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ANNUAL REPORT 2016-17



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

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SUPPORTING VICTORIAN COURTS





2016-2017





Court Services Victoria (CSV) was established on 1 July 2014 as an independent statutory body to support judicial independence in the administration of justice in Victoria.

CSV provides the administrative services and facilities necessary for Victorian courts and tribunals to operate independently of the direction of the executive branch of government.

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

RESPONSIBLE BODY'S DECLARATION

In accordance with the *Financial Management Act 1994* (Vic) and the *Court Services Victoria Act 2014* (Vic), I am pleased to present the Court Services Victoria Annual Report for the year ending 30 June 2017.

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

Above

The Honourable Chief Justice Marilyn Warren AC, The Honourable Justice Gregory Garde AO RFD, The Honourable Justice Peter Kidd, Her Honour Judge Sara Hinchey, His Honour Judge Peter Lauritsen, Her Honour Judge Amanda Chambers. Absent from photo: Dr Philip Williams

Report of Operations



MESSAGE FROM THE CHAIR

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As Chair of the Courts Council of Court Services Victoria it is a pleasure to once again present the annual report of Court Services Victoria (CSV).

From its commencement on 1 July 2014 to the present, CSV has expanded and grown. It is now well embedded in the constitutional and legal framework of Victoria. CSV has established itself as the primary service and utility provider to the Victorian courts and the tribunal.

The performance of the individual jurisdictions is a matter for those jurisdictions. However, jurisdictions are unable to perform at an optimum level unless they are properly served and resourced. CSV has gone a long way to enable the courts and the tribunal to reach their aspired levels of performance and achievement.

In this regard it is noteworthy that in the reporting year the State Government provided substantial funding to the Magistrates' and Children's Courts in response to their case management needs and the implementation of the Royal Commission on Family Violence. The Courts Council is very appreciative of the funding of the Magistrates' and Children's Courts. In addition, there has been funding allocated for the improvement of technology across the jurisdictions. This provision will be transformative and lead to the Victorian courts and tribunal maintaining their national and international leadership role.

On behalf of the Courts Council I express appreciation of the past Chief Executive Officers of CSV and the current CEO, Mr David Ware. He, together with his staff, have been unfailing in their loyalty, devotion and hard work in serving the Victorian courts and tribunal. I also thank Mr Greg Wilson, Secretary of the Department of Justice, for the assistance he and his staff have provided to CSV though the year.

Finally, it is a matter of great celebration and satisfaction for the courts and tribunal that CSV now enters its fourth year. I thank my Courts Council colleagues for their assistance and support throughout the year and wish Council members well for the coming year.

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

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am pleased to present the third Court Services Victoria (CSV) Annual Report. I would like to thank all CSV managers and staff for their continued hard work and for the support and assistance I have received since I commenced as CEO in January 2017. CSV has made much progress since its establishment in July 2014 to support judicial independence in the administration of justice in Victoria.

THE GOVERNANCE OF COURT SERVICES VICTORIA

The Courts Council is the governing body of CSV. An important role for the CSV CEO is to ensure that the Council is well-supported to meet all of its governance responsibilities.

CSV supports the six jurisdictions that form the third arm of government in Victoria; applying, upholding and safeguarding the rule of law.

There are 1700 staff employed by CSV, with the great majority employed in the jurisdictions, working directly for each jurisdiction's CEO and supporting the operations of that court or tribunal. CSV staff are also employed in the Judicial College of Victoria to support the CEO and operations of the College.

Each of the jurisdictions publish their own annual reports, and the significant work and achievements of their staff is detailed in those reports.

Consistent with CSV's role as a support agency, this annual report focusses on the work of the four corporate operating divisions that provide financial, human resources, assets and security, and IT support to the jurisdictions. This report is intended to be read alongside the annual reports of each of the jurisdictions. Together these reports complete the picture of a year of achievement for Victoria's courts and tribunals.

ENSURING THE SAFETY AND SECURITY OF OUR COURTS

In response to the increasing demands on our courts, and the recommendations of the Royal Commission into Family Violence, the Assets and Security division developed a landmark 15-year Strategic Asset Plan that was launched in February 2017. For the first time, the plan provides a blueprint for the future development of courts and tribunals across the state, with a focus on ensuring that victims of family violence and their families can be safe and free from intimidation while attending court.

Court Security Officers and screening equipment will be deployed to regional courts as part of CSV's rollout of a new Court Security Model. When fully implemented, the new Court Security Model will ensure all Victorian court and tribunal locations have specialised security staff and screening equipment present on sitting days.

CONTEMPORARY IT CAPABILITY

Significant strides have been made over the past year to modernise the IT infrastructure that supports in-court and tribunal technology and the independence of CSV from the Department of Justice and Regulation.

A key objective of the modernisation of IT infrastructure is to support transformation through innovation, without compromising the reliability of services.

Over the past year, enhanced IT capability has delivered efficiency improvements through more integrated and digitised services; greater accessibility, support and safety for court and tribunal users; and governance mechanisms that strengthen performance and financial management and statutory compliance.

2016-2017



INVESTING IN OUR PEOPLE

This year, our People, Culture and Risk Management division has focused on supporting the jurisdictions to develop the right jobs and skills to support Victoria's courts. A Business Intelligence Workforce Dashboard and Performance and Learning Management System was launched to better monitor and understand the capacity, capability and performance of our workforce. These initiatives were introduced to support ongoing performance and development discussions between managers and staff, and are part of the CSV Capability Framework to ensure CSV can meet current and future staffing needs.

MAJOR BUDGET INITIATIVES

During the reporting period, an extensive effort was dedicated to preparing business cases for the 2017-18 State Budget process. This work was critical to ensuring that courts and tribunals are equipped to respond to growing demand and system pressures, and to implement service reforms required to respond to the outcomes of the Royal Commission into Family Violence, the Access to Justice Review and sentencing reform.

Supported by the considerable groundwork undertaken by CSV over the reporting period, the 2017-18 State Budget allocated just over \$300 million over four years to the Victorian court system - the largest injection of funding for many years. Of this, \$250 million will support the major reforms recommended by the Royal Commission into Family Violence. Access to Justice initiatives, technology enhancements and the expansion of ground-breaking programs and services will also be funded.

PRIORITIES AHEAD

The key priority for CSV over the coming year is to provide the necessary support to the Victorian court system to begin implementing the significant reform program funded by the 2017-18 State Budget. A dedicated change management function has been established within CSV to ensure this objective is met through the provision of strong governance and collaboration with jurisdictions.

CSV's commitment to maintaining service excellence to support independent judicial administration in Victoria is an ongoing endeavour. A key focus over the year ahead will be to continue strengthening CSV's organisational governance and capabilities and strong financial and risk management framework. Investing in the health and wellbeing of our staff and promoting a culture of learning and development is a particular priority for me. There is much to do and much to look forward to, and CSV is ready for the challenges ahead.

David Ware Chief Executive Officer

SECTION 1

GOVERNANCE AND ORGANISATIONAL STRUCTURE

In performing administrative services CSV supports Victoria's system of responsible government and the rule of law.

ABOUT COURT SERVICES VICTORIA

PURPOSE, FUNCTIONS AND POWERS

The function of Court Services Victoria (CSV) is to provide, or arrange for the provision of, administrative services and facilities necessary to support the performance of the judicial, quasi-judicial and administrative functions of the Supreme Court of Victoria, the County Court of Victoria, the Magistrates' Court of Victoria, the Children's Court of Victoria, the Coroners Court of Victoria and the Victorian Civil and Administrative Tribunal (VCAT), and to enable the Judicial College of Victoria (the College) to perform its functions.

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

ROLE WITH RESPECT TO THE JURISDICTIONS

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

The CSV annual report is separate and distinct from the annual reports produced by the Victorian courts, VCAT and the College. Those reports detail the individual work and administration of the jurisdictions and the College, and are available on their respective websites.

CSV's funding, including that necessary for the administration of the jurisdictions and the College, is primarily sourced from an annual appropriation. The *Appropriation (2016-17) Act 2016* (Vic) refers to the 'Department of Courts'. For appropriation purposes only, the 'Department of Courts' is CSV. The CSV CEO is the Accountable Officer for the Courts' appropriation, and the Courts Council is the Responsible Body. CSV, each of the jurisdictions and the College have separate budgets prepared and approved under section 41 of the CSV Act. CSV, as the relevant body corporate, enters into contracts, holds property and related legal rights and obligations, relevant to the administrative services and facilities required to support the performance of the jurisdictions and the College. CSV employs the staff necessary to carry out and support these functions.

The CSV CEO has the functions of a public service body head under the *Public Administration Act* 2004 (Vic) in relation to all CSV staff, other than judicial employees. A number of powers and functions of the CSV CEO are delegated to Court CEOs (see next section) to ensure the proper administration of support services and facilities at each jurisdiction.

ESTABLISHMENT AND MINISTERIAL POWERS

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

The Attorney-General is the relevant Victorian Minister with portfolio responsibility for CSV. However, the purpose of the CSV Act was to establish CSV as a body designed to provide the administrative services and facilities necessary for Victorian courts and tribunals to operate independently of the direction of the executive branch of government. The Attorney General's statutory powers with respect to CSV are budget approval (section 41, CSV Act), agreement to allocation statements (section 48, CSV Act) and recommending the vesting of Crown Land to CSV (section 58, CSV Act).

A Memorandum of Understanding (MOU) between the Attorney-General and the Courts Council sets out principles and processes for the relationship between CSV and the executive branch of government. A copy of the MOU is available at www.courts.vic.gov.au.

In performing its functions, CSV serves the Victorian community by strengthening the different constitutional roles of the executive and the judiciary, and by supporting Victoria's system of responsible government and the rule of law.

ORGANISATIONAL STRUCTURE AND CORPORATE GOVERNANCE

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



Notes:

- 1. Court CEOs are appointed by the Courts Council on the recommendation of the respective Head of Jurisdiction. Court CEOs are responsible to the Head of Jurisdiction in relation to the operation of that jurisdiction, and to the CSV CEO in relation to all other matters.
- To facilitate the exercise of their statutory functions and delegated powers, the Court CEOs meet regularly as an executive group. This is to ensure that CSV strategy, policy and process is consistent with the independence of the jurisdictions and strengthens their ability to operate independently of the executive arm of government.
- The portfolio committees (shown in the above diagram) are the standing committees of the Courts Council. The committees were established in accordance with the CSV Act to assist the Courts Council in its governance of CSV, and as such, they form part of CSV's governance structure.
- 4. CSV's statutory function includes the provision of services to enable the College to perform its functions. The College CEO is appointed by the CSV CEO, pursuant to that individual's nomination by the Board of the College. The College CEO has two lines of reporting: to the Board of the College regarding the operation of the College, and to the CSV CEO for all matters not related to the operation of the College.

GOVERNING BODY

COURTS COUNCIL

The CSV governing body is the Courts Council. It is chaired by the Chief Justice of the Supreme Court of Victoria, and consists of the six Heads of Jurisdiction and up to two non-judicial members appointed by the Heads of Jurisdiction. As at 30 June 2017, the Courts Council had one appointed member.

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

To direct the strategy, governance and risk management of CSV.

To appoint the CSV CEO.

To appoint the Court CEO for each jurisdiction on the recommendation of the relevant Head of Jurisdiction.

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

COURTS COUNCIL MEMBERS



Chief Justice of the Supreme Court of Victoria

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



Chief Judge of the County Court of Victoria

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



Chief Magistrate of the Magistrates' Court of Victoria

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



President, Victorian Civil and Administrative Tribunal

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



State Coroner, Coroners Court of Victoria

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



President of the Children's Court of Victoria

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



Independent Member

Dr Philip Williams AM heads the legal and competition team of Frontier Economics (Australia). Dr Williams' area of expertise is the relationship between economics and the law, and he is a co-author of The Australasian Institute of Judicial Administration's *Report on Court Governance*.

COMMITTEES

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

The committees consider a range of issues pivotal to CSV's operations. Committees meet regularly, with the exception of the Executive Remuneration Committee that meets as required.

AUDIT AND RISK PORTFOLIO COMMITTEE

The Audit and Risk Portfolio Committee advises on the development of an internal annual audit program; assesses the accuracy of the financial statements; and ensures the financial systems and processes of CSV are consistent with the requirements of *the Financial Management Act 1994* (Vic), the *Audit Act 1994* (Vic), and other legislation and prescribed requirements.

In accordance with the Financial Reporting Directions under the Financial Management Act, the members of the committee during the 2016-17 financial year are listed below.

