non-financial assets at fair value	256,817	-	-	256,817

	Carrying amount	Fair value measurement at end of reporting period using:		
2016	as at 30 June 2016	Level 1 (a)	Level 2 (a)	Level 3 (a)
Office furniture and equipment	60,766	-	-	60,766
Computer equipment	161,029	-	-	161,029
Total of non-financial assets at fair value	221,795	-	-	221,795

Note: (a) Classified in accordance with the fair value hierarchy.

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

Reconciliation of Level 3 fair value movements

2017	Office, Furniture and Equipment	Computer Equipment	2016	Office, Furniture and Equipment	Computer Equipment
Opening balance	60,766	161,029	Opening balance	80,285	191,413
Purchases (sales)	-	165,498	Purchases (sales)	-	141,657
Depreciation	(16,919)	(113,556)	Depreciation	(19,519)	(172,041)
Closing balance	43,847	212,971	Closing balance	60,766	161,029

Description of significant unobservable inputs to Level 3 valuations

2017	Valuation Technique	Significant unobservable inputs
Office Furniture & Equipment	Depreciated Replacement Cost	Cost per unit
Computer Equipment	Depreciated Replacement Cost	Cost per unit
2016	Valuation Technique	Significant unobservable inputs
Office Furniture & Equipment	Depreciated Replacement Cost	Cost per unit
Computer Equipment	Depreciated Replacement Cost	Cost per unit

Note 8: Other disclosures

Introduction

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

Note 8.1: Ex-gratia expenses

SV had no ex-gratia expenses to report within the 2016–17 financial year

Note 8.2: Responsible persons

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

Names

The persons who held the positions of ministers and accountable officers in SV are as follows:

Minister for Energy, Environment and Climate Change
The Hon Lily D'Ambrosio (1 July 2016 to 30 June 2017)

Board members

1 July 2016 to 30 June 2017

Heather Campbell, Chair
Ross McCann
Roger Parker
Arron Wood
Megan Flynn
Daniel Fyfe
Kane Thornton
Vicky Darling
Jennifer Lauber Patterson

Chief Executive and accountable officer:

Stan Krpan

Remuneration

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

	Total remuneration 2017	Total remuneration 2016
Income band	No.	No.
0 – \$9,999	-	6
\$10,000 – \$19,999	8	1
\$30,000 – \$39,999	1	-
\$290,000 – \$299,999	-	-
\$320,000 – \$329,999	-	1
\$340,000 – \$349,999	1	-
Total numbers	10	8
Total amount	\$507,688	\$388,445

Structure

8.1 Ex-gratia expenses	68
8.2 Responsible persons	68
8.3 Remuneration of executives	68
8.4 Related parties	69
8.5 Remuneration of auditors	70
8.6 Subsequent events	70
8.7 Australian Accounting Standards issued that are not yet effective	71
8.8 Glossary of technical terms	74
8.9 Style conventions	75

Note 8.3: Remuneration of executives

Note 8.3.1: Remuneration of executives

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

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

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

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

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

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

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers retired or resigned in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

Remuneration of executive officers	Total remuneration 2017	Total remuneration 2016
Short-term employee benefits	679,725	-
Post-employment benefits	64,911	-
Other long-term benefits	8,796	-
Termination benefits	68,829	-
Total remuneration^(a)	822,261	767,483
Total number of executives	5	4
Total annualised employee equivalents^(b)	5	4

Notes:

(a) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015–16 reporting period.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

Note 8.4: Related Parties

SV is a wholly owned and controlled entity of the State of Victoria.

Related parties of SV include:

- ▶ all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- ▶ 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 into on an arm's length basis.

Significant transactions with government-related entities

During the year, SV had the following government-related transactions:

Department of Environment, Land, Water & Planning (DELWP)

SV receives funding for ongoing and program delivery activities from DELWP and makes payments for unspent program funding.

The amounts recognised as revenue are:

Landfill Levy	\$20,022,889
Sustainability Fund grants	\$8,695,264
Government initiatives funding	\$3,339,500

The amount recognised as expense is:

Sustainability Fund grants	\$611,076
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Environment Protection Agency Victoria (EPA)

SV received funding from EPA for the Household Chemicals Collection program.

The amount recognised as revenue is:

Government initiatives funding	\$1,404,211
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Treasury Corporation of Victoria (TCV)

Any investments above \$2 million are required to be invested with TCV.

The amount recognised as revenue is:

Interest revenue	\$361,726
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State Revenue Office (SRO)

The SRO is the Victorian Government's tax collection agency.

