

APRIL 2022

Summary of changes applied to the Model Report

For the 2021-22 reporting year

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Purpose and overview

This document provides a summary of changes that have occurred during the 2021-22 financial year¹.

April 2022

- To support ongoing efforts to make the Model Report process more efficient and timely, the following changes have been implemented:
 - Placeholder years for current and comparative reporting periods have been introduced throughout the Model.
 - The naming convention of Financial Reporting Directions (FRDs) has been simplified through the removal of the alphabet designations.
- The following updates have been made to the guidance in the Workforce data section:
 - References to ‘active’ employees has been included to be in line with FRD 15 – *Executive Officer disclosures in the Report of Operations*;
 - References to Executive Officer (EO) have been replaced with Senior Executive Service (SES) to be in line with the VPSC executive classification framework. The nature of the required disclosures remains unchanged.
- References to the triple-A credit rating have been amended to double-A to reflect the State’s revised credit rating.
- Removal of the “carrying values by ‘purpose’ groups table in Note 5.1 – *Total property, plant and equipment* as it is no longer required.
- Right-of-use assets have been incorporated into the table and associated guidance associated with *Fair Value determination: Non – financial physical assets* section (Note 8.3.2). Right-of-use assets are carried at fair value and are not excluded from the disclosure requirements associated with fair value.
- Appendix 2: Understanding the Independent Auditor’s Report has been removed as its continued inclusion in the Model Report is no longer necessary.

Refer to the tables that follow for a more detailed breakdown of [NEW] and [REVISED] changes applied to the Model. Extracts from the Model Report have been included with tracked changes in Appendix A to illustrate what has changed since the 2020-21 Model Report.

¹ For practical reasons, minor typographical and editorial changes that do not impact reporting requirements or user experience have been omitted from the Summary of Changes document.

Changes applied to the Model Report – April 2022

Subject matter	Source of change	Summary of changes	Page reference
Whole Model	Model Report Process improvement	Generic placeholder years (e.g., 20X1) have been adopted throughout the Model to reduce Model Report drafting time.	Whole model
		All alphabetic designations have been removed from references to Financial Reporting Directions (i.e., FRD 119A now reads as FRD 119).	Whole model
Publication coverage and project indicative timelines	General improvement	Table has been removed as the information is provided in the Accounting Policy Newsletter and DTF information requests.	
Introduction [REVISED] How to use the Model Report	Model Report Process improvement	Additional guidance and a legend has been added to this section to provide users a reference to the transition of placeholder years.	p. 5
Report of Operations [REVISED] Executive data	Updated guidance	Guidance updated to include reference to 'active' employees to be in line with FRD 15. References to Executive Officers (EO) has been updated to Senior Executive Service (SES) to bring disclosures in line with VPSC executive classification frameworks. This is a change in naming convention only and does not impact disclosure requirements.	pp. 43-44
Financial Statements 5.1.3 Depreciation and amortisation	General improvement	The table Carrying values by 'purpose' groups has been removed as this is no longer required. Associated guidance relating to the table has also been removed.	p. 130
[REVISED] 8.1 Financial instruments: Liquidity risk	General improvement	Reference to triple-A has been amended to double-A to reflect that the revised credit rating of the State.	p. 197

<p>[REVISED] 8.3.2 Fair Value determination: Non-financial physical assets</p>	<p>Updated guidance</p>	<p>The table and corresponding guidance has been updated to incorporate right-of-use assets. As right-of-use assets are carried at fair value and are classified as property, plant, and equipment in the note disclosures. The disclosure requirements of AASB 116 are not excluded from AASB 13.</p>	<p>p. 215</p>
<p>Appendices Appendix 2: Understanding the independent auditor's report;</p>	<p>General improvement</p>	<p>This appendix has been removed as its continued inclusion in the Model Report is no longer necessary.</p>	<p>p. 267</p>



Appendix A: Extracts from the Model Report for Victorian Government Departments

The Model report – Purpose and scope

In addition to the State's financial publications produced by DTF, the FMA also requires audited annual reports of government departments and public bodies to be tabled in Parliament within four months after the end of financial year or on the first sitting day of the House after the end of that month.