Stewart Leslie Chair, Independent Member

Dr Philip Williams Independent Member, Courts Council

The Honourable Justice Peter Almond Supreme Court of Victoria

His Honour Judge Paul Lacava County Court of Victoria

Margaret Salter Independent Member

Megan Boston Independent Member

ASSETS AND SECURITY PORTFOLIO COMMITTEE

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

CBD MAJOR ASSETS STRATEGIC PLANNING COMMITTEE

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

FINANCE PORTFOLIO COMMITTEE

The Finance Portfolio Committee supports and advises the Courts Council in exercising its fiduciary responsibilities. The committee assists the Courts Council in monitoring the annual budget for CSV, ensuring transparency of the budget, identifying budget pressures and issues requiring remediation, overseeing the development of the Expenditure Review subcommittee bids, and in the use of contingencies.

HUMAN RESOURCES PORTFOLIO COMMITTEE

The Human Resources Portfolio Committee advises the Courts Council on human resources (HR) policy development and review; and provides comment, strategic guidance and recommendations on matters considered by the committee at its regular meetings.

INFORMATION TECHNOLOGY PORTFOLIO COMMITTEE

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

EXECUTIVE REMUNERATION COMMITTEE

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

SENIOR EXECUTIVE



COURT SERVICES VICTORIA CHIEF EXECUTIVE OFFICER

David Ware was appointed as the CSV CEO on 30 January 2017, by the Courts Council, under section 22 of the CSV Act.

Brian Stevenson served as Acting CSV CEO from 16 November 2016 to 29 January 2017, and Kerry Osborne was CSV CEO until 15 November 2016.

The functions and powers of the CSV CEO include the management of the support services and functions of CSV in accordance with the strategy, plan, procedures and functions of the Courts Council. The CSV CEO is also responsible for the appointment and management of CSV staff (other than the appointment of the Court CEOs).

OPERATIONAL DIVISIONS

CSV is supported operationally by four divisions.

People, Culture and Risk Management

Financial Analysis, Planning and Reporting

Information Technology Services

Assets and Security

Services provided to jurisdictions and the College include information technology (IT) services, HR, project management, corporate finance, asset and facilities management, and major projects and compliance.

These services are essential to the independence of CSV and create strong foundations for the judicial independence in the administration of justice in Victoria. As at 30 June 2017, the heads of each division are listed below.



Maria Vasilopoulos Acting Director, People, Culture and Risk Management¹



Lisa Wills Chief Finance Officer



Justin Bree Chief Information Officer



Brian Stevenson Chief Operating Officer

Notes:

 Gabrielle Reilly was Director of People, Culture and Risk Management until 25 November 2016; Bronwyn Corr was Acting Director from 21 November 2016 to 13 March 2017; and Maria Vasilopoulos commenced in the role of Acting Director of People, Culture and Risk Management on 14 March 2017.

COURT CHIEF EXECUTIVE OFFICERS

The Court CEOs oversee the administrative support services for their respective jurisdictions and provide support to the relative Head of Jurisdiction.

Each Court CEO is responsible to, and must comply with, any directions given by their Head of Jurisdiction in relation to the operations of their jurisdiction, and the CSV CEO in relation to all other matters. For more information about each jurisdiction, refer to their respective annual reports.

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

As at 30 June 2017, the Court and College CEOs are listed below.



Louise Anderson Supreme Court of Victoria



Fiona Chamberlain County Court of Victoria



Andrew Tenni Magistrates' Court of Victoria



Keryn Negri Victorian Civil and Administrative Tribunal



Simon McDonald Children's Court of Victoria



Samantha Hauge Coroners Court of Victoria



Samantha Burchell Judicial College of Victoria

SECTION 2 YEAR IN REVIEW

Our People, Culture and Risk Management division coordinates the development and delivery of Victoria's Koori justice policies.

570 CSV PARTICIPANTS COMPLETED CAPABILITY-BUILDING PROGRAMS

YEAR IN REVIEW

During 2016-17, the operating divisions that support CSV were altered. The functions of the Corporate Services division were taken over by People, Culture and Risk Management, or absorbed by the remaining three divisions.

PEOPLE, CULTURE AND RISK MANAGEMENT

The People, Culture and Risk Management division experienced significant change during 2016-17. An organisational restructure resulted in the addition of Koori Programs and Initiatives, and oversight of CSV's risk and audit functions.

The division provides specialist consultancy services and expert advice supporting the employee life cycle including recruitment and retention, performance and career planning, capability development and engagement, employee relations, occupational health and safety, specialist payroll administration and change management support.

Delivery of services is based on the individual needs of each jurisdiction.

HEALTH AND WELLBEING

CSV continued its commitment to health and wellbeing during 2016-17. Key strategic initiatives included vicarious trauma prevention and management; managing and responding to family violence within the workplace and development of a comprehensive wellbeing program for all CSV employees.

SENIOR MANAGERS' DEVELOPMENT PROGRAM

The Senior Managers' Development Program pilot began in June 2016. This innovative and challenging program was aimed at developing the leadership and management skills of high-performing senior employees. Program content included self-awareness, adaptive problems and challenges, leading and managing, strategic and critical thinking, and innovation and continuous improvement. Feedback from the pilot was very positive and a second program was launched in April 2017.

LEARNING AND ORGANISATIONAL DEVELOPMENT

The Learning@CSV program provided employees with opportunities to develop key capabilities and deliver service excellence. During 2016-17 a range of capability-building programs were delivered to approximately 570 CSV participants. Key areas included performance and development, foundational management for supervisors and team leaders, self-awareness and leadership for middle managers, recruitment, mentoring, writing skills and responding safely and effectively to people affected by the drug Ice.

THE CSV VICARIOUS TRAUMA PROJECT WAS A FINALIST IN THE AUSTRALIAN PSYCHOLOGICAL SOCIETY'S WORKPLACE EXCELLENCE AWARDS 2016

KOORI PROGRAMS AND INITIATIVES

The Koori Programs and Initiatives unit ensures CSV has a contemporary approach in responding to issues relevant to Koori staff, community and users of the criminal and civil court system. Working in collaboration with jurisdictions, the unit is responsible for coordinating the strategic development and delivery of Victoria's Koori justice policies and programs across all courts and tribunals. Key Koori projects and initiatives delivered in 2016-17 include the below.

KOORI CULTURAL AWARENESS PROGRAM

A Koori Cultural Awareness Program for all CSV employees was launched in early 2017. The program was adapted and delivered to the County Koori Court support staff, as well as part of the Magistrates' Court induction program for new court registrars, and as a specific Koori Family Violence program. A Koori managers' program was also developed targeting employees responsible for managing Aboriginal staff and/ or programs.

ABORIGINAL JUSTICE AGREEMENT

CSV was instrumental in contributing to the review of the Aboriginal Justice Agreement 3 (AJA 3), leading to discussions for the development of AJA 4. With a continued focus on self-determination, CSV's planning for AJA 4 has been informed by feedback from the AJA Koori Caucus.

KOORI CULTURAL SUPPORT

A focus of the implementation of the Koori Inclusion Action Plan is the provision of cultural advice to jurisdictions. CSV continued to support jurisdictions to implement key actions relating to employment and recruitment, and cultural awareness, and supported the development of Koori-specific brochures for the Coroners Court of Victoria and other judicial bodies. CSV also provided an avenue for community consultation through the Courts Koori reference group, Regional Aboriginal Justice advisory committees and Koori Court Aboriginal reference groups.

TRANSFORMING THROUGH INNOVATION: WORKFORCE PLANNING AND DEVELOPMENT FRAMEWORK

Australia's workforce and workplace is changing. In response, CSV is developing a Workforce Planning and Development Framework to ensure we can meet challenges, and identify opportunities, to develop the right jobs and skills to support Victoria's courts. In 2016-17 the division created a new platform to inform the development of the workforce framework and its methodology.

Phase one of the Business Intelligence Workforce Dashboard was developed to incorporate workforce metrics, including full-time equivalent and headcount, composition, employee movement, leave and workforce demographics. Launched in November 2016, the workforce dashboard allows Court CEOs and HR practitioners across CSV to better monitor and understand their staff to meet current and future needs.

Phase two will implement additional workforce metrics, including workforce costs, recruitment, occupational health and safety, learning and development, and talent management and succession planning.

Additionally, a new Performance and Learning Management System (PALMS) was implemented in early 2017. The system supports ongoing performance and development discussions between managers and staff. The learning management component of PALMS provides access to a range of internal, external and online programs and resources to support capability development aligned to the CSV Capability Framework. Information from PALMS will also be used to inform the development of the workforce framework.

MORE THAN 88% OF CSV FTE EMPLOYEES WORK IN JURISDICTIONS

FINANCIAL ANALYSIS, PLANNING AND REPORTING

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

FINANCE

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

Key achievements for the unit include the below.

- Maintained productive relationships with the jurisdictions and DTF to support the work of the courts and tribunals.
- In consultation with the courts and tribunals, developed finance policies and procedures to ensure compliance with new Standing Directions of the Minister for Finance.
- Strengthened internal financial reporting for the Courts Council, the Finance Portfolio Committee and the Audit and Risk Portfolio Committee.
- Produced the CSV Annual Financial Statement as required in legislation and in accordance with best practice.

 Established an independent IT infrastructure for the CSV budget system, enhancing standardised reporting and financial transparency.

STRATEGIC ANALYSIS AND REVIEW

Over the last year, the unit established specialist data analytics and reporting capabilities to improve the quality of funding submissions and performance reporting to the government, and support evidence-based decision-making.

Key achievements for the unit include the below.

- Supported submissions to government that resulted in increased funding for the courts and tribunals.
- Completed the establishment of key performance indicators across the jurisdictions to align with the International Framework for Court Excellence for the 2016-17 Victorian Budget.
- Continued to improve external reporting for the Courts' Report on Government Services, the Australian Bureau of Statistics performance data and other external agencies.
- The establishment of new data analytics and reporting capabilities, including an upgrade of the enterprise data warehouse and business intelligence platforms, and development of modern best practice dashboards for senior executives, management and operational staff.
- The development of a predictive model to forecast the future demand of court services using data science and geospatial techniques.



PROCUREMENT

The unit supported procurement activity across jurisdictions to ensure compliance, best practice and value-for-money outcomes. A review of the Procurement Framework identified opportunities for improvement, and preliminary work on the recommendations has commenced.

Procurement policies have been redeveloped and implemented to meet the requirements of the revised 2016 Standing Directions, issued under section 8 of the Financial Management Act.

LEGAL AND GOVERNANCE

The unit provides legal support and advice to assist the Courts Council and operating divisions, as well as each jurisdiction upon request. The unit has provided legal advice on major procurement, diverse property matters and administrative law; as well as various compliance matters, including freedom of information, privacy and other governance requirements.

TRANSFORMING THROUGH INNOVATION: BUSINESS ANALYTICS

Data is a critical element in any modern organisation, and business analytics is the science of how to leverage data to make better organisational decisions. The division recognised that jurisdictions would need to develop an analytics-orientated culture to meet the growing demands of a modern and fast-changing judicial system.

Partnering with Melbourne Business School (MBS), which is part of the University of Melbourne, the division offered a five-day Business Analytics module to leaders, managers and business analysts across the jurisdictions and divisions. The 24 participants who completed the module gained an understanding of the latest techniques, and applied analytical models and tools to help better decision-making and outcomes across the jurisdictions.

The participants had to work in groups to complete a modelling project of case completion times, and then provided recommendations on how the findings could be used to better manage the scarce resources of the jurisdictions and CSV. Participants will have the opportunity to participate in an Advanced Business Analytics module in 2018, and upon completion will be awarded a Professional Certificate in Management from the University of Melbourne.

The division also offered three-month internships to graduates from the Master of Business Analytics course at MBS, and looks forward to continuing to work with the school in the future.

98% OF TRANSCRIPTS WERE DELIVERED ON TIME ACROSS THE SUPREME COURT, COURT OF APPEAL, COUNTY COURT AND CORONERS COURT

INFORMATION TECHNOLOGY SERVICES

The Information Technology Services (ITS) division delivers a high-value service for IT infrastructure, case management systems and in-court systems to the jurisdictions. The division also leads IT strategy development and works collaboratively to support IT jurisdictional objectives and outcomes. The division is led by the Chief Information Officer, Justin Bree.

IN-COURT TECHNOLOGY

The division has supported significant improvements in high-definition video conferencing systems in 112 court rooms across 30 Magistrates' Court buildings. Modern video conferencing allows for the separation of victims from the accused while giving evidence, which is particularly important in cases of family violence. These improvements also reduce the requirement for transportation and alleviate security concerns associated with moving prisoners.