The amount recognised as expense is:

Payroll tax	\$597,756
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Key management personnel (KMP) of SV include the Minister, the Hon Lily D'Ambrosio MP, and the following:

Key management personnel	Position Title
Heather Campbell	Board Chair
Ross McCann	Deputy Chair
Roger Parker	Board member
Arron Wood	Board member
Megan Flynn	Board member
Daniel Fyfe	Board member
Kane Thornton	Board member
Vicky Darling	Board member
Jennifer Lauber Patterson	Board member
Stan Krpan	CEO

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Compensation of KMPs	Sustainability Victoria 2017 \$
Short term employee benefits	473,564
Post-employment benefits	34,124
Other long-term benefits	7,105
Total	514,793

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

In 2016–17, SV paid \$763,422 to CSIRO for FirstRate5 software licence fees and research on community attitudes to the waste and resource recovery sector in Victoria. Heather Campbell, SV's Chair, is General Manager Health Safety and Environment with CSIRO. Ms Campbell was not involved in any decision relating to CSIRO's services to SV.

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that SV's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

Note 8.5: Remuneration of auditors

	2017 \$	2016 \$
Victorian Auditor-General's Office		
Audit of the financial statements	27,600	26,900
Total remuneration of auditors	27,600	26,900

Note 8.6: Subsequent events

SV had no subsequent events to report within the 2016-2017 financial year.

Note 8.7: Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new AAS's have been published which are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the SV of their applicability and early adoption where applicable. As at 30 June 2017, the following standards and interpretations (applicable to SV) had been issued but were not mandatory for the financial year ended 30 June 2017. SV has not early adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on SV's financial statements
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> › 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	<p>The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals.</p> <p>Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI).</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 2010-7, it will continue to be monitored and assessed.</p>
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	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 Amendments to Australian Accounting Standards arising from AASB 9	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 SV.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on SV's financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	<p>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.</p> <p>Details of the impact are expected to be minimal although a potential impact relates to revenue from licenses that cover multiple reporting periods.</p>
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 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 SV, other than the impact identified in AASB 15.
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	Summary	Applicable for annual reporting periods beginning on	Impact on SV's 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.</p> <p>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 SV, other than the impacts identified for AASB 9 and AASB 15.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on the balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>

Note 8.8: Glossary of technical terms

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible assets. The expense is classified as another economic flow.

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

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

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

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

Financial asset is any asset that is:

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

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

Financial liability is any liability that is:

- (a) a contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a not-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements a complete set of financial statements in the Annual Report comprises:

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

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

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

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

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

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

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

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

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

Non-financial assets are all assets that are not 'financial assets'. It includes plant and equipment and intangible assets.

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

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

Other economic flows - other comprehensive income comprises (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. The components of other economic flows - other comprehensive income include:

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

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

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

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

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

8.9: Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2016–17 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Department's annual reports.

Appendix 1

Disclosure index

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

Legislation	Requirement	Page reference
Mainisterial Directions and Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant ministers	3
FRD 22H	Purpose, functions, powers and duties	3
FRD 8D	Departmental objectives, indicators and outputs	4–10
FRD 22H	Key initiatives and projects	4–10
FRD 22H	Nature and range of services provided	3–9
Management and Structure		
FRD 22H	Organisational structure	16
Financial and other information		
FRD 8D	Performance against output performance measures	10
FRD 10A	Disclosure index	76–77
FRD 12B	Disclosure of major contracts	30
FRD 15D	Executive officer disclosures	26
FRD 22H	Employment and conduct principles	24
FRD 22H	Occupational health and safety policy	23
FRD 22H	Summary of the financial results for the year	11–12
FRD 22H	Significant changes in financial position during the year	12
FRD 22H	Major changes or factors affecting performance	12
FRD 22H	Subsequent events	12
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	30–31
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	31
FRD 22H	Statement on National Competition Policy	31
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	31
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	Nil
FRD 22H	Details of consultancies over \$10,000	28–29
FRD 22H	Details of consultancies under \$10,000	30
FRD 22H	Disclosure of government advertising expenditure	27

Legislation	Requirement	Page reference
FRD 22H	Disclosure of ICT expenditure	30
FRD 22H	Statement of availability of other information	30
FRD 24C	Reporting of office-based environmental impacts	78–79
FRD 25C	Victorian Industry Participation Policy disclosures	27
FRD 29B	Workforce Data disclosures	24–26
SD 5.2	Specific requirements under Standing Direction 5.2	iii
Compliance attestation and declaration		
SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	86
SD 5.2.3	Declaration in report of operations	2
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	35
Other requirements under Standing Directions 5.2		
SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	42
SD 5.2.1 (a)	Compliance with Ministerial Directions	42
SD 5.2.1 (b)	Compliance with Model Financial Report	42
Other disclosures as required by FRDs in notes to the financial statements		
FRD 11A	Disclosure of Ex gratia Expenses	68
FRD 21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the Financial Report	68–69
FRD 103F	Non-financial physical assets	51
FRD 110A	Cashflow statements	40
FRD 112D	Defined benefit superannuation obligations	47
Legislation		
<i>Sustainability Victoria Act 2005</i>		3, 13
<i>Environment Protection Act 1970</i>		3
<i>Freedom of Information Act 1982</i>		30
<i>Building Act 1993</i>		31
<i>Financial Management Act 1994</i>		2, 35, 42, 68
<i>Victorian Industry Participation Policy Act 2003</i>		27
<i>Protected Disclosure Act 2012</i>		31
<i>Climate Change Act 2017</i>		1
<i>Privacy and Data Protection Act 2014</i>		31