Under Standing Direction 5.2 *Annual reporting (SD)*, **all Victorian government departments** are required to comply with the Model when preparing and tabling their annual reports in Parliament.

These departments include the Departments of:

Education and Training;

Jobs, Precincts and Regions;

Transport;

Environment, Land, Water and Planning;

Families, Fairness and Housing⁴;

Health⁴;

Justice and Community Safety;

Premier and Cabinet;~~and~~

Treasury and Finance.

The Model has adopted the financial statement formats that align with the general government sector and whole of government formats. For consistency and comparability purposes, the Parliament of Victoria and all other Victorian public sector entities are encouraged to produce their annual reports with reference to this Model.

Judgement is required to determine where to apply or modify the Model to meet the entity specific reporting requirements.

[REVISED] How to use the Model report

The Model prescribes a consistent approach to the preparation of both the financial and non-financial reporting requirements of **departmental** annual reports. It includes:

- guidance and commentaries highlighting the minimum disclosure requirements;
- convenient references and interpretations of relevant authoritative pronouncements;~~and~~
- illustrative AAS and FRD disclosures related to common departmental activities.

The Model addresses the departmental requirements for a complete set of financial statements (refer to the *Model financial statements* section) and in a separate section, the requirements of the FMA and FRDs for non-financial performance disclosures in a report of operations (refer to the *Model report of operations* section).

~~It should be noted~~ For ease of preparation, placeholder years have been used throughout the Model. For the purposes of this report, 20X1-X2 is to be interpreted as the current reporting year, while 20X0-X1 represents the comparative year. Refer to the table below for more detail.

Placeholder	Year
20X0	2020
20X1	2021
20X2	2022
20X3	2023

It should be noted that the Model is based on a fictitious department, and therefore the narrative illustrations should be used as a guide only.

This Model will enable preparers to readily identify applicable legislative and accounting reporting requirements, and to view related illustrative examples. In this way, the Model can be used as a basic guide for developing Victorian public sector financial statements.

However, the Model should not be used as a substitute for referring to actual legislation, AASs and FRDs that are relevant to the entity.

⁴From 1 February 2021, The Department of Health and Human Services was separated into the Department of Health and Department of Families, Fairness and Housing

[REVISED] Executive officer data

For a department, a member of the Senior Executive Service (SES) n-executive officer (EO) is defined as a person employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA). For a public body, an EO-executive is defined as a person employed as an executive under Part 3 of the PAA or a person to whom the Victorian Government's *Public Entity Executive Remuneration Policy* applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year. [FRD 15E]

The definition of an EO-SES does not include a statutory office holder or an Accountable Officer.

The following tables disclose the EOs-SES of the Department and its portfolio agencies for 30 June 20X2:

- Table 8 discloses the total numbers of EOs-SES for the Department, broken down by gender;
- Table 9 provides a reconciliation of executive numbers presented between the report of operations and Note 9.9 *Remuneration of executives* in the financial statements;
- Table 10 provides the total executive numbers for all of the Department's portfolio agencies; ~~and~~
- Tables 8 to 10 also disclose the variations, denoted by 'var', between the current and previous reporting periods.

Table 8: Total number of EOs-SES for the Department, broken down into gender [FRD_15E]

Class	All		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
EOSES-34	2	0	1	0	1	0	n	n
EOSES-2	22	(1)	8	0	14	(1)	n	n
EOSES-13	54	(3)	25	(2)	29	(1)	n	n
Total	78	(4)	34	(2)	44	(2)	n	n

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 9.8 in the financial statements lists the actual number of EOs-SES and the total remuneration paid to EOs-SES over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left the Department during the relevant reporting period. To assist readers, these two disclosures are reconciled below.