TECHNOLOGY INDEPENDENCE FOR CSV

Even though the courts were separated from the Department of Justice and Regulation in 2014, CSV continued to rely on the department for some technology infrastructure and certain support services. In June 2017, after an extensive examination of how to separate the technology environments of the courts and the department, the CenITex Government Shared Platform was determined to be the optimal choice with regards to cost, technology modernisation and support. The transition to this platform will deliver a significant technology upgrade and a contemporary computing environment to court users. The upgrade project has commenced and will continue throughout the next financial year.

COURTS CASE MANAGEMENT SYSTEM ENHANCEMENTS

To support legislative reform concerning the collection of outstanding court fines and infringements, enhancements to the County Court and Magistrates' Court case management systems were required, in conjunction with a new electronic interface to share fine and cost data with Infringement Management and Enforcement Services (IMES). A dedicated project team within ITS, in collaboration with the jurisdictions and IMES, has been working on delivering these changes since October 2016.

SECURITY AND RISK

ITS works with the jurisdictions to continually assess information security requirements in an ever-changing threat and risk environment. This year, ITS completed several information security reviews with a view to strengthening existing security measures. Further work in the area of cyber security is planned, as managing information security will continue to be a challenge due to the highly dynamic nature of threats and risks.



VICTORIAN GOVERNMENT REPORTING SERVICE

The Victorian Government Reporting Service (VGRS) team continued to provide high-quality criminal recording and transcription services to Victoria's courts - providing transcripts in approximately 12,000 hearings during 2016-17.

This year's performance for timely delivery of transcripts and quality exceeded all service benchmarks. More than 98 per cent of transcripts were delivered on time across the Supreme Court, Court of Appeal, County Court and Coroners Court.

Revised turnaround times for committals proceeding to the Supreme Court are being implemented to assist the court in expediting the listing of trials.

A formal document outlining the authorisations required in all County Court criminal matters has been endorsed by the Chief Judge. This ensures that all County Court and VGRS staff have a common understanding of the processes in place.

The replacement of the VGRS Transcript Management Suite is in its final stages with the new system, TOMAS, due for release in August 2017. TOMAS will offer more efficient use of VGRS resources and support the changing requirements of transcription and recording in Victoria's courts.

VGRS has begun working with the Public Records Office of Victoria to draft a Retention and Disposal Authority (RDA) for approval from the courts. The RDA will solidify the status of transcription and recordings as permanent or temporary public records and specify their storage, retention and access requirements.

TRANSFORMATION THROUGH INNOVATION: VIRTUAL SERVERS

Like many organisations, CSV seeks to reduce the cost of IT without compromising the reliability of services. Managing the life cycle of physical infrastructure and leveraging different technologies presents opportunities to achieve positive outcomes for the courts.

The Magistrates' Court have numerous locations across the state. Some of the server hardware in regional locations is ageing and the replacement of this hardware represents a considerable financial commitment.

Rather than simply replace the existing hardware, ITS worked with the Magistrates' Court to trial the use of virtual servers in the Seymour Magistrates' Court. Virtual servers eliminate the need for local hardware. Instead, users access virtual machines hosted in a centralised data centre.

The trial was a success and further work has commenced to expand the use of virtual servers. In time, this will lead to significantly reduced hardware costs, improved flexibility and an improved ability to establish and maintain services for the courts.

\$73 MILLION IS BEING INVESTED INTO THE SHEPPARTON LAW COURTS REDEVELOPMENT

ASSETS AND SECURITY

The Assets and Security division supports accessible justice for all Victorians through a portfolio of buildings that are functional, safe, secure and sustainable to meet the service needs of the jurisdictions and the community.

Working in partnership with jurisdictions, the division plans and manages court and tribunal assets and security requirements for 66 courts across 75 buildings.

DELIVERY OF FAMILY VIOLENCE INITIATIVE UPGRADES

In response to the recommendations from the Royal Commission into Family Violence the division has been upgrading a number of court locations to help make them safer for women and children. The division worked closely with the Magistrates' Court to plan, design and implement minor modifications to existing buildings and infrastructure to accommodate additional workers and create safe waiting areas, discreet entries and separate pathways at Horsham, Heidelberg, Bendigo, Broadmeadows, Geelong, Sunshine, Wangaratta, Werribee, Dandenong and Ringwood.

SAFE AND SECURE COURTS

Last year's Victorian Court Safety Audit Project assessed the physical structure and operations of the Victorian Magistrates' Court buildings to ensure that victims of family violence can be safe and free from intimidation while attending court. The audit informed the development of the Victorian Court Security Model that includes the addition of entry screening equipment at regional courts and the introduction of Court Security Officers (CSOs) at courts and tribunals. In 2016-17 a major tender commenced to select a supplier to recruit, train and deploy CSOs across the state

Additionally, comprehensive planning and consultation was undertaken to inform the safety and security asset upgrades at 16 courts. Installation of registry counters was completed at Dromana, Stawell, Portland, Bacchus Marsh and Maryborough. The remaining 11 court upgrades are scheduled for completion by mid-2018.

INFRASTRUCTURE UPGRADES AND MAINTENANCE

The division works with jurisdictions on a program of infrastructure upgrades to address critical priorities. The division addressed issues with disability compliance at Dromana and Wonthaggi; delivered upgrades to the lifts at the Melbourne Magistrates' Court; and improved roof safety access at the Supreme Court.

Additionally, the recovery project for the 104-year-old courthouse in Cobram that was burnt down last year has offered a unique opportunity to restore the historic building and commence a range of required infrastructure upgrades.



LEASED PROPERTIES

Long-term lease renewals were approved by the Courts Council for Ringwood, Frankston and Dandenong courts. The renewals provide CSV with long-term tenure, ensuring continuity in the delivery of court and tribunal services for the community.

A new Melbourne Drug Court commenced operation on 3 March 2017. The division secured this accommodation as an interim solution whilst a longer term and fit-for-purpose facility is secured. Testing facilities were constructed at the Melbourne Magistrates' Court and have been operating successfully since March.

ESSENTIAL SERVICES MAINTENANCE CONTRACT

A new contract commenced on 1 May 2016 for maintenance of essential safety measures, mechanical equipment and passenger lifts to ensure the proper functioning of CSV buildings.

The contract provides for significant improvements on the information of the built assets, and routines for ensuring the reliability of fire protection systems and equipment. Regular reporting helps to better inform strategic planning and life cycle management.

EMERGENCY MANAGEMENT AND BUSINESS CONTINUITY

The division is committed to developing organisational capability to plan and respond more effectively to business interruption and emergency events. A revised policy framework and associated templates in business continuity and emergency management were approved by the Courts Council. The division is working with jurisdictions to support the development of localised plans to ensure rapid response and recovery from a crisis or business interruption, and training staff to better respond during an incident.

SHEPPARTON LAW COURTS REDEVELOPMENT

The \$73 million multi-jurisdictional Shepparton Law Courts redevelopment is progressing well, with the five level structure complete. Stage one of the project, housing the new courts, is due for completion in late 2017. Once complete, the Shepparton Law Courts will form a regional headquarters for the Hume/Goulburn region. The new courts will provide more accessible and responsive services for regional Victoria and offer a safe and secure environment for all court users.

2016-2017

THE CSV STRATEGIC ASSET PLAN INCLUDES 8 RECOMMENDATIONS

TRANSFORMATION THROUGH INNOVATION: STRATEGIC ASSET PLAN

CSV's first Strategic Asset Plan, a landmark 15-year infrastructure reform plan, provides a vision for creating a modern, technologyenabled, interconnected court and tribunal network to meet the needs of jurisdictions and Victoria's expanding population.

The plan is based on a robust and evidence-based framework that focuses on service delivery requirements and enables prioritisation of asset investment. With only 16 per cent of Victoria's court buildings currently meeting infrastructure benchmarks, the plan provides a holistic approach to address longstanding issues, and enables the delivery of specialist court services – including those highlighted in the Royal Commission into Family Violence.

Additionally, the plan prioritised the development of the new Bendigo and Werribee Law Courts, which received funding for stage one planning in the 2017-18 State Budget. It also highlighted the need for asset life cycle management and critical infrastructure upgrades, which also secured initial funding in the budget.

The plan addresses the complexity of issues facing each jurisdiction and will assist the transformation of Victoria's courts and tribunals into a modern, cohesive, flexible and fit-for-purpose service environment throughout Victoria.



OUTPUT PERFORMANCE

The CSV operational and budgetary objectives and performance are aligned with the jurisdictions' performance. The Victorian Budget 2016–17 outlined the mission statement, objectives and performance indicators for the courts output.

COURTS MISSION STATEMENT

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

COURTS OBJECTIVE

The fair, timely and efficient dispensing of justice.

COURTS INDICATORS

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

There were no changes to the courts output structure for 2016-17.

Data in relation to the two clearance rate indicators is included in Table 1 with each of the jurisdictions' output measure results. For more information about the outcomes and data presented below, refer to the individual annual reports of each jurisdiction.

INTERNATIONAL FRAMEWORK FOR COURT EXCELLENCE

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

In 2016-17, an additional Global Measure from the IFCE was integrated into the courts output performance measures outlined in the Victorian Budget Paper No. 3 (BP3):

 Court file integrity – availability, accuracy and completeness

This measure is based on the results of court file audits against three rigorous criteria – availability, accuracy and completeness.

PERFORMANCE AGAINST MEASURES

TABLE 1: COURTS OUTPUT – PERFORMANCE AGAINST MEASURES 2016-17

Performance Measures	Unit of measure	2016-17 Estimate	2016-17 Actual	Performance Variation (%)	Note
Quantity					
Average cost per case – Civil matters disposed in the Supreme Court	dollars	2,303	2,396	4.0	1
Average cost per case – Civil matters disposed in the County Court	dollars	5,716	5,505	-3.7	
Average cost per case – Civil matters disposed in the Magistrates' Court	dollars	598	629	5.2	2
Average cost per case – Family Division matters disposed in the Children's Court	dollars	1,046	1,023	-2.2	
Average cost per case – Civil matters disposed in VCAT	dollars	595	743	24.9	3
Average cost per case – Coronial matters disposed in the Coroners Court	dollars	2,909	3,014	3.6	
Average cost per case – Criminal matters disposed in the Supreme Court	dollars	38,025	36,493	-4.0	
Average cost per case – Criminal matters disposed in the County Court	dollars	17,570	15,228	-13.3	4
Average cost per case – Criminal matters disposed in the Magistrates' Court	dollars	547	643	15.8	5
Average cost per case – Criminal matters disposed in the Children's Court	dollars	224	296	32.1	6
Case clearance rate ¹ – Civil matters disposed in the Supreme Court	per cent	100	100.6 (27,545/ 27,386)	0.6	
Case clearance rate ¹ – Civil matters disposed in the County Court	per cent	100	97.0 (5,867/ 6,051)	-3.0	
Case clearance rate ¹ – Civil matters disposed in the Magistrates' Court	per cent	100	91.2 (57,703/ 63,242)	-8.8	7

Performance Measures	Unit of measure	2016-17 Estimate	2016-17 Actual	Performance Variation (%)	Note
Quantity (continued)					
Case clearance rate [*] – Family Division matters disposed in the Children's Court	per cent	95	92.8 (19,473/ 20,981)	-2.3	
Case clearance rate [*] – Civil matters disposed in VCAT	per cent	100	98.2 (84,878/ 86,461)	-1.8	
Case clearance rate [*] – Coronial matters disposed in the Coroners Court	per cent	100	100.6 (6,285/ 6,248)	0.6	
Case clearance rate* – Criminal matters disposed in the Supreme Court	per cent	100	97.3 (606/ 623)	-2.7	
Case clearance rate [*] – Criminal matters disposed in the County Court	per cent	100	94.2 (5,321/ 5,647)	-5.8	8
Case clearance rate [*] – Criminal matters disposed in the Magistrates' Court	per cent	100	119 (198,185/ 166,499)	19	9
Case clearance rate [*] – Criminal matters disposed in the Children's Court	per cent	100	111.4 (20,791/ 18,658)	11.4	10
Quality					
Court file integrity in the Supreme Court – availability, accuracy and completeness	per cent	90	83	-7.8	11
Court file integrity in the County Court – availability, accuracy and completeness	per cent	90	74	-17.8	12
Court file integrity in the Magistrates' Court – availability, accuracy and completeness	per cent	90	79	-12.2	13
Court file integrity in the Children's Court – availability, accuracy and completeness	per cent	90	85.7	4.8	
Court file integrity in the Coroners Court – availability, accuracy and completeness	per cent	90	89.9	0.1	
Court file integrity in VCAT – availability, accuracy and completeness	per cent	90	86	- 4. 4	

*The case clearance rate is calculated as number of cases disposed/number of cases initiated.