Appendix 2

Office based environmental performance

ARUP

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14 August 2017

**Independent Verification Statement:
Greenhouse Gas Operational Emissions 2016-17**

To the Board of Directors and Executive of Sustainability Victoria,

Arup was engaged by Sustainability Victoria to undertake an independent verification of the organisation's operational Greenhouse Gas (GHG) emissions for the period 1st of July 2016 to 30th of June 2017. The management of Sustainability Victoria is responsible for preparing an inventory of GHG emissions for its operations and to report and present results appropriately in the Annual Report. It is Arup's responsibility to perform the independent verification of the GHG inventory in accordance with Australian Standard (AS) ISO 14064.3 *Greenhouse gases Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions*, as agreed with Sustainability Victoria.

Verification scope and objectives

The scope of the verification was in accordance with AS ISO14064. The scope and boundary of the GHG inventory is as per the Victorian Government, Department of Treasury and Finance's *Guidance for FRD No. 24C Reporting*. Sustainability Victoria has voluntarily included certain scope 3 emission sources beyond the requirements of FRD No. 24C and these have also been included as part of the verification. Arup conducted the verification using procedures that included, but were not limited to the following:

- Conducting staff interviews to understand the processes and controls applied in collecting and collating background data and undertaking calculations;
- Reviewing relevant background data, supporting material and testing calculations;
- Reviewing and checking that methodologies and assumptions have been appropriately applied in alignment with (AS) ISO 14064; and
- Sampling of data and underlying sources of information to test for completeness and accuracy.

These procedures were used to base our opinion and where any errors were identified during the verification process, these were corrected prior to release of the Annual Report.

Verification conclusions

Arup undertook the independent verification process using a team of sustainability consultants with particular experience and knowledge in GHG and sustainability reporting. Based on our review and verification procedures undertaken, it is our opinion that the GHG inventory:

- of operational emissions as reported is materially correct and a fair representation of the supporting data and information; and
- was prepared in accordance with AS ISO14064 in relation to GHG quantification, monitoring and reporting as per FRD No. 24C.

On the basis of the above it is our opinion that the GHG inventory covering scope 1, 2, and 3 emissions and associated sustainability metrics as detailed in Sustainability Victoria's Annual Report are presented in accordance with AS ISO14064 and FRD No. 24C.

On behalf of Arup,



Rob Turk
Associate Principal
Melbourne, Victoria



Appendix 3

Office-based environmental impacts

Environmental Aspect ¹	Description	Unit of Measure	2012/13	2013/14	2014/15	2015/16	2016/17
Energy	Office tenant light and power (OTLP) use per THC ²	Megajoules per THC	4,600	3,760	3,742	3746	3426
	Office tenant light and power use per FTE ³	Megajoules per FTE	4,868	4,159	3,839	4074	3642
	Total Electricity use OTLP	Megajoules	501,358	473,733	437,821	445,738	430,539
	Use per square metre of office space	Megajoules per m ²	258	244	224	228	221
	Total Green Power	%	100%	100%	100%	100%	100%
	Base building apportioned electricity use	Megajoules	343,116	344,962	328,043	313,182	312,487
	Base building apportioned natural gas use ⁴	Megajoules	312,852	264,451	164,334	242,643	198,360
	Total GHG emissions associated with OTLP	Tonnes of CO ₂ -e	0	0	0	0	0
	Total GHG emissions associated with apportioned electricity use	Tonnes of CO ₂ -e	128	126	121	109.61	103.29
	Total GHG emissions associated with apportioned gas use	Tonnes of CO ₂ -e	17.3	15	9	13.40	11.01
Paper ⁵	Use per THC	Reams per THC	6.4	5.2	5.2	4.7	4.1
	Use per FTE	Reams per FTE	6.7	5.8	5.3	5.1	4.4
	Recycled content	Percentage total	99%	94%	100%	100%	100%
	Total use	Reams	693	655	606	563	515
	Paper GHG emissions	Tonnes of CO ₂ -e	2	2	2	2	2