Table 9: Reconciliation of executive numbers

	20X2	20X1
Executives (financial statement Note 9.89)	79	77
Accountable Officer (Secretary)	1	1
Less Separations	(21)	(4)
Total executive numbers at 30 June	798	74

Table 10: Number of EOs-SES for the Department's portfolio agencies

Portfolio agencies	Total		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	No.
Commissioner of New Technology	9	(4)	0	(3)	9	(1)	n	n
Innovation Victoria	2	2	2	2	0	0	n	n
Regional Computer Teaching	49	1	13	1	36	0	n	n
Victorian Technology Commission	129	(19)	41	(9)	88	(10)	n	n
Total	189	(20)	133	(11)	56	(9)	n	n

REVISED Guidance – EO-Executive data

FRD 15E explains the requirements for disclosing ~~Executive Officer~~ Senior Executive Service (EOSES) numbers in annual reports. It states that a department's report of operations must disclose the following disaggregated information on EO-SES numbers as per the last pay period for the financial year: [FRD 15E]

disaggregated information on EO-SES numbers including:

- executive classification;
- gender split across classifications; and
- comparison to the previous reporting period.
- a reconciliation of the EO-SES numbers that appear in the report of operations to those disclosed in the notes in the financial statements for the current and previous reporting periods; and
- EO-SES numbers for all its portfolio entities.

This FRD provides definitions for Accountable Officers, EOSES, and portfolio entities.

The disclosure of gender may include three categories: women, men and self-described. The privacy and confidentiality of all employees must be strictly protected at all times.

In line with the *Policy and Standard Model for Collecting Staff Gender Information in the Victorian Public Sector* (the Policy and Standard Model), the self-described option should include a free text space for employees to specify their gender in their own terms. When reporting on gender information collected through this mode, all free text responses should be reported under the 'self described' category.

~~It is proposed that the disclosure of EO-SES data is to be separated into the three gender categories, in line with the Policy and Standard Model, will be mandatory for all VPS entities from the 2017-18 reporting period onwards.~~

The Policy and Standard Model is available on the DTF website to provide further assistance with gender reporting. Further enquiries can be directed to the Equality Branch in the Department of Premier and Cabinet (DPC) by emailing equality@dpc.vic.gov.au.

Guidance

Departments should follow the table format provided in the Model to show their executive numbers. ~~SESEO~~ numbers should be based on active public service employees of the Department, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June of the previous reporting period. the annualised employee equivalent (AEE). Refer to the definition and calculation of AEE illustrated in the guidance of Note 9.9 of the Model financial statements.

Departments are also required to provide a table reconciling ~~SESEO~~ numbers disclosed in the financial statements with those in the report of operations, showing Accountable Officers and separations.

The information required in the table showing executive numbers in portfolio agencies of the Department can be sourced from the Government Sector Executive Remuneration Database, maintained by the Victorian Public Sector Commission. The database lists all public authorities and provides relevant information required for the disclosure.

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

5.1.3 Depreciation and amortisation [REVISED]

Charge for the period	(\$ thousand)	
	20X2	20X1
Buildings ^(a)	3 280	1 807
Plant, equipment and vehicles	13 034	9 550
Infrastructure ^(a)	419	240
Road, infrastructure and earthworks	514	207
Intangible produced assets (amortisation)	1 471	1 554
Total depreciation and amortisation	18 718	13 358

Note:

(a) Of the amounts included in 'buildings', and 'infrastructure' categories, \$XXX [\$XXX in 20X1] and \$XXX [\$XXX in 20X1] respectively related to assets contracted under the public private partnership (PPP) arrangements. [\[Recommendation 13 PAEC Report 115\]](#)

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. [\[AASB 116.73\(b\)\]](#) Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	(years) Useful life
Buildings:	20 to 100
leasehold buildings	2 to 60
Infrastructure systems:	
water infrastructure – storage facilities	25 to 300
water infrastructure – other	25 to 100
rail infrastructure	2 to 50
other infrastructure	10 to 32
Plant, equipment and vehicles (including leased assets)	3 to 10
Road and road networks (including bridges)	60 to 90
Cultural assets (with finite useful lives)	100