Performance Measures	Unit of measure	2016-17 Estimate	2016-17 Actual	Performance Variation (%)	Note
Timeliness					
On-time case processing – Civil matters resolved or otherwise finalised within established timeframes in the Supreme Court	per cent	90	92	2.2	
On-time case processing – Civil matters resolved or otherwise finalised within established timeframes in the County Court	per cent	90	89	-1.1	
On-time case processing – Civil matters resolved or otherwise finalised within established timeframes in the Magistrates' Court	per cent	80	80	0	
On-time case processing – Family Division matters resolved or otherwise finalised within established timeframes in the Children's Court	per cent	90	90.7	0.7	
On-time case processing – Civil matters resolved or otherwise finalised within established timeframes in VCAT	per cent	90	87	-3.3	
On-time case processing – Coronial matters resolved or otherwise finalised within established timeframes in the Coroners Court	per cent	75	80.3	7.1	14
On-time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the Supreme Court	per cent	75	85	13.3	15
On-time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the		85	92	8.2	1/
County Court On-time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the Magistrates' Court	per cent	85	81	4.7	16
On-time case processing – Criminal matters resolved or otherwise finalised within established timeframes in the Children's Court	per cent	90	92.2	2.4	
Cost					
Total output cost	\$ million	487.0	494.7	1.6	

Notes:

- 1. Probate matters finalised in the Supreme Court are included in average cost per case calculations.
- 2. The actual cost per case is higher than estimated due to greater than anticipated expenditure during 2016-17, which is due to the impacts of carryover and externally funded programs. The civil caseload was also lower than estimated, primarily due to a reduction in the number of civil default order finalisations and dismissals pursuant to Rule 21.11 of the Magistrates' Court General Civil Procedure Rules 2010.
- The actual cost per case is higher than estimated because of additional one-off program funding received during 2016-17 and an increase in activity in the Civil and Planning lists, which has driven up average costs. Increased activity is a result of the introduction of the VCAT (Fees) Regulations 2016 on 1 July 2016.
- The actual cost per case is lower than estimated due to the County Court finalising a higher number of criminal cases than was anticipated when calculating the estimated average cost per case.
- 5. The actual cost per case is higher than estimated due to greater than anticipated expenditure during 2016-17, which is due to the impacts of carryover, Night Court, and externally funded programs. The criminal caseload was also lower than estimated due to a backlog in infringement matters referred to the Magistrates' Court.
- 6. The Children's Court experienced a short-term increase in the number of unpaid infringements registered for enforcement during 2015-16, which was not repeated in 2016-17. In 2016-17, the court finalised over 4,900 fewer criminal division matters than in 2015-16. This resulted in the actual cost per case being higher than estimated.
- Civil matters for the Magistrates' Court comprise civil, intervention order and Victims of Crime Assistance Tribunal cases. An increase in cases initiated for all of these matters, as well as the complexity of these matters, resulted in the actual clearance rate being lower than estimated.
- A number of factors influenced this outcome, including increased trial complexity and higher numbers of notreached trials at the beginning of 2017.
- 9. The actual case clearance rate is higher than estimated due to changes in the practices for initiating infringement matters referred to the court. Some matters from 2015-16 are still being finalised within the criminal division.
- The actual case clearance rate is higher than estimated due to a small decrease in the number of initiated criminal cases.

- 11. The Supreme Court deliberately applies very stringent court file integrity criteria with the aim of embedding the highest standards of court file integrity as usual practice. Up to this point in time, the Supreme Court has limited the scope of its file audits to hard-copy files, believing this would highlight the areas most in need of improvement. This has proven to be correct with the primary audit failures relating to anomalies between hard-copy files and their corresponding CourtView electronic index. Continuous improvement actions are being implemented to address audit failures. The Supreme Court has been running the audit internally for the last two years and has evidenced year-on-year improvements to overall court file integrity.
- 12. The actual court file integrity outcome is less than estimated as the court is currently working through an improvement plan where some improvements will take longer than 12 months to implement.
- 13. The actual court file integrity outcome is less than estimated due to the high volume of cases dealt with by the court and the resource intensive nature of paper files. The Magistrates' Court has introduced a Court File Standards Protocol to improve the process and deliver a higher standard of court file management.
- 14. Established timeframe for coronial matters is one year from case lodgement to finalisation, based on average case complexity and historical benchmarking. The actual on-time case processing outcome is higher than estimated due to the Coroners Court's continued efforts to resolve coronial cases in an efficient and timely manner, including continuous improvement to case management processes and staff training.
- 15. The established timeframe for Supreme Court Criminal matters is one year from case lodgement to finalisation, based on average case complexity and historical benchmarking. The actual on-time case processing outcome is higher than estimated due to significant reductions in case processing times for criminal matters in the Court of Appeal, with over 93% of those matters being resolved within one year of lodgement. These figures include Court of Appeal and trial matters only; they do not include criminal applications in the Trial Division.
- 16. The actual on-time case processing outcome is higher than estimated due to a continued focus on monitoring the timely disposition of cases. The proactive management of criminal case listings has also assisted to ensure appropriate time to trial.

THREE-YEAR FINANCIAL

As CSV is in its third year of operation only

three years of revenue and expenditure

SUMMARY

figures are available.

FINANCIAL SUMMARY AND REVIEW

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

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

Refer to the financial statements for comparison of budget and actual.

TABLE 2: THREE-YEAR FINANCIAL SUMMARY

2014-15 2016-17 2015-16 \$'000 \$'000 \$'000 432,701 412,389 Revenue from Government 457,763 Total income from transactions 490,874 457,819 449,332 493,412 458,291 443,160 Total expenses from transactions (2,539) [472] 6.172 Net result from transactions (surplus) 5,577 Net result for the period (surplus) 178,347 4,092 Net cash flow from operating activities 31,646 25,957 36,108 1,086,817 Total assets 1,064,833 828,921 Total liabilities 187,139 190,256 196,250

COURT SERVICES VICTORIA CURRENT YEAR FINANCIAL REVIEW

- CSV considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the comprehensive operating statement, which are outside the control of CSV.
- In 2016-17, CSV's net result from transactions was a deficit of \$2.539 million that comprises a total income of \$490.9 million¹ and expenditure of \$493.4 million.
- Of the \$490.9 million actual revenues utilised for the operation of the courts' system, approximately \$71 million is made available via a section 29 appropriation from the collection of court fees² (known as the Court Fee Pool), approximately \$4 million more than in 2015-16. The remaining funds were received from the Victorian Government via both annual and special appropriations. The Court Fee Pool is intended to be used to fund innovation initiatives to improve services within the jurisdictions, but budgetary pressures often mean that it is used to meet the day-to-day operating costs of the jurisdictions.
- CSV's net assets of \$899.7 million comprises total assets of \$1.087 billion and liabilities of \$187.1 million. Further details are provided in the balance sheet in the financial statements.
- CSV cash flow at year-end consisted of \$9.1 million. During the year cash transactions included receipts of \$482.4 million, payments of \$450.7 million, purchases of non-financial assets of \$41 million, proceed of sales of nonfinancial assets of \$2.2 million.

Notes

- 1. This figure relates to actual revenue.
- 2. Under section 29 of the Financial Management Act, which provides for the appropriation of certain revenues for relevant purposes.

BUDGET ALLOCATION

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

The CSV budget breakdown for the purposes of corporate functions, the jurisdictions, and the College is shown in the table below, and includes funding from annual and special appropriations, as well as trust funding. Charges relating to the corporate functions set out below include the whole of CSV charges, such as capital asset charges and depreciation.

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

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

TABLE 3: CSV'S BUDGET ALLOCATION BY JURISDICTION

By Business Area	2016-17 Published Budget \$m
Supreme Court	69.3
County Court	83.8
Magistrates' Court	135.4
VCAT	43.3
Children's Court	19.3
Coroners Court	15.8
Judicial College of Victoria	2.3
Jurisdiction Services	117.7
Total CSV	486.9

DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS (OTHER THAN CONTRIBUTIONS BY OWNERS)

CSV has provided assistance to certain companies and organisations. Financial assistance provided in 2016-17 is detailed below.

TABLE 4: GRANT AND OTHER TRANSFER PAYMENTS

Organisation	Nature of Grant and Other Transfer Payment	Expenditure (exc. GST) \$
Australian Bureau of Statistics	National Criminal Courts Statistics Unit Inter-Governmental Agreement	75,699
Belgium Avenue Neighbourhood House	Community Conversion Grant for the Community Engagement and Crime Prevention Project	5,000
Child Rights International	Translation and Pilot Contribution for Community Justice Practices in Cambodia	15,000
Court Network	Court Services Network Agreement	857,252
Department of Health and Human Services	Alcohol and Other Drug Treatment Services for Participants of the Court Integrated Service Program	373,743
Department of Health and Human Services	Leasing Arrangements for Properties to House the Homeless	1,346,963
Department of Health and Human Services	Neighbourhood Justice Centre Program	53,834
Department of Justice and Regulation	Coronial Council of Victoria Secretariat Support Funding 2016/17 for Reportable Deaths Project	700,000
Department of Justice and Regulation	Correctional Services Funding Contribution	107,025
Forensicare	Contribution to Fund Mental Health Court Liaison Officer at Sunshine Magistrates Court	131,300
Jesuit Social Services	Adolescent Family Violence Restorative Pilot	20,000
Jesuit Social Services	Youth Diversion Pilot Program Funding	363,636
Judicial College of Victoria	2016-17 Output Appropriation Funding	2,459,400
Launch Housing	Justice Housing Support Program	957,666
National Judicial College of Australia	2016-17 Victoria Contribution	86,298
Supreme Court Library	2016-17 Publications and Services Contribution	925,381
Swinburne University of Technology	Family Drug Treatment Court Research Project Contribution	22,727
The Wellington Collingwood Gift Fund	Funding for Implementing Strategic Plan for Governance Restructure and the Establishment of a Formal Consortium of Agencies	30,000
Other	Miscellaneous	4,217
TOTAL		8,535,141

SECTION 3 WORKFORCE DATA

The Information Technology Services division leads IT strategy development and supports IT jurisdictional objectives and outcomes.

WORKFORCE DATA

PEOPLE AND CULTURE MONITOR CSV-WIDE WORKFORCE DATA.

The following table includes data for actual full-time equivalent (FTE) Victorian Public Service (VPS) employees and does not include statutory appointees.

TABLE 5: DETAILS OF EMPLOYMENT LEVELS IN JUNE 2016 AND 2017

30 June 2016							
	All		Ongoing		Fixed term		
	Employ Number	ees FTE	Employees Full-time Part-time FTE		and case Number	Jal FTE	
	(headcount)	FIE	(headcount)	(headcount)	FIE	(headcount)	FIE
Gender							
Male	545	537	437	16	447.6	92	89.4
Female	1205	1102.3	805	239	952.9	161	149.4
Age							
Under 25	159	154.7	122	2	122.6	35	32.1
25-34	619	596.6	420	51	449.8	148	146.8
35-44	329	291.1	210	86	261.4	33	29.7
45-54	304	277.8	214	71	261.1	19	16.7
55-64	265	250.9	216	31	237.4	18	13.5
Over 64	74	68.2	60	14	68.2	0	0
Classification							
VPS 1	0	0	0	0	0	0	0
VPS 2	450	424.3	289	57	326.3	104	98
VPS 3	322	303	183	45	211.7	94	91.3
VPS 4	184	169.8	128	34	149.9	22	19.9
VPS 5	135	129.2	98	18	110.8	19	18.4
VPS 6	112	107.6	95	7	99.8	10	7.8
Allied Health 3	2	1.3	0	2	1.3	0	0
Trainee Registrar	148	144.7	140	7	143.7	1	1
Deputy Registrar	76	71.8	68	8	71.8	0	0
Registrar Grade 3	189	162.3	125	61	159.9	3	2.4
Registrar Grade 4	46	43.2	40	6	43.2	0	0
Registrar Grade 5	48	44.1	38	10	44.1	0	0
Registrar Grade 6	18	18	18	0	18	0	0
Solicitor Grade 3	2	2	2	0	2	0	0
Total	1732	1621.3	1224	255	1382.5	253	238.8
STS	6	6	6	0	6	0	0
Executive Officer 1	1	1	1	0	1	0	0
Executive Officer 2	6	6	6	0	6	0	0
Executive Officer 3	5	5	5	0	5	0	0
Total Senior Employees	18	18	18	0	18	0	0
Total Employees	18	1639.3	1242	255	1400.5	253	238.8
						200	
Notes

- 1. All figures reflect active employees in the last pay period of June each year. The figures exclude those persons on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed through recruitment agencies. Ongoing employee' means people engaged on open-ended contracts of employment and executive officers on a standard executive contract who were active in the last pay period of June 2017. Judicial officers are not included.
- 2. The above figures include all employees defined as CSV staff in section 3 of the CSV Act: the CSV CEO; a Court CEO; a person employed under section 36; a judicial employee; the CEO of the College; or a person employed under section 16(2) of the *Judicial College of Victoria Act 2001* (Vic).
- For the purposes of practicality, as a true reflection of the CSV workforce, and for ease of comparison with data reported in previous years, FTE figures have not been rounded to the nearest whole number.