Environmental Aspect ¹	Description	Unit of Measure	2012/13	2013/14	2014/15	2015/16	2016/17
Waste ⁶	Generated per THC	Kilograms per THC	N/A ⁷	57.0	56	42	32
	Generated per FTE	Kilograms per FTE	N/A ⁷	63.0	58	45	42
	Organics per FTE	Kilograms per FTE	8.0	13.9	15.37	14	8
	Recyclables per FTE	Kilograms per FTE	N/A ⁷	44.7	36.92	23	19
	Landfill per FTE	Kilograms per FTE	3.2	4.3	5.58	8	8
	Organics	Total kg to processor	827	1,589	1,753	1533	891
	Recyclable materials	Total kg to processors	N/A ⁷	5,093	4,211	2549	2245
	Landfill	Total kg to landfill	329	494	636	876	900
	Total recycled (incl Organics)	Percentage	N/A ⁷	93%	90%	82%	78%
	Waste GHG emissions	Kilograms	395	593	764	1227	1260
Water	Total apportioned water consumption ⁸	Kilolitres	874	1000	702	1011	920
	Apportioned water consumption per THC	Kilolitres per THC	8.02	7.94	6	8.50	7.32
	Apportioned water consumption per FTE	Kilolitres per FTE	8.49	8.78	6.15	9.24	7.78
Transportation ¹⁰	Energy consumption per THC	Gigajoules per THC	4.58	4.11	4.25	3.59	2.40
	Energy consumption per FTE	Gigajoules per FTE	4.85	4.54	4.36	3.91	2.55
	Total energy consumption	Gigajoules	499.28	517.48	497.37	427.27	301.81
	Total vehicle travel by vehicle type ¹⁰	Kilometres	239,469	236,808	233,114	204,015	181,169
	Total associated GHG emissions	Kilograms of CO2-e	33,412	34,630	33,284	28,892	20,342
	GHG emissions/1,000 km travelled	Kilograms of CO2-e	140	146	143	142	112
	Staff Travel associated with agency operations per THC	Kilometres per THC	2197	1879	1992	1714	1442
	Staff Travel associated with agency operations per FTE	Kilometres per FTE	2325	2079	2044	1865	1532
	Total air travel associated with agency operations	Kilometres	179,405	220,724	236,255	146,960	43,665
	Employees regularly using public transport, cycling or walking to and from work	Percentage	90.3%	89.0%	90.8%	90.1%	89.3%
	Employees regularly using more sustainable modes of transport ¹¹	Percentage	26.7%	28.8%	33.3%	29.1%	26.2%

Environmental Aspect ¹	Description	Unit of Measure	2012/13	2013/14	2014/15	2015/16	2016/17
Greenhouse Gas Emissions 15,16,17,18	Total GHG emissions associated with scope 3 energy use ¹²	Kilograms of CO ₂ -e	20,890	19,739	18,243	16,096	11,959
	Total GHG emissions associated with vehicle fleet	Kilograms of CO ₂ -e	33,412	34,630	33,284	28,892	20,342
	Total GHG emissions associated with air travel ¹³	Kilograms of CO ₂ -e	44,250	75,830	72,562	43,665	47,547
	Total GHG emissions associated with waste disposal	Kilograms of CO ₂ -e	395	593	764	1227	1260
	Total GHG emissions from staff commute ¹⁸	Kilograms of CO ₂ -e	113,289	120,576	163,394	108,884	107,349
	Total GHG emissions associated with scope of operational activities ¹⁹	Kilograms of CO ₂ -e	538,003	559,475	577,715	473,356	442,663

Notes

Office-based Environmental Impact notes:

- During the second half of FY 2016/17, SV had an average of 329 clients / guest visitors per month
- THC = Average Total Head Count as of 30 June 2017 which includes contractors employed at Sustainability Victoria. Our contractors work on-site, using many of the same resources as our employees. Temporary agency employees are not included in THC.
- FTE = Full Time Equivalent staff as of 30 June 2017. Temporary agency employees are not included in FTE.
- Base building apportioned gas consumption is calculated from net lettable area. With SV occupying 1 floor our apportioned value is 2.9%.
- One ream is equivalent to 500 sheets of A4 office paper. All paper figures rounded to the nearest tenth.
- Waste figures from one-week-a-month measurements taken throughout 2016–17 which is meant to be within ±10% accuracy.
- Sustainability Victoria has on-site water meters that measure potable and recycled water use within the tenancy. For the purpose of calculating GHG emissions from water, these figures are not used in water reporting because they exclude Sustainability Victoria's apportioned share of base building water use.
- Total water use figure calculated as an apportioned value (2.9%) based on Net Lettable Area occupied by Sustainability Victoria.
- As of June 2014 vehicle fleet entirely made up of Hybrid Camrys including 5 regionally located. Figures exclude a limited amount of interstate/overseas travel and ferry travel.
- Value incorporates staff driving personal vehicles in some instances where fleet vehicles not accessible.
- More sustainable modes of commuting include: cycling, walking and working from home.
- The treatment of GreenPower changed in FY 2010/11, with GreenPower purchasing no longer considered abatement for Scope 3 emissions. While SV purchased 100% GreenPower, remaining scope 3 associated emissions has been offset through the purchase of an accredited carbon offset product.
- Greenhouse estimations for years prior to FY 2010/11 have been adjusted based on updated formula. In this example the Radiative Forcing Index has been decreased from 5 in 2010/11 to 1.9 for the RFI factor and 1.09 for Uplift Factor this year. Previous years have been updated using the same factors as in 2011/12.
- In environmental management system language 'greenhouse gas emissions' is not an Environmental Aspect but rather an Environmental Impact. For convenience it has been left in the Environmental Aspect column easier illustration.
- Greenhouse Gas emission factors based on August 2015 National Greenhouse Accounts factors and EPA Victoria Greenhouse Gas Inventory Management Plan. Emissions from air travel are calculated using EPA Victoria Greenhouse Inventory management Plan, which references DEFRA methodology. Other factors are calculated using ATO, ABS, RACV, and V-Line data.
- Emissions from publications are calculated using a methodology developed by The Gaia Partnership using the CO2counter technology.
- GHG emissions calculations for water and A/C refrigerant were updated in FY 2013/14. Water emissions changed due to a change in the emissions factor from 2.34 kg/kL to 1.36 kg/kL.
- GHG emissions from staff commute to and from work was incorporated beginning in FY 2012/13
- The operational aspects included in the scope of activities for purchasing carbon offsets are: apportioned base building electricity and gas, office tenant light and power, kitchen and vehicle refrigerants, waste to landfill, air travel, public transport, taxi travel, fleet vehicles for work based activities, paper and publications consumption, water consumption, and staff commuting. Office, light and power are included even though GreenPower is purchased to illustrate the organisation's total GHG emissions associated with the scope of operational activities. A 10% buffer in the purchase of carbon offsets has been incorporated to cover any inaccuracies in calculating the components included within SV's Greenhouse inventory boundary.
- Total vehicle travel distance was incorrectly reported in 2014/15. The correct value is 234,313km. This does not impact the GHG emissions reported.
- The equation for Total GHG emissions associated with scope of operational activities for 14/15 did not include the Total GHG emissions from staff commute in 14/15 Annual Report. This has been corrected in 15/16.
- For the apportioned calculations electricity and water data was unavailable for quarter four. As such, a daily average was calculated and extrapolated based on the previous three quarters of 2016/17

Appendix 4

Grant allocations

Organisation	ABN / ACN	Description	Payment \$
Australian Packaging Covenant 14/15 Grants Program			
GT Recycling	16 495 764 668	GT Recycling - Flexible Polypropylene Packaging Recycling	97,500.00
Linpac Packaging Australia Pty Limited	26 164 926 434	LINPAC 'Elite' Project	5,000.00
Australian Packaging Covenant 15/16 Grants Program			
Welvic Australia Pty Ltd	47 121 792 818	APC 15 16 Welvic	118,993.00
Building Victoria's Organics Recovery Grant Program			
City of Ballarat	37 601 599 422	Kerbside Organics Procurement in City of Ballarat	92,000.00
City of Greater Bendigo	74 149 638 164	Kerbside Organics Procurement in City of Greater Bendigo	60,000.00
City of Greater Geelong	18 374 210 672	Building Victoria's Organics Recovery – Geelong	100,000.00
Business Champion Networks Grants Program			
Committee for Portland	15 932 119 785	Portland Manufacturing, Assemble, and Design Engineering Network	3,185.00
Business Productivity Program Resource Assessment Grants 2015/16			
Alberton Timber & Treatment Plant Pty Ltd	79 102 382 089	Resource Assessment - Materials and Energy	3,676.00
Alternative Glass Supplies Pty Ltd	27 006 396 078	Resource Assessment - Materials	7,500.00
Connell's Bakery Pty Ltd	14 006 031 876	Resource Assessment - Materials	11,712.00
Global Rotomoulding Pty Ltd	79 084 711 535	Resource Assessment - Materials	9,700.00
Kyabram Cold Storage Pty Ltd	81 798 714 724	Resource Assessment - Materials	190.00
Larnec Doors & Systems	91 248 465 638	Resource Assessment - Materials	10,000.00
Merino & Jumbuck Company (Australia) Pty Ltd	24 877 515 728	Resource Assessment - Materials	4,849.00
Snooza Pet Products (Aust) Pty Ltd	82 072 144 819	Resource Assessment - Materials	7,330.00
Southern Cross Recycling Group Pty Ltd	60 152 667 215	Resource Assessment - Materials	4,690.00
Community Sustainability Infrastructure Fund Grants Program			
City of Greater Geelong	18 374 210 672	Geelong Energy Efficient Buildings	10,000.00

Organisation	ABN / ACN	Description	Payment \$
Corangamite Shire Council	87 042 518 438	Corangamite Shire Council Waste Diversion Improvements through Future Innovation and Action	154,603.00
Eaglehawk Recycle Shop Inc	94 230 087 248	EPS Recovery for Recycling – Eaglehawk Eco Centre	5,000.00
Foamex Victoria Pty Limited	72 006 535 520	Installation of Hirsch PREEX9000 Boiler Machine – Somerton	10,000.00