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. [\[The useful lives illustrated in the Model are for illustrative purposes only. Departments should determine the useful lives of assets.\]](#)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Department obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

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

Indefinite life assets: Land, earthworks, land under declared roads, and core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period. [\[AASB 1051.11\]](#)

Carrying values by 'purpose' groups ^(a) [FRD 103H]

(\$ thousand)

	Public administration		Public safety and environment		Total	
	20X2	20X1	20X2	20X1	20X2	20X1
Nature based classification						
Land at fair value ^(b)	2 014	1 830	2 548	1 691	4 562	3 521
Buildings at fair value	76 732	73 641	4 064	4 389	80 796	78 030
Plant, equipment and vehicles at fair value	30 457	24 678	21 082	18 431	51 539	43 109
Assets under construction at cost	667	626	46	397	713	1 023
Infrastructure at fair value ^(c)	170	2 223	1 514	2 708	1 684	4 931
Road, infrastructure and earthworks at fair value	607	2 454	1 649	2 539	2 256	4 993
Cultural assets at fair value	2 764	=	=	=	2 764	=
Net carrying amount	113 411	105 452	30 903	30 155	144 314	135 607

Notes:

(a) Property, plant and equipment are classified primarily by the 'purpose' for which the assets are used, according to one of six purpose groups based upon government purpose classifications. All assets in a purpose group are further sub-categorised according to the asset's 'nature' (e.g. buildings, plant), with each sub-category being classified as a separate class of asset for financial reporting purposes.

(b) [If any entity has significant Crown land holdings, these holdings are to be disclosed separately in the Property, plant and equipment table 'Land at fair value' as 'Crown land - National and State parks at fair value', 'Crown land - other at fair value', and 'Freehold land at fair value'.]

(c) Of the balance in 'infrastructure at fair value', \$XXX [xxx in 20X1] is attributable to assets contracted under PPP arrangements. [PAEC Report 115, Recommendation 12]

Assets received as collateral

Guidance – Assets received as collateral [AASB 7.15]

When an entity holds collateral (of financial or non-financial assets) and is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, it shall disclose:

the fair value of the collateral held;

the fair value of any such collateral sold or repledged and whether the entity has an obligation to return it; ~~and~~

the terms and conditions associated with its use of the collateral. [AASB 7.15]

If transferor provides non-cash collateral (such as debt or equity instruments) to the transferee, the accounting for the collateral by the transferor and the transferee depends on whether the transferee has the right to sell or repledge the collateral and on whether the transferor has defaulted. The transferor and transferee shall account for the collateral as follows:

- (a) If the transferee has the right by contract or custom to sell or repledge the collateral, then the transferor shall reclassify that asset in its statement of financial position (e.g. as a loaned asset, pledged equity instruments or repurchase receivable) separately from other assets.
- (b) If the transferee sells collateral pledged to it, it shall recognise the proceeds from the sale and a liability measured at fair value for its obligation to return the collateral.
- (c) If the transferor defaults under the terms of the contract and is no longer entitled to redeem the collateral, it shall derecognise the collateral, and the transferee shall recognise the collateral as its asset initially measured at fair value or, if it has already sold the collateral, derecognise its obligation to return the collateral.
- (d) Except as provided in (c), the transferor shall continue to carry the collateral as its asset, and the transferee shall not recognise the collateral as an asset. [AASB 9.3.2.23]

[REVISED] Financial instruments: Liquidity risk [AASB 7.7, 33, 39]

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

The Department is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The Department manages its liquidity risk by:

close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;

maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;

holding investments and other contractual financial assets that are readily tradeable in the financial markets;

careful maturity planning of its financial obligations based on forecasts of future cash flows; ~~and~~

a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's ~~triple~~double-A, which assists in accessing debt market at a lower interest rate).

The Department's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements, and \$200 000 (20X1: \$200 000) in relation to financial guarantees granted for loans to other entities (refer to Note 8.2), represents the Department's maximum exposure to liquidity risk.