		30 June 2017						
		All Employe	ees	E	Ongoing Employees		Fixed te and cas	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Gender								
Male		572	560.2	453	17	463.8	102	96.4
Female		1290	1186.5	853	243	1004.4	194	182.1
Age								
Under 25		192	187.2	147	2	147.9	41	37.3
25-34		648	621.8	420	57	453.2	172	169.6
35-44		368	330.9	246	82	296.1	41	35.8
45-54		324	299.2	232	71	279.6	21	19.6
55-64		254	238.3	200	32	221.1	21	16.2
Over 64		76	69.3	61	16	70.3	0	0
Classificati	ion							
VPS 1		0	0	0	0	0	0	0
VPS 2		450	424.3	265	55	301.5	130	122.8
VPS 3		350	329.4	213	44	240.8	93	88.6
VPS 4		238	222.3	161	35	183.5	42	38.8
VPS 5		154	146.6	118	22	133.5	14	13.1
VPS 6		118	113.2	96	11	103.4	11	9.8
Allied Heal	th 3	2	1.3	0	2	1.3	0	0
Trainee Reg	gistrar	150	147.2	144	6	147.2	0	0
Deputy Reg	jistrar	95	89.5	83	11	88.5	1	1
Registrar G	Grade 3	177	151.8	117	58	150.4	2	1.4
Registrar G	Grade 4	38	35.9	33	5	35.9	0	0
Registrar G	Grade 5	51	46.2	39	11	45.2	1	1
Registrar G	Grade 6	18	18	18	0	18	0	0
Solicitor Gra	ade 3	0	0	0	0	0	0	0
Total		1841	1725.7	1287	260	1449.2	294	276.5
STS		9	9	7	0	7	2	2
Executive O	fficer 1	1	1	1	0	1	0	0
Executive O	fficer 2	7	7	7	0	7	0	0
Executive O	fficer 3	4	4	4	0	4	0	0
Total Senio Employees		21	21	19	0	19	2	2
Total Empl	oyees	1862	1746.7	1306	260	1468.2	296	278.5

EXECUTIVE OFFICER DATA

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

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

	A	u	Ма	ale	Fem	nale
Class	No.	Var.	No.	Var.	No.	Var.
E0-1	1	0	1	0	0	0
E0-2	7	+1	3	-1	4	+2
E0-3	4	-1	1	0	3	-1
Total	12	0	5	-1	7	+1

TABLE 6: NUMBER OF EXECUTIVE OFFICERS BY GENDER AT 30 JUNE 2017

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 9.4 in the financial statements lists the actual number of EOs and the total remuneration paid to EOs over the course of the reporting period. Note 9.4 does not include the CSV CEO (Accountable Officer) or the College CEO, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left CSV during the relevant reporting period. To assist readers, these numbers are reconciled in Table 7 below.

TABLE 7: RECONCILIATION OF EXECUTIVE NUMBERS

		2016	2017
	Executives (As listed in Financial Statement)	12	11
	Accountable Officer	1	1
	Judicial College of Victoria CEO	1	1
Less	Separations	(2)	[2]
Plus	Commencements during 2016-17	-	1
	Total executive numbers at 30 June	12	12

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

TABLE 8: ANNUALISED TOTAL SALARY FOR EXECUTIVES AND OTHER SENIOR EMPLOYEES
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Income Band	Executives	STS
<\$160,000	0	3
\$160,000 - \$179,999	1	4
\$180,000 - \$199,999	3	2
\$200,000 - \$219,999	1	0
\$220,000 - \$239,999	2	0
\$240,000 - \$259,999	1	0
\$260,000 - \$279,999	2	0
\$280,000 - \$499,999	0	0
Total	10	9

Notes

1. The contracted remuneration of executives and payments to senior staff is the total salary amount, excluding superannuation (company and employee), and vehicle leasing arrangements as at the last full pay period in June of the reporting period.

2. This table does not include the CSV CEO (Accountable Officer), or the CEO of the College as the College is a separate reporting entity.

EMPLOYMENT AND CONDUCT PRINCIPLES

CSV continues to respect and uphold public sector employment and conduct principles by treating employees fairly and reasonably, upholding human rights, ensuring a reasonable avenue of redress for personal grievances, providing equal employment opportunities and selecting on merit. Employees have been correctly classified in workforce data collection.

During 2016-17, CSV reviewed its recruitment policies and processes. A new Recruitment and Selection Policy and associated process was developed and implemented that confirms CSV's commitment to the below.

- Employing a highly-skilled and capable workforce to deliver quality services to the Victorian community.
- Ensuring diversity and equality by promoting and maintaining a safe and inclusive work environment where all employees are respected, valued and supported.
- Increasing participation of Aboriginal and/or Torres Strait Islander people, and seeking to employ people of any gender, age, religion, and sexual orientation, plus people with a disability, and people from varied cultural backgrounds.
- Ensuring recruitment and selection processes are based on merit, and involve a competitive process and a genuine attempt to create a viable field of candidates.

Notes

1

154

STAFF HEALTH, SAFETY AND **WELLBEING**

During 2016-17, CSV continued to promote healthy workplaces, conduct awareness programs and provide targeted and strategic occupational health and safety (OH&S) professional development activities. Each jurisdiction continued to use the OH&S self-assessment process as a measure of the effectiveness of health and safety management systems.

There were 154 reported incidents in 2016-17 compared to 159 in 2015-16. This represented a slight decrease of three per cent. The number of incidents reported relating to CSV employees increased, whereas the number of incidents lodged on behalf of court users or contractors decreased.

There were 10 accepted standard WorkCover claims for the 2016-17 year, compared with five accepted claims in 2015-16. Although the total number of standard Work Cover claims increased during the past year, the number

TABLE 9: PERFORMANCE AGAINST OH&S MEASURES

of 'lost time' standard claims remained at two. This is attributable to the strategies developed to support injured employees to remain at, or return to, work as quickly as possible, and the proactive preventative programs that address causes of workplace injuries.

The capability of managers and employees was enhanced through targeted programs and initiatives including Beyond Blue sessions on mental health, Vicarious Trauma information sessions, the inclusion of OH&S obligations into role descriptions, proactive and fit-forpurpose approaches to risk management and the management of injured or ill employees.

CSV was a finalist in the Australian Psychological Society's Workplace Excellence Awards for 2016 for its Vicarious Trauma project in the Assessment Individual, Team or Organisation category.

KPI 2014-15 2015-16 2016-17 Measure Number of incidents 124 Incidents 159

	Rate per 100 FTE	6.3	8.1	7.5	
Claims	Number of standard claims	7	5	10	2
	Rate per 100 FTE	0.35551	0.25694	0.48591	2
	Number of lost time claims	5	2	2	2
	Rate per 100 FTE	0.25394	0.10277	0.09718	2
	Number of claims exceeding 13 weeks	2	2	2	2
	Rate per 100 FTE	0.10157	0.10277	0.09718	2
Fatalities	Fatality claims	0	0	0	2
Claims costs	Average cost per standard claim	\$53,664	\$49,432	\$107,146	2
Return to work	Percentage claims with RTW plan < 30 days	70%	100%	100%	

Measure	KPI	2014–15	2015-16	2016-17	Notes
Management commitment	Evidence of OH&S Policy statement, OH&S objectives, regular reporting to senior management of OH&S and OH&S plans (signed by CEO or equivalent)	Completed	Completed	Completed	
	Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services, and personnel)	Completed	Completed	Completed	
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs).	Completed	Completed	Completed	
	Compliance with agreed structure on DWGs, HSRs and IRPs.	Completed	Completed	Completed	
Risk Management	Percentage of internal audits/inspections conducted as planned	100%	100%	100%	
	Percentage of issues identified actioned arising from: Internal audits	Action plans developed	Action plans developed	Action plans developed	3
	 HSR Provisional Improvement Notices (PINS) 	100%	0	NA	0
	WorkSafe notices	100%	0	100%	
Training	Percentage of managers and staff that have received OH&S training:				
	Induction	100%	100%	100%	
	Management Training	25%	60%	80%	
	 Contractors, temporary staff and visitors 	In development	25%	60%	
	Percentage of HSRs trained:				
	Acceptance of role	97%	59%	75%	
	 Refresher training 	90%	41%	80%	
	 Reporting of incidents and injuries 	100%	100%	100%	

Notes:

Includes employees and court users.
 WorkSafe Victoria data for 2016-17 provided on 3 August 2017.
 No Provisional Improvement Notices were received and three entry notices were issued by WorkSafe.

SECTION 4 OTHER DISCLOSURES

The Assets and Security division manages a portfolio of courts and tribunal assets that are functional, safe, secure and sustainable.

2016-2017

VICTORIAN INDUSTRY PARTICIPATION POLICY

The Victorian Industry Participation Policy Act 2003 (Vic) requires departments and public sector bodies to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public sector bodies are required to apply VIPP in all procurement activities valued at \$3 million or more for metropolitan Melbourne and state wide projects, or \$1 million or more for procurement activities in regional Victoria. Industry Capability Network Victoria facilitates the VIPP on behalf of the Victorian Government, providing assistance to suppliers and assessment services to government agencies.

CSV did not commence or complete any procurements to which the VIPP applied during the 2016-17 reporting period.

COMPLIANCE WITH BUILDING ACT 1993 (VIC)

CSV satisfies the prescribed standards relating to the maintenance of fire safety and safety measures required under the Building Regulations of 2006.

An annual essential safety measures report is maintained for each building that outlines the required level of performance for each essential safety measure, and ensures that assets are being maintained in accordance with the regulations.

CSV maintains an annual essential safety measures report, and records of all maintenance checks and service/repair work carried out on an essential safety measure. This report is available for inspection by the Municipal Building Surveyor or Chief Officer of the fire brigade.

GOVERNMENT ADVERTISING EXPENDITURE

CSV did not conduct any advertising campaign in the financial year 2016-17.

COMPLIANCE WITH THE DATAVIC ACCESS POLICY

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

NATIONAL COMPETITION POLICY

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

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

CSV complies with the requirements of the National Competition Policy.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012 (VIC)

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

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

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

REPORTING PROCEDURES

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

The Independent Broad-based Anti-corruption Commission (IBAC)

Level 1, North Tower, 459 Collins Street, Melbourne Vic 3000 Telephone: 1300 735 135 Website: www.ibac.vic.gov.au

FURTHER INFORMATION

Information about what constitutes corrupt and specified conduct, how to make a disclosure, what happens when a disclosure is made, the protections and support available to disclosers, and the support available to a CSV employee who is being investigated can be found in the Making and Handling Protected Disclosures Procedures. To request a copy of the Making and Handling Protected Disclosures Procedures, please contact **feedback@courts.vic.gov.au**.

COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012 (VIC)

CSV complies with its obligations under the *Carers Recognition Act 2012* (Vic) by ensuring all new employees are aware of their rights under the legislation and ensuring that existing employees, who have carer responsibilities, are supported to balance work responsibilities and caring commitments in accordance with the Victorian Public Service Enterprise Agreement 2016.

CSV also has people management policies that support the guiding principles of the Carers Recognition Act, including those listed below.

- Employee Assistance Program
- Personal/Carer's Leave Policy (review completed during 2016-17)
- Flexible Working Arrangements Policy
- Respect in the Workplace Policy
- Hours of Work Policy (review completed during 2016-17)
- Purchased Leave Policy.