Organisation	ABN / ACN	Description	Payment \$
Green Collect	68 112 489 684	Growing Capacity and Innovation with Hard to Recycle Materials	5,000.00
Langford Arch P/L	70 502 734 070	Woodards Strategic Energy Efficiency Upgrades	22,000.00
Tox Free Australia Pty Ltd	31 127 853 561	Community Sustainability Infrastructure Fund - LCD Recycling Plant	10,000.00

Organisation	ABN / ACN	Description	Payment \$
Kerbside Food Organics Garden Organics Recovery Grants Program			
Goulburn Valley Waste and Resource Recovery Group	45 668 803 349	Garden and Food Waste Collection in the Goulburn Valley	4,500.00

Research & Development Program - Recovered Glass Fines and Flexible Plastics			
RMIT University	49 781 030 034	RMIT Glass Repurposing R&D Grant Project	25,000.00
Swinburne University Hawthorn	13 628 586 699	Swinburne Plastics and Glass in Footpaths R&D Grant Project	100,000.00
University of Melbourne	84 002 705 224	Melbourne University Lightweight Concrete R&D Grant Project	25,000.00
Victoria University	83 776 954 731	Victoria University Structural Plastics R&D Grant Project	25,000.00

Rural & Regional Transfer Station Upgrade Fund			
Strathbogie Shire Council	50 882 781 013	Strathbogie Shire Council Transfer Station Upgrades	50,027.00

Rural and Regional Landfill Support Grants Program			
Alpine Shire Council	14 821 390 281	Alpine Shire - Myrtleford Landfill	135,000.00
Buloke Shire Council	89 293 793 980	Buloke Shire Council – Charlton Landfill	140,000.00
Glenelg Shire Council	48 217 289 490	Glenelg Shire Council – Casterton Landfill	531,250.00
Golden Plains Shire Council	86 998 570 296	Golden Plains Shire Council – Rokewood and Teesdale Landfills	140,000.00
Loddon Shire Council	90 925 450 534	Loddon Shire Council - Inglewood Landfill	140,000.00
Mildura Rural City Council	42 498 937 037	Mildura Rural City Council - Murrayville Landfill	138,500.00
Northern Grampians Shire Council	42 592 845 947	Northern Grampians Shire Council – Hard Hills Landfill	100,000.00

Organisation	ABN / ACN	Description	Payment \$
Smarter Resources Smarter Business - Capital Funding Grants Round 3			
AFCOL Australia Limited	18 276 247 981	High Efficiency, Over Pressure, Retort for Abalone Cooking and Sterilisation	1,500.00
Vincent Painting Pty Ltd	44 095 896 781	Investing in a Material Efficient Abrasive Blast Room Facility	20,000.00
Social Value from Waste Grants Program			
Ballarat Regional Industries Inc	79 684 755 755	BRI - Expansion of Plastic Recycling Business	2,500.00
Gippsland Employment Skills Training Inc	29 911 894 613	GEST's Recycle, Regrow and Reconnect Project	500.00
Outlook (Vic) Inc	84 168 589 417	Outlook Officer E-Waste Facility	120,000.00
SV Business - Boosting Productivity Energy Assessment Grants			
Burton's Supa IGA	78 004 413 325	Energy Assessment Grant	3,600.00
CDC Geelong Pty Ltd	29 092 432 614	Energy Assessment Grant	2,000.00
CERES Inc	60 133 437 610	Energy Assessment Grant	3,000.00
Flexible Drive Pty Ltd	15 004 922 570	Energy Assessment Grant	1,740.00
Green Acres Golf Club	93 415 734 767	Energy Assessment Grant	3,012.00
Hindustan Imports	91 005 971 979	Energy Assessment Grant	660.00
Merriwa Industries Limited	81 069 213 878	Energy Assessment Grant	1,620.00
Southern Ocean Mariculture Pty Ltd	39 072 939 210	Energy Assessment Grant	4,750.00
Organisation	ABN / ACN	Description	Payment \$
Tallangatta Project			
Towong Shire Council	45 718 604 860	Tallangatta Eco-Education and Integrated Services Hub	50,000.00
Victorian Litter Innovation Fund - Round 1			
Australian Marine Mammal Conservation Foundation	92 164 506 745	Bin Not Bay Marine Environment Litter Project	17,820.00
Bass Coast Shire Council	81 071 510 240	No Need to Dump, Follow your Waste to the Transfer Station	7,650.00
Bellarine Catchment Network Inc	79 770 540 247	Caring for Our Bays and Be a Hero Litter Awareness	18,000.00
Banyule City Council	16 456 814 549	Bell Street Mall Litter Prevention Culturally Different Project	18,000.00
Brimbank City Council	35 915 117 478	Innovate to Abate - Litter Reduction in the City of Brimbank	11,700.00
City of Greater Dandenong	41 205 538 060	MSNOBUTTS Campaign Outfits	17,100.00
City of Maribyrnong	86 517 839 961	Don't Mess with our Parks	18,000.00
City of Port Phillip	21 762 977 945	Penguin Friendly Events	8,865.00