8.3.2 [REVISED] Fair value determination: Non-financial physical assets

Fair value measurement hierarchy [AASB 13.93 (a)(b)]

(\$ thousand)

	Carrying amount as at 30 June 20X2	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
20X2				
Land at fair value				
Non-specialised land	1 778	n.a.	1 778	..
Specialised land	2 784	n.a.	..	2 784
Total of land at fair value	4 562	n.a.	1 778	2 784
Buildings at fair value				
Non-specialised buildings	6 877	n.a.	6 877	..
Specialised buildings	62 115	n.a.	..	62 115
Heritage assets ^(b)	10 596	n.a.	..	10 596
Total of buildings at fair value	79 588	n.a.	6 877	72 711
Plant, equipment and vehicles at fair value				
Vehicles ^(c)	16 941	n.a.	..	16 941
Plant and equipment	30 935	n.a.	..	30 935
Total of plant, equipment and vehicles at fair value	47 876	n.a.	..	47 876
Infrastructure at fair value				
Infrastructure	1 685	n.a.	..	1 685
Total of infrastructure at fair value	1 685	n.a.	..	1 685
Road, infrastructure and earthworks at fair value				
Road, infrastructure and earthworks at fair value	2 257	n.a.	..	2 257
Total of road, infrastructure and earthworks at fair value	2 257	n.a.	..	2 257
Cultural assets at fair value				
Artworks	2 764	n.a.	2 764	..
Total of cultural assets at fair value	2 764	n.a.	2 764	..
Intangible assets at fair value				
Intellectual property database	2 000	n.a.	..	2 000
Total of cultural assets at fair value	2 000	n.a.	..	2 000
20X1	as at 30 June 20X1	Level 1^(a)	Level 2^(b)	Level 3^(c)
Land at fair value				
Non-specialised land	987	n.a.	987	..
Specialised land	2 534	n.a.	..	2 534
Total of land at fair value	3 521	n.a.	987	2 534
Buildings at fair value				
Non-specialised buildings	2 082	n.a.	2 082	..
Specialised buildings	63 395	n.a.	..	63 395
Heritage assets ^(b)	12 553	n.a.	..	12 553
Total of buildings at fair value	78 030	n.a.	2 082	75 948
Plant, equipment and vehicles at fair value				
Vehicles ^(c)	15 321	n.a.	..	15 231
Plant and equipment	27 788	n.a.	..	27 788
Total of plant, equipment and vehicles at fair value	43 109	n.a.	..	43 019
Infrastructure at fair value				
Infrastructure	4 931	n.a.	..	4 931
Total of infrastructure at fair value	4 931	n.a.	..	4 931
Road, infrastructure and earthworks at fair value				
Road, infrastructure and earthworks at fair value	4 993	n.a.	..	4 993
Total of road, infrastructure and earthworks at fair value	4 993	n.a.	..	4 993
Cultural assets at fair value				
Artworks	..	n.a.
Total of cultural assets at fair value	..	n.a.

Notes:

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

(b) The Department holds \$10.6 million worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

(c) [Vehicles are categorised to Level 3 assets if the current replacement cost is used in estimating the fair value. However, entities should consult with an independent valuer in determining whether a market approach is appropriate for vehicles with an active resale market available. If yes, a Level 2 categorisation for such vehicles would be appropriate.]

There have been no transfers between levels during the period. [AASB 13. 93(c)]

Investment properties measured at fair value and their categorisation in the fair value hierarchy

[AASB 13.93 (a)(b)]

(\$ thousand)

	Carrying amount as at 30 June	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
20X2				
Investment properties	2 354	n.a.	2 354	..
Investment properties	5 029	n.a.	5 029	..
2020				
Investment properties	5 029	n.a.	5 029	..

Note:

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 20X2. [AASB 13.93(c), AASB 13.66]

For investment properties measured at fair value, the current use of the asset is considered the highest and best use. [AASB 13.93(i)]

The fair value of the Department's investment properties at 30 June 20X2 have been arrived at on the basis of an independent valuation carried out by independent valuers, Norton and Prime Pty Ltd.