CONSULTANCY EXPENDITURE

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

In 2016-17, there were 17 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016-17 in relation to these consultancies is \$2.41 million (excluding GST).

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

		Total approved project fee (excluding GST)	Expenditure 2016-17 (excluding GST)	Future expenditure (excluding GST)
Consultant	Purpose of consultancy	(\$ thousand)	(\$ thousand)	(\$ thousand)
Aboriginal and Torres Strait Islander Corporation	Consultancy service to Aboriginal Family Violence Prevention and Legal Service Victoria	25,765	25,765	0
Billard Leece Partnership PTY LTD	Master planning and architectural design for strategic plan implementation	130,000	120,000	0
Centring Pty Ltd	VCAT Fees review	265,400	14,213	0
Centring Pty Ltd	Supreme Court Fees review	82,560	75,100	0
Comprara Pty Ltd	CSV Asset Management Plan	34,050	34,050	0
Elizabeth Grainger	Strategic review of CSV facilities management, property division model and associated service delivery	44,300	44,300	0
Ernst & Young	Review of Procurement Framework	79,057	71,870	0
GHD Pty Ltd	Family Violence Strategy	20,900	20,900	0
Jacobs Groups	Strategic review for security enhancement	38,500	38,500	0
Jesuit Social Services	Consultancy service to Children's Court on Youth Diversion pilot program	48,968	48,968	0
KPMG	Consultancy services for Family Violence Reform Framework	181,818	128,790	0
PwC Australia	Case Management Strategy	752,179	752,179	0
PwC Australia	Full business case (including Gateway Review) for expanding Family Court Division	564,601	559,758	0

Consultant	Purpose of consultancy	Total approved project fee (excluding GST) (\$ thousand)	Expenditure 2016–17 (excluding GST) (\$ thousand)	Future expenditure (excluding GST) (\$ thousand)
PwC Australia	Family Violence Implementation Readiness and Change Plan	172,770	172,770	0
Terry Healy Consulting	Review of governance arrangements for CSV	30,600	30,600	0
The Boston Consulting Group Pty Ltd	Consultancy service to provide strategic planning for the Magistrates' Court Reform	230,000	230,000	0
The University of Melbourne	Consultancy service for the evaluation of the Youth Diversion pilot program at the Children's Court	27,273	27,273	0
Consultancy above \$10,000		2,728,741	2,395,036	0

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

DETAILS OF CONSULTANCIES VALUED UNDER \$10,000

In 2016-17, there were three consultancies where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2016-17 in relation to these consultancies was \$0.01million (excl. GST).

TABLE 11: CONSULTANCIES VALUED UNDER \$10,000

Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2016–17 (excluding GST)	Future expenditure (excluding GST)
GHD PTY LTD	Strategic asset plan, professional asset plan, and business case advisory	4,000	3,925	0
Ashurst Australia	Consultancy on commercialisation of activities at CSV, review CSV Act and CSV Annual Report	8,659	5,700	0
lcebreaker Communication	Consultant – Fees Project	3,465	3,465	0
Consultancy under \$10,000		16,124	13,090	0
Total Consultancy		2,744,865	2,408,126	0

DISCLOSURE OF MAJOR CONTRACTS

CSV entered into two contracts greater than \$10 million in the year ended 30 June 2017.

TABLE 12: CONTRACTS GREATER THAN \$10 MILLION

Company	Descriptions	Start Date	End Date	Contract Value
ADCO Constructions (VIC) Pty Ltd	Delivery of construction works for Shepparton Law Courts Redevelopment	15/04/2016	30/06/2018	\$51,886,799 plus GST
St John Ambulance Australia (VIC) Inc.	Provision of transport of Deceased Persons Services in Metropolitan Melbourne (including Regional Victoria Repatriation Services)	1/09/2016	31/08/2019	\$25,650,000 plus GST

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

For the 2016-17 reporting period, CSV had a total ICT expenditure of \$52.3 million.

TABLE 13: INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities				
Business-as- usual (BAU) ICT expenditure (\$ thousand)	Non business-as- usual (non-BAU) ICT expenditure (\$ thousand)	Operational expenditure (\$ thousand)	Capital expenditure (\$ thousand)		
(Total)	(Total=Operational expenditure and capital expenditure)				
37,406	14,890	3,704	11,186		

Notes:

1. ICT expenditure refers to CSV's costs in providing business-enabling ICT services within the current reporting period. It comprises BAU ICT expenditure and non-BAU ICT expenditure.

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

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

OFFICE-BASED ENVIRONMENTAL IMPACTS

CSV continues to be guided by environmental policies developed by Department of Justice and Regulation and reported in accordance with Financial Reporting Direction 24C: Reporting of Office-based Environmental Data by Government Entities. Courts deliver a range of services to the community in offices, complexes and courts across 66 sites that are dispersed across Victoria.

PLANT AND EQUIPMENT

CSV is continually upgrading and developing its physical environment, including developing a comprehensive asset assessment and life cycle upgrade program to replace building plant equipment with energy efficient alternatives.

ENERGY

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

WATER

For courts, offices and complexes, water is used for cooling towers, bathrooms, kitchen amenities and general consumption. Some buildings have flow restrictors on taps and dual flush toilets to reduce potable water use. Water reduction activities include use of rainwater tanks for flushing toilets, and an infrastructure focus on using ecologically sustainable design principles.

PAPER

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

PROCUREMENT

CSV is a consumer of goods and services and plays an influential role in ensuring sustainable procurement.

The procurement unit managed the implementation of the State Purchase Contract for Stationery and Workplace Consumables. The current incumbent provides the opportunity to purchase 'planet-friendly' items and promotes the importance of ethical sourcing, with a focus on corporate social responsibility.

CSV has also established a number of purchasing principles to encourage consolidated ordering, planet-friendly purchases, reduction of packaging waste, disposal considerations through toner recycling programs, reduction of delivery frequency and the reduction of the carbon footprint of deliveries. No hard copy catalogues are available, with all staff directed to the online catalogue.

TRANSPORT

Courts deliver services through a range of facilities dispersed across the state, requiring staff to travel between locations and other work sites. Courts are continuing to increase the use of video-conferencing facilities where feasible.

WASTE

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

FREEDOM OF

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

In 2016-17, CSV received 57 Freedom of Information (FOI) applications.

- Five were from the media, and
- 52 were from the general public.

Of the total requests received by CSV, the majority were for documents excluded from the FOI process. One applicant applied to the FOI Commissioner for review of a determination by CSV. The FOI Commissioner affirmed CSV's decision. One applicant applied to VCAT and that request is still pending.

CSV processed 96 per cent of the requests within the statutory requirements.

TABLE 14: FREEDOM OF INFORMATION OUTCOMES

FOI Outcome	Number of requests
Court documents excluded from the FOI process or documents that are publicly available or available to the public for a fee (sections 14(1)(a) and 14(1)(b) of the Freedom of Information Act)	(0
	42
Valid requests (application fee paid or waived) - total	15
Access granted in full	0
Access granted in part	0
Access denied	4
No document exists/No document located	2
Transferred to other agency	1
Refused without identifying documents	2
Not proceeded with	5
▶ In process	1
Total requests received	57

COURT DOCUMENTS

The Freedom of Information Act does not apply to documents held by courts in respect of their judicial functions (section 6 of the Freedom of Information Act). Each court or tribunal has its own arrangements for accessing such documents and applicants are encouraged to contact the relevant court or tribunal in the first instance for these type of documents. Contact details can be found on each court or tribunal's website.

MAKING A REQUEST

Access to documents available under FOI may be obtained through written request to CSV FOI, as detailed in section 17 of the Freedom of Information Act. Requests for documents in the possession of CSV should be made in writing, accompanied by the application fee or request for a fee waiver, and be addressed to:

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

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

Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying or search and retrieval charges).

Further information regarding FOI can be found at www.foi.vic.gov.au. CSV's Part II Information Statement can be found at www.courts.vic.gov.au

RISK MANAGEMENT ATTESTATION

Standing Direction 3.7.1 made under the Financial Management Act 1994 requires public sector agencies to provide a statement of attestation of compliance with the mandatory requirements of the Victorian Government Risk Management Framework, which is verified by its Audit Committee.

The Audit and Risk Portfolio Committee of CSV has considered a statement by the Chief Executive Officer on compliance with the Victorian Government Risk Management Framework, the internal attestation process and independent assessments from Internal Audit. The Chief Executive Officer has indicated that for the 2016/17 financial year CSV has partially complied with the risk management requirements and fully complied with the insurance requirements of the Victorian Government Risk Management Framework. The Audit and Risk Portfolio Committee concurs with the conclusion reached by the Chief Executive Officer.

CSV is strongly committed to continuous improvement. The partial compliance for risk management is due primarily to an identified need to improve the quality of risk information captured and provided to the Audit and Risk Portfolio Committee to enable it to better oversight risk. It also reflects the need for a greater emphasis and consideration to be placed on managing inter-agency and State significant risks. The necessary remedial actions will be put in place over the course of the next year.

On this basis I certify that CSV has partially complied with the mandatory risk management requirements and fully complied with the mandatory insurance requirements of the Victorian Government Risk Management Framework as specified in Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes. The Audit and Risk Portfolio Committee has verified this.

The Hon. Marilyn Warren AC Chair of the Courts Council Court Services Victoria 20 September 2017

STATEMENT OF AVAILABILITY OF OTHER INFORMATION

Under Financial Reporting Direction (FRD) 22H Standard Disclosures in the Report of Operations, CSV is required to retain the following information for the 2016-17 financial year and make it available upon request (subject to freedom of information requirements if applicable).

- a) A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- b) Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- c) Details of publications produced by CSV about itself, and how these can be obtained.
- d) Details of changes in prices, fees, charges, rates and levies charged by CSV.
- e) Details of any major external reviews carried out on CSV.
- f) Details of major research and development activities undertaken by CSV.
- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.

- h) Details of major promotional, public relations and marketing activities undertaken by CSV to develop community awareness of CSV and its services.
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- j) A general statement on industrial relations within CSV and details of time lost through industrial accidents and disputes.
- k) A list of major committees sponsored by CSV, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
 - i. consultants/contractors engaged,
 - ii. services provided, and
 - iii. expenditure committed to for each engagement.

The information is available on request from:

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

DISCLOSURE INDEX

The CSV Annual Report 2016-17 is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of CSV's compliance with statutory disclosures requirements.

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SECTION 5 FINANCIAL STATEMENTS

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The Financial Analysis, Planning and Reporting division ensures a consistent and coordinated financial services capability.

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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HOW THIS REPORT IS STRUCTURED

The Courts Council of Court Services Victoria (CSV) has presented its audited general purpose financial statements for the financial year ended 30 June 2017 in the following structure to provide users with the information about CSV's stewardship of resources entrusted to it.