Organisation	ABN / ACN	Description	Payment \$
City of Whittlesea	72 431 091 058	Mobile Pop Up Transfer Station	13,500.00
East Gippsland Shire Council	81 957 967 765	Smart Takeaway Coffee Project	5,160.00
Greater Shepparton City Council	59 835 329 843	Shepparton Solar Bin Project	18,000.00
Half Moon Bay Life Saving and Swimming Club Inc	21 412 481 916	Beach-Art-Waste and Environment Program	10,000.00
Mitchell Shire Council	27 352 592 142	Litter: It's a Waste of our Time	2,500.00
Mt Buller & Mt Stirling Resort Alpine Management Board	44 867 982 534	Reducing Litter at Remote Locations on Mt Stirling Pilot Study	9,000.00
Phillip Island Nature Park	88 940 950 118	Litter Innovation Fund - Turn the Tide	18,000.00
San Remo Foreshore Committee Of Management Inc	45 503 524 393	Pelican Reflecting on Plastic Usage and Litter Generation	9,000.00
South Gippsland Shire Council	67 816 770 786	Cigarette Butt Litter Education and Enforcement Project	12,600.00
Southern Cross Recycling Group Pty Ltd	60 152 667 215	SMART Public Place Clothing Recycling Banks	9,000.00
Strathbogie Shire Council	50 882 781 013	Love Our Lake: Put Your Waste in the Right Place	9,000.00
Streamline Media and Communications Group Pty Ltd	33 128 151 191	What Drains to the Bay	18,000.00
Tangaroa Blue Foundation Ltd	88 138 636 521	Working Together to Target the Source of Marine Debris and Litter	17,811.00
Wyndham City Council	38 393 903 860	Don't Dump It, Recycle It	18,000.00
Yarra City Council	98 394 086 520	Getting Litter out of our Waterways for Good	16,200.00
Victorian Organics Resource Recovery Strategy Implementation (VORRSI): Sustainable Markets			
Veolia Environmental Services	20 051 316 584	Kilter Three Year Compost Demonstration Trial for Broadacre Crops in the Mallee Region, Victoria	10,500.00

Appendix 5

Risk attestation

Risk attestation

I, Heather Campbell, certify that Sustainability Victoria has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes.

Sustainability Victoria's Audit, Risk and Finance Committee verifies this.



Heather Campbell

Chair

Sustainability Victoria

Melbourne

24 August 2017

Appendix 6

Global Reporting Initiative index

GRI standard disclosure	GRI Reference	Level of reporting	Comment	Report section page
Strategy and analysis				
Introductory statement	G4 - 1	Full		Report from the Chair and CEO: page 1
Organisational profile				
Name of the Organisation	G4 - 3	Full		
Primary products and services	G4 - 4	Full	Our vision, values, purpose, strategic plan and stakeholders	About Sustainability Victoria: page 2 The year in review: pages 4–9
Our Performance pages 4–75				
Location of headquarters	G4 - 5	Full	Melbourne, Victoria	
Countries of operation	G4 - 6	Full	Australia	
Nature of ownership and legal form	G4 - 7	Full		About Sustainability Victoria: page 2
Markets served	G4 - 8	Full		The year in review: pages 4–9
Scale of the organisation	G4 - 9	Full		The year in review: pages 4–9 Workforce data: pages 24–26
Summary of financial performance pages 11–12.				
Information on employees	G4 - 10	Full		Governance and organisational structure: pages 13–19 Workforce data: pages 24–26
Employees covered by collective bargaining	G4 - 11	Full		Workforce data: pages 24–26
Organisational supply chain	G4 - 12	Full		Governance and organisational structure: Our procurement and supply chain – page 20
Changes in organisational size, structure, ownership or supply chain	G4 - 13	Full		Governance and organisational structure: pages 13–23,
Annual financial statements – pages 33–75				
Precautionary approach or principle	G4 - 14	Full		Governance and organisational structure: Our risk management approach – page 22
Externally developed economic, environmental and social charters, principles and initiatives the organisation subscribes or endorses	G4 - 15	Full		Governance and organisational structure Partnerships and Charters: page 19