The valuation was determined by reference to market evidence of transaction prices for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts. [AASB 13.93(d)]

Norton and Prime Pty Ltd has more than 20 years' experience valuing similar commercial properties in Melbourne's CBD.

Guidance – Fair value determination: Non-financial physical assets [AASB 13.83]

AASB 13 acknowledges that, unlike a Level 1 input, adjustments to Level 2 inputs may be more common, but will vary depending on the factors specific to the asset or liability.

There are a number of reasons why an entity may need to make adjustments to Level 2 inputs. Adjustments to observable data from inactive markets, for example, might be required for timing differences between the transaction date and the measurement date, or differences between the asset being measured and a similar asset that was the subject of the transaction. In addition, factors such as the condition or location of an asset should also be considered when determining if adjustments to Level 2 inputs are warranted.

If an adjustment to a Level 2 input is significant to the entire fair value measurement, it may affect the fair value measurement's categorisation within the fair value hierarchy for disclosure purposes. If the adjustment uses significant unobservable inputs, it would need to be categorised within Level 3 of the hierarchy.

For example, in the tables in note 8.3.2, the 'specialised land' has been categorised within Level 3 of the fair value hierarchy. This was a direct result of the significant adjustment to Level 2 inputs (observable indirectly through corroboration with market data) for community service obligation (CSO), which was derived based on significant unobservable inputs. This can be contrasted with categorisation of 'non-specialised land', where no significant adjustments in similar vein to CSO were made to Level 2 inputs.

Leasing transactions within the scope of AASB 16 [AASB 13.6]

~~The measurement and disclosure requirements of AASB 13 do not apply to leased property plant and equipment.~~

As Right-of-use Assets are carried at fair value and are classified as property, plant, and equipment as part of the notes, the disclosure requirements of AASB 116 are **not** excluded from AASB 13 as noted below.

AASB 16 paragraph 57 indicates that **'If a lessee measures right-of-use assets at revalued amounts applying AASB 116, the lessee shall disclose the information required by paragraph 77 of AASB 116 for those right-of-use assets'.**

AASB 116 applies to property, plant and equipment carried at fair value which notes:

8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

~~“If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed in addition to the disclosures required by AASB 13:~~

~~(a) the effective date of the revaluation;~~

~~(b) whether an independent valuer was involved;~~

~~(d)(c) [deleted]~~

~~(d) [deleted]~~

~~(e) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; and~~

~~(f) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.~~

~~Aus77.1 Notwithstanding paragraph 77(e), in respect of not-for-profit entities, for each revalued class of property, plant and equipment, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.”~~

Understanding the new independent auditor's report

VAGO's independent auditor's report has been updated and redesigned.

The new report reflects the amendments to ASA 700 *Forming an Opinion and Reporting on a Financial Report* which apply to financial reporting periods ending on or after 15 December 2016.

This guide excludes any wording related to key audit matters (KAM)—if VAGO adopts and includes such reporting this will be communicated to you separately.

The **Opinion** section—previously located at the end of the report—is now located at the beginning, followed by the **Basis for opinion** section.

The financial statements in the report are now listed in bullet-point format.

The report makes specific reference to management's responsibilities for the department or agency's continuation as a going concern.

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INDEPENDENT AUDITOR'S REPORT

To the Secretary of the Department of Technology

Opinion

I have audited the financial report of the Department of Technology (the department) which comprises the:

- 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 comprising a summary of significant accounting policies
- Accountable Officer's and Chief Finance and Accounting Officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the department as at 30 June 2017 and the financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

The Auditor-General's independence is established by the *Constitution Act 1975*. My staff and I are independent of the department in accordance with the ethical requirements of the Accounting Professionals and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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

Secretary's responsibilities for the financial report

The Secretary of the department is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Secretary 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.

In preparing the financial report, the Secretary is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditing in the Public Interest