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DECLARATION IN THE FINANCIAL STATEMENTS

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of Court Services Victoria at 30 June 2017 At the time of signing, we are not aware of any circumstance that would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 14 September 2017

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

Melbourne 14 September 2017

David Ware Chief Executive Officer Court Services Victoria

Melbourne 14 September 2017

Lisa Wills Chief Finance Officer Court Services Victoria

Melbourne 14 September 2017

INDEPENDENT AUDITOR'S REPORT



Local IX - NJ Collins Insuit Antiboons Vie 2000 7 335 8401 Millin - American Antiboons Vie 2000 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, Lexercise professional judgement and maintain professional scepticism throughout the audit. Laiso:

- 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 out opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as traud 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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of
- accounting estimates and related disclosures made by the Courts Council
 conclude on the appropriateness of the Courts Council'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 authority'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 authority 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 Courts Council 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 28 September 2017

Travis Derricott us delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Not	2017 e \$'000	2016 \$'000
CONTINUING OPERATIONS		
Income from transactions		
Output appropriations 2.	3 332,215	309,603
Special appropriations 2.	, i	123,098
Grants 2.4.		21,870
Other income 2.4.		3,248
Total income from transactions	490,874	457,819
EXPENSES FROM TRANSACTIONS		
Employee expenses 3.1.		264,574
Depreciation and amortisation 5.1.		30,489
Interest expense 7.1.	1 7,174	8,201
Grants and other transfers 3.	2 8,535	3,760
Capital asset charge 3.	3 39,846	40,612
Supplies and services3.	4 115,429	110,655
Total expenses from transactions	493,412	458,291
Net result from transactions (net operating balance)	(2,539)	(472)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT		
Net gain/(loss) on non-financial assets 9.	461	530
Net gain/(loss) on financial instruments 9.	1 (13)	8
Other gains/(losses) from other economic flows 9.	3,774	(4,593)
Total other economic flows included in net result	4,221	(4,054)
Net Result	1,682	(4,526)
OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to net result		
Changes in physical asset revaluation reserve	3,894	182,874
Total other economic flows – other comprehensive income	3,894	182,874
Comprehensive result	5,577	178,348

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2017

	Note	2017 \$'000	2016 \$'000
FINANCIAL ASSETS			
Cash and deposits	7.3	9,086	8,379
Receivables	6.1	81,879	64,785
Total financial assets		90,965	73,165
NON-FINANCIAL ASSETS			
Non-financial physical assets classified as held for sale	9.3	233	153
Property, plant and equipment	5.1	975,236	964,545
Intangible assets	5.2	18,254	25,235
Prepayments	6.3	2,129	1,736
Total non-financial assets		995,852	991,668
Total assets		1,086,817	1,064,833
LIABILITIES			
Payables	6.2	31,116	22,894
Borrowings	7.1	79,075	90,807
Provisions	3.1.2	76,948	76,555
Total liabilities		187,139	190,256
Net assets		899,678	874,577
EQUITY			
Accumulated surplus/(deficit)		1,248	(434)
Contributed capital		711,662	692,137
Physical asset revaluation surplus		186,768	182,874
Net worth		899,678	874,577

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Physical asset revaluation surplus \$'000	Accumulated Surplus/ (Deficit) \$'000	Contributed Capital \$'000	Total \$'000
2016					
Balance as at 1 July 2015			4,092	628,579	632,672
Net result for the year			(4,527)		(4,527)
Other comprehensive income		182,874			182,874
Administrative restructure – net assets received	4.3			53,436	53,436
Transactions with the State in its capacity as owners				10,122	10,122
Balance at 30 June 2016		182,874	(434)	692,137	874,577
2017					
Balance as at 1 July 2016		182,874	(434)	692,137	874,577
Net result for the year			1,682		1,682
Other comprehensive income		3,894			3,894
Transactions with the State in its capacity as owners				19,525	19,525
Balance at 30 June 2017		186,768	1,248	711,662	899,678

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

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Note	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from Government	437,229	430,131
Receipts from Other Entities	30,410	22,085
Goods and services tax recovered from the Australian Taxation Office	14,726	14,170
Total receipts	482,365	466,386
PAYMENTS		
Payments to suppliers and employees	(397,624)	(389,955)
Payments of grants and other transfers	(6,076)	(1,661)
Capital assets charge payments	(39,846)	(40,612)
Interest and other costs of finance paid	(7,174)	(8,201)
Total payments	(450,719)	(440,429)
Net cash flows from/(used in) operating activities 7.3.1	31,646	25,957
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of non-financial assets	(40,977)	(28,275)
Proceeds from sales of non-financial assets	2,245	2,549
Net cash flows from/(used in) operating activities	(38,733)	(25,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Owner contributions by State Government	19,525	10,012
Repayment of borrowings and finance leases	(11,732)	(9,495)
Net cash provided by/(used in) financing activities	7,793	517
Net increase (decrease) in cash held	707	748
Cash and cash equivalents at the beginning of the financial year	8,379	7,631
Cash and cash equivalents at the end of the financial year 7.3	9,086	8,379

The accompanying notes form part of these financial statements.

NOTE 1. ABOUT THIS REPORT

CSV was established on 1 July 2014 under the Court Services Victoria Act 2014 (Vic) as an independent statutory body to provide administrative services and facilities to support the Victorian courts and tribunals and the Judicial College of Victoria. CSV supports the performance of the judicial, guasi-judicial and administrative functions of the Supreme Court of Victoria, the County Court of Victoria, the Magistrates' Court of Victoria, the Children's Court of Victoria, the Coroners Court of Victoria and the Victorian Civil and Administrative Tribunal (VCAT). The CSV Act was amended on 19 April 2016 to require CSV to carry out the same functions for the Judicial Commission of Victoria, which commenced operations on 1 July 2017.

CSV's status as a statutory body allows the courts to operate independently of the direction of the executive branch of government, thus supporting the independence of the judiciary

CSV's activities include overseeing court facilities and providing the people, information technology and financial management to deliver enhanced administrative services to the Victorian courts, VCAT and the Judicial College of Victoria. Some or all of these activities are provided through an administration function known as 'Jurisdiction Services'.

The Courts Council is CSV's governing body and comprises the head of each court jurisdiction and VCAT and up to two independent members. There are seven committees that inform the work of the Courts Council.

Its principal address is:

Court Services Victoria 223 William Street Melbourne, Vic 3000

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.

Consistent with the requirements of Australian Accounting Standard AASB 1004 Contributions, contributions by owners (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CSV.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owner.

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

Judgements, estimates and assumptions are required to be made about financial information being presented. Significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgement 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 applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading 'Significant judgement or estimates'.

These financial statements cover CSV as an individual reporting entity and include all the controlled activities of CSV.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

COMPLIANCE INFORMATION

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

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

NOTE 2.FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION

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

To enable CSV to fulfil its objective and provide outputs as described in Note 4, it receives income which is predominantly accrual based Parliamentary appropriations.

STRUCTURE

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Appropriations
- 2.3 Summary of compliance with annual Parliamentary and special appropriations
- 2.4 Income from transactions
- 2.5 Annotated income agreements

NOTE 2.1 SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Notes	2017 \$'000	2016 \$'000
Output appropriations	2.3	332,215	309,603
Special appropriations	2.3	125,548	123,098
Grants	2.4.1	26,929	21,870
Other income	2.4.2	6,181	3,248
Total income from transactions		490,874	457,819

Income is recognised to the extent it is probable that the economic benefits will flow to CSV and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. All amounts of income over which CSV does not have control are disclosed as administered income (see note 4.2).

NOTE 2.2 APPROPRIATIONS

Once annual Parliamentary appropriations are applied by the Treasurer, they become controlled by CSV and are recognised as income when applied to the purposes defined under the relevant Appropriations Act.

OUTPUT APPROPRIATIONS

Income received to deliver the outputs CSV provides to the Government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

SPECIAL APPROPRIATIONS

Income from special appropriations is recognised on a cash basis when the amount appropriated for the relevant purpose is received by CSV.

NOTE 2.3 SUMMARY OF COMPLIANCE WITH ANNUAL PARLIAMENTARY AND SPECIAL APPROPRIATIONS

The following table discloses the details of the various annual Parliamentary appropriations received by CSV for the year.

In accordance with accrual output-based management procedures, 'provision of outputs' and 'additions to net assets' are disclosed as 'controlled' activities of CSV. Administered transactions are those that are undertaken on behalf of the State over which CSV has no control or discretion.

	Appropriation Act	ation Act			Finan	Financial Management Act	Act		
2017	Annual appropriation \$'000	Advance from Treasurer \$'000	Section 29 \$'000	Section 31A \$'000	Section 32 \$'000	Total Parliamentary authority \$'000	Appropriations applied \$'000		Variance \$'000
Controlled									
Provision of outputs	257,238	5,122	70,725	9,703	9,840	352,629	332,215	<u>(</u>]	20,414
Additions to net assets	28,766	272		(9,703)	18,196	37,530	17,551	(ii)	19,980
	286,004	5,394	70,725	0	28,036	390,159	349,766		40,394
	Annual appropriation	Advance from Treasurer	Section 29	Section 31A	Section 32	Total Parliamentary authority	Appropriations applied		Variance
2016	000.\$	000. \$	000. \$	000. \$	nnn.¢	000.\$	000.4		000 €
Controlled									
Provision of outputs	247,632	991	66,437	[420]	4,803	319,443	309,603		9,840
Additions to net									
assets	23,597	4,400	0	420	5,235	33,652	7,781		25,871
	271,229	5,391	66,437	0	10,038	353,094	317,384		35,711
Note									

Note

The provisions of outputs variance of \$20.414 million is primarily due to the delays in procurement and delivery schedules for ERSC initiatives and delayed approvals for 2016-17 Court Fee Pool initiatives.

The additions to net assets variance of \$19.98 million is primarily due to project delays, the most significant being the Shepparton Law Courts construction that commenced later than anticipated due to the undertaking of a more inclusive project design and development phase and the Court Safety and Security initiative to refurbish and redevelop 16 courts to improve staff and court user safety.

(a) SUMMARY OF COMPLIANCE WITH SPECIAL APPROPRIATIONS

	Authority	Purpose	2017 \$'000	2016 \$'000
1	Constitution Act 1975 (No. 8750/1975), s.82 (7)	Remuneration to Judges of the Supreme Court of Victoria and the Chief Justice	20,005	20,430
2	Constitution Act 1975 (No. 8750/1975), s.82 (7)	Remuneration to the President and Judges of the Court of Appeal Division of the Supreme Court of Victoria	6,873	7,220
3	County Court Act 1958 (No. 6230/1958) s.10 (7)	Remuneration to Judges of the County Court of Victoria	29,690	29,279
4	Victims of Crime Assistance Act 1996 (No. 81/1996), s.69	Operating costs of the Victims of Crime Assistance Tribunal	3,009	2,698
5	Magistrates' Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10	Remuneration to Magistrates of the Magistrates' Court of Victoria	49,865	48,227
6	Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA	Remuneration to Members of the Victorian Civil and Administrative Tribunal	16,082	15,244
7	Juries Act 2000 (No. 53/2000), s.59	Compensation to jurors from the WorkCover Authority Fund under the Accident Compensation Act 1985	24	
			125,548	123,098
8	Constitution Act 1975 (No. 8750/1975), s.82 (7)	Capital component of remuneration of Judges of the Supreme Court of Victoria.	323	398
9	Constitution Act 1975 (No. 8750/1975), s.82 (7)	Capital component of remuneration of Judges of the Court of Appeals Division of the Supreme Court of Victoria	98	102
10	County Court Act 1958 (No. 6230/1958) s.10 (7)	Capital component of remuneration of Judges of the County Court of Victoria	526	577
11	Magistrates' Court Act 1989 (No. 51/1989), sch.1 Pt 1 cl.10	Capital component of remuneration of Magistrates of the Magistrates' Court of Victoria	853	991
12	Victorian Civil and Administrative Tribunal Act 53 of 1998 section 17AA	Capital component of remuneration of Members of the Victorian Civil and Administrative Tribunal	174	163
			1,974	2,231
	Administered Special Appropriations Applied Victims of Crime Assistance	Costs incurred by the Victims of Crime Assistance Tribunal and payments to victims of crime		
	Act 1996 (No. 81/1996), s.69		42,609	36,157
			42,609	36,157

NOTE 2.4 INCOME FROM TRANSACTIONS

2.4.1 GRANTS

	2017 \$'000	2016 \$'000
General government outside portfolio	26,857	21,703
Other specific purpose	73	168
Total grants	26,929	21,870

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to CSV without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For non-reciprocal grants, CSV recognises revenue when the grant is receivable or received. Grants can be received as general purpose grants, that refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). CSV recognises the income when it has satisfied its performance obligations under the terms of the grant.

2.4.2 OTHER INCOME

	2017 \$'000	2016 \$'000
Heidelberg insurance payout		3,000
RT - Application Fee		248
Capital contribution	6,082	
Innovation and excellence in courts conference	73	
Liberate e-Learning	12	
Plant and equipment received free of charge	13	
Total other income	6,181	3,248

NOTE 2.5 ANNOTATED INCOME AGREEMENTS

CSV is permitted under section 29 of the FMA to have certain income annotated to the annual appropriation. The income which forms part of section 29 agreement is recognised by CSV and the receipts are paid into the consolidated fund as an administered item. At the point of income recognition, section 29 provides for an equivalent amount to be added to the annual appropriation.

The following is a listing of the FMA section 29 annotated income agreements approved by the Treasurer:

	2017 \$'000	2016 \$'000
User charges, or sales of goods and services Court fees and retail sale of courts data	70,725	66,437
Total annotated income agreements	70,725	66,437

NOTE 3. THE COST OF DELIVERING SERVICES

INTRODUCTION

This section provides an account of the expenses incurred by CSV in delivering the services and outputs it received income for, as outlined in section 2.