GRI standard disclosure	GRI Reference	Level of reporting	Comment	Report section page
Organisational Memberships	G4 - 16	Full	A list of SV's organisational memberships is available at www.sustainability.vic.gov.au	
Identified material aspects and boundaries				
Organisational entities	G4 - 17	Full		Financial statements: pages 33–41
Notes to the financial statements – pages 42–75				
Report content	G4 - 18	Full		Governance and organisational structure: Our reporting approach – page 22
Identified Material Aspects	G4 - 19	Full		Governance and organisational structure: Our reporting approach – page 22
Aspect Boundaries within the organisation	G4 - 20	Full		Governance and organisational structure: Our reporting approach – page 22
Aspect Boundaries outside the organisation	G4 - 21	Full		Governance and organisational structure: Our reporting approach – page 22
Restatements of information provided in previous reports	G4 - 22	Full	There are no significant changes to scope, boundary or measurement from Sustainability Victoria's first GRI report released 2016.	N/A
Significant changes from previous reporting in the Scope and Aspect Boundaries	G4 - 23	Full	There are no significant changes to scope, boundary or measurement from Sustainability Victoria's first GRI report released 2016.	N/A
Stakeholder engagement				
Stakeholder groups engaged by the organisation	G4 - 24	Full		The year in review: pages 4–9 Governance and organisational structure: pages 13–23
Basis for identification and selection of stakeholders	G4 - 25	Full		The year in review: pages 4–9
Approach to stakeholder's engagement	G4 - 26	Full		Governance and organisational structure: Our engagement approach – page 22
Key topics and concerns raised by stakeholders	G4 - 27	Full		Governance and organisational structure: Our engagement approach – page 22
Report profile				
Reporting period	G4 - 28	Full	Financial year 2016-17	
Date of most recent report	G4 - 29	Full	Financial year 2015–16	
Reporting cycle	G4 - 30	Full	Annual	
Contact point for questions	G4 - 31	Full		Page ii
Reporting option chosen	G4 - 32	Full	Standard	

GRI standard disclosure	GRI Reference	Level of reporting	Comment	Report section page
External assurance	G4 - 33	Full	SV did not seek external assurance for this report.	
Governance				
Governance structure	G4 - 34	Full		Governance and organisational structure: pages 13–23
Ethics and integrity				
Values, principles, standards and norms	G4 - 56	Full		Workforce data: Public sector values and employment principles: page 24
GRI Specific disclosures				
Environment				
Aspect: Energy	G4-DMA	Full		Office based environmental impacts: pages 79–81 Office based environmental performance: page 78
Energy consumption within the organisation	G4-EN3	Full		Office based environmental impacts: pages 79–81 Office based environmental performance: page 78
Aspect: Emissions	G4-DMA	Full		Office based environmental impacts: pages 79–81 Office based environmental performance: page 78
Direct greenhouse gas emissions	G4-EN15	Full		Office based environmental impacts: pages 79–81 Office based environmental performance: page 78
Aspect: Waste	G4-DMA	Full		Office based environmental impacts: pages 79–81 Office based environmental performance: page 78
Total weight of waste by type and disposal method	G4-EN23	Full		Office based environmental impacts: pages 79–81 Office based environmental performance: page 78

Appendix 7

Glossary of acronyms

Acronym	Description
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACN	Australian Company Number
ARF	Audit, Risk and Finance
AUD	Australian Dollars
BAU	Business as Usual
Capex	Capital Expenditure
CBD	Central Business District
CEO	Chief Executive Officer
CSIRO	Commonwealth Science and Industrial Research Organisation
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
DTF	Department of Treasury and Finance
EMS	Environmental Management System
EPA	Environment Protection Authority Victoria
E3	Equipment Energy Efficiency Program
EO	Executive Officer
FMA	Financial Management Act
FRD	Financial Reporting Direction
FT	Fulltime
FTE	Fulltime Equivalent
FY	Financial Year
GHG	Green House Gases
GRI	Global Reporting Initiative
GST	Goods and Service tax

Acronym	Description
HS&W	Health, Safety and Welfare
IBAC	Independent Broad-Based Anti-Corruption Commission
ICT	Information and Communications Technology
IT	Information Technology
KMP	Key Management Personnel
MFA	Market Flow Analysis
LSL	Long Service Leave
MWRRG	Metropolitan Waste and Resource Recovery Group
NGO	Non-Government Organisation
OH&S	Occupational Health and Safety
Opex	Operating Expenditure
OTLP	Office tenant light and power
PD	Protected Disclosure
PPE	Property, Plant and Equipment
SME	Small to Medium Enterprise
SRO	State Revenue Office
SV	Sustainability Victoria
SWRRIP	Statewide Resource and Recovery Infrastructure Plan
TCV	Treasury Corporation of Victoria
THC	Total Head Count
VEET	Victorian Energy Efficiency Target
VGPB	Victorian Government Purchasing Board
VIPP	Victorian Industry Participation Policy
VLAA	Victorian Litter Action Alliance
VPS	Victorian Public Sector
VPSC	Victoria Public Sector Commission
WRRG	Waste Resource Recovery Group