STRUCTURE

- 3.1 Expenses incurred in delivery of services
- 3.2 Grant and other tranfers
- 3.3 Capital asset charge
- 3.4 Supplies and services

NOTE 3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

	Notes	2017 \$'000	2016 \$'000
Employee benefit expenses	3.1.1	278,533	264,574
Grants and other transfers	3.2	8,535	3,760
Capital asset charge	3.3	39,846	40,612
Supplies and services	3.4	115,429	110,655
Total expenses incurred in delivery of services		442,343	419,601

3.1.1 EMPLOYEE BENEFIT EXPENSES IN THE COMPREHENSIVE OPERATING STATEMENT

	2017 \$'000	2016 \$'000
Defined contribution superannuation expense	15,869	14,818
Defined benefit superannuation expense	2,038	2,213
Termination benefits	632	723
Salaries and wages	213,795	203,395
Leave expenses (annual leave and long service leave)	26,251	24,626
Other on-costs (fringe benefits tax, payroll tax, training and workcover levy)	19,949	18,799
Total employee expenses	278,533	264,574

Employee expenses encompasses 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 employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. CSV 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 CSV is demonstrably committed to terminating the employment of current employees according to formal plans without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits due more than 12 months after the end of the reporting period are discounted to present value.
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 for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2017 \$'000	2016 \$'000
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	9,335	8,325
Unconditional and expected to settle after 12 months	1,853	1,921
Long service leave		
Unconditional and expected to settle within 12 months	3,559	4,761
Unconditional and expected to settle after 12 months	44,711	43,475
Provisions for on-costs		
Unconditional and expected to settle within 12 months	3,055	3,468
Unconditional and expected to settle after 12 months	5,874	5,204
Total current provisions for employee benefits	68,387	67,154
Non-current provisions		
Employee benefits	7,645	8,396
On-costs	915	1,005
Total non-current provisions for employee benefits	8,561	9,402
Total provisions for employee benefits	76,948	76,555

RECONCILIATION OF MOVEMENT IN ON-COST PROVISION

	2017 \$'000	2016 \$'000
Opening balance	9,677	9,445
Additional provisions recognised	5,243	5,137
Reductions arising from payments/other sacrifices of future economic benefits	(5,076)	(4,905)
Closing balance	9,844	9,677
Current	8,929	8,672
Non-current	915	1,005
Total	9,844	9,677

WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries (including nonmonetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because CSV 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 that are current at the reporting date. As CSV 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 CSV 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 LONG SERVICE LEAVE

Unconditional long service leave is disclosed as a current liability even where CSV does not expect to settle the liability within 12 months, as 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 the current long service leave liability are measured at:

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

CONDITIONAL LONG SERVICE LEAVE

Conditional long service leave 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 long service leave liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current long service leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.1.3 SUPERANNUATION CONTRIBUTIONS

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

		contribution for the year	Contribution outstanding at year end		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Defined benefit plans:					
Emergency Services and State Super - revised and new	2,038	2,184	31	29	
Defined contribution plans:					
VicSuper	10,993	10,419	184	145	
Various other	4,877	4,197	86	57	
Total	17,907	16,800	301	231	

Note

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

NOTE 3.2 GRANTS AND OTHER TRANSFERS

	2017 \$'000	2016 \$'000
Payments for specific purposes to:		
Judicial College of Victoria	2,459	2,099
Corrections Victoria Housing Program	1,825	167
Supreme Court Library	925	350
Department of Health and Human Services	369	
Department of Justice and Regulation	407	
Australian Bureau of Statistics	76	
The Wellington Collingwood Gift Fund	32	
Court Network	857	
Jesuit Social Services	20	
Forensicare	131	
Other	1,433	1,144
Total grants and other transfers	8,535	3,760

Grant expenses represent contributions of CSV resources to another party for specific or general purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grants can either be operating or capital in nature. 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.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

NOTE 3.3 CAPITAL ASSET CHARGE

	2017 \$'000	2016 \$'000
Capital asset charge	39,846	40,612
	39,846	40,612

A **capital asset charge** is a charge levied on the written down value of controlled non-current physical assets in CSV's balance sheet. It aims to attribute to CSV's outputs, a cost of capital used in service delivery. Imposing this charge provides incentives for CSV to identify and dispose of underutilised or surplus non-current physical assets.

NOTE 3.4 SUPPLIES AND SERVICES

	2017 \$'000	2016 \$'000
Accommodation and property services	26,608	25,356
Outsourced contracts	20,507	20,579
Contractors, professional services and consultants	17,742	16,630
Printing, stationery and other office expenses	11,149	11,223
Technology services	14,702	16,309
Juror payments	3,123	3,511
Repairs and maintenance	4,683	4,432
Deceased removals and transfer costs (Coroners Court)	4,271	4,262
Interpreter and translation services	2,945	2,445
Other	9,697	5,908
Total supplies and services	115,429	110,655

Supplies and services expenses generally represent day-to-day running costs incurred in normal operations.

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

NOTE 4. DISAGGREGATED FINANCIAL INFORMATION BY OUTPUT

CSV is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. This section provides a description of CSV outputs delivered during the year ended 30 June 2017 along with the objectives of those outputs.

NOTE 4.1 CSV OUTPUTS DESCRIPTIONS AND OBJECTIVES

CSV provides administrative services and facilities to support the Victorian Courts and Statutory Tribunals in the dispensation of criminal and civil matters.

CSV includes: Supreme Court of Victoria, County Court of Victoria, Magistrates' Court of Victoria, Children's Court of Victoria, Coroners Court of Victoria, Victorian Civil and Administrative Tribunal, and Jurisdiction Services, which provides corporate support to the Courts and the Tribunal, the cost of which is reflected in the Court's and Tribunal total output cost.

OBJECTIVES

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

NOTE 4.1 CSV OUTPUTS DESCRIPTIONS AND OBJECTIVES

CONTROLLED INCOME AND EXPENSES BY JURISDICTION FOR THE YEAR ENDED 30 JUNE 2017

		e Court toria	County of Vic			tes' Court ctoria
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME FROM TRANSACTIONS						
Output appropriations	43,104	38,379	54,956	54,136	92,062	79,861
Special appropriations	26,913	28,217	29,690	30,517	43,688	43,802
Grants	73	154	0	0	7,577	3,224
Other income	73	0	0	0	5,378	3,000
Total income from transactions	70,162	66,750	84,646	84,653	148,705	129,888
EXPENSES FROM TRANSACTIONS						
Employee expenses	50,408	49,495	47,087	46,185	94,040	85,525
Depreciation and amortisation	6,341	2,351	8,212	6,657	15,088	9,022
Interest expense	65	79	7,105	8,151	124	142
Grants and other transfers	350	462	1	1	3,998	256
Capital asset charge	0	0	0	0	0	0
Supplies and services	14,982	14,156	24,505	23,670	34,558	29,337
Total expenses from transactions	72,145	66,543	86,910	84,665	147,808	124,282
Net result from transactions net operating balance)	(1,983)	207	(2,264)	(12)	898	5,605
DTHER ECONOMIC FLOWS NCLUDED IN NET RESULT						
Vet gain/(loss) on non- inancial assets	0	0	0	0	0	0
Net gain/(loss) on financial nstruments	0	0	0	0	0	0
Other gains/(losses) from other economic flows	830	(769)	903	(1,031)	1,294	(1,806)
Total other economic flows included in net result	830	(769)	903	(1,031)	1,294	(1,806)
Net Result from continuing operations	(1,153)	(562)	(1,362)	(1,044)	2,192	3,799
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET RESULT						
Changes in physical asset revaluation reserve		0		0		0
Total other economic flows - other comprehensive income	0	0		0	0	0
Comprehensive result	(1,153)	(562)	(1,362)	(1,044)	2,192	3,799

Children of Vic		Coroner's Court of Victoria		Victorian Civil & Administrative Tribunal		Jurisdiction Services		Total	
2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
14,518	14,185	11,304	11,167	14,717	12,366	101,554	99,507	332,215	309,603
5,682	5,553	3,493	3,563	16,082	14,997	0	(3,551)	125,548	123,098
349	290	0	0	18,591	17,893	339	309	26,929	21,870
0	0	0	0	0	(2)	729	250	6,181	3,248
20,549	20,028	14,798	14,730	49,391	45,255	102,622	96,516	490,874	457,819
14,629	13,296	8,390	8,058	40,367	37,639	23,613	24,375	278,533	264,574
1,645	875	2	14	562	528	12,047	11,042	43,895	30,489
13	13	0	2	43	49	(177)	(235)	7,174	8,201
407	136	0	0	0	0	3,779	2,904	8,535	3,760
0	0	0	0	0	0	39,846	40,612	39,846	40,612
4,464	5,029	6,415	6,056	8,646	6,740	21,859	25,667	115,429	110,655
21,158	19,350	14,807	14,130	49,618	44,956	100,966	104,365	493,412	458,291
(609)	678	(9)	600	(228)	298	1,657	(7,849)	(2,539)	(472)
0	0	0	0	0	(3)	461	534	461	530
0	0	0	0	0	0	(13)	8	(13)	8
118	(215)	94	(85)	292	(328)	243	(360)	3,774	(4,593)
118	(215)	94	(85)	292	(331)	691	182	4,221	(4,054)
	(210)	, ,	(00)	272	(001)	0,11		-,	(4)004)
(492)	463	85	516	65	(33)	2,347	(8,031)	1,682	(4,527)
	0		0		0	3,894	182,874	3,894	182,874
0	0	0	0	0	0	3,894	182,874	3,894	182,874
(492)	463	85	516	65	(33)	6,241	174,843	5,577	178,347

	Supreme Court of Victoria			y Court ctoria	Magistrates' Court of Victoria		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Financial assets	1,001	346	531	345	4,526	4,747	
Non-financial assets (i)							
Total assets	1,001	346	531	345	4,526	4,747	
Liabilities	21,441	19,632	91,192	103,505	37,950	34,066	
Total liabilities	21,441	19,632	91,192	103,505	37,950	34,066	
Net assets	(20,440)	(19,286)	(90,661)	(103,160)	(33,424)	(29,319)	

SCHEDULE B - CONTROLLED ASSETS AND LIABILITIES BY JURISDICTION FOR THE YEAR ENDED 30 JUNE 2017

Note

i. All non-financial assets have been allocated to Jurisdiction Services as a number of buildings are used by various jurisdictions and tribunal.

	Children's Court of Victoria		Court Court		Victorian Civil & Administrative Tribunal		Jurisc Serv		Total		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
	107	869	14	164	2,407	2,721	82,378	63,973	90,965	73,165	
							995,852	991,668	995,852	991,668	
	107	869	14	164	2,407	2,721	1,078,231	1,051,613	1,086,817	1,064,833	
	4,603	3,978	2,687	2,130	9,205	8,478	20,061	18,467	187,139	190,256	
	4,603	3,978	2,687	2,130	9,205	8,478	20,061	18,467	187,139	190,256	
	(4,496)	(3,109)	(2,673)	(1,966)	(6,798)	(5,757)	1,058,170	1,033,146	899,678	874,577	

ADMINISTERED (NON-CONTROLLED) ITEMS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Administered income includes taxes, fees and fines. Administered expenses include payments made on behalf of the State and payments into the consolidated fund. Administered assets include government income earned but yet to be collected. Administered liabilities include government expenses incurred but yet to be paid. Administered income is accounted for on a cash basis, with the only exception of VCAT fees collected on behalf of Consumer Affairs Victoria and the County Court, which are recognised on an accrual basis. CSV's controlled and administered items are consolidated into the financial statements of the State.

CSV does not gain control over assets arising from taxes and fines, consequently no income is recognised in CSV's financial statements. CSV collects these amounts on behalf of the State. Accordingly, the amounts are disclosed as income in the schedule of administered items.

	Suprem of Vic		County of Vic			tes' Court ctoria
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Administered income from transactions						
Special appropriations applied	0	0	0	0	42,609	36,157
Fines	305	25	1,584	516	26,122	26,434
Sales of goods and services (including fees)	20,055	19,853	12,110	10,833	21,002	19,725
Other income	877	62	70	145	1,968	1,925
Total administered income from transactions	21,237	19,940	13,764	11,495	91,701	84,241
Administered expenses from transactions Payments into the						
Consolidated Fund	(20,055)	(19,853)	(13,697)	(10,833)	(20,958)	(19,687)
Criminal injuries compensation	0	0	0	0	(43,409)	(36,157)
Other expenses	0	0	(1,602)	783	(52)	(57)
Total administered expenses from transactions	(20,055)	(19,853)	(15,299)	(10,050)	(64,419)	(55,901)
Total administered net result from transactions (net						
operating balance)	1,183	87	(1,535)	1,444	27,281	28,341

Note

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

Children's Court of Victoria		Victoria Adminis Trib		Jurisdictio	n Services	Total		
2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
0	0	0	0	0	0	42,609	36,157	
0	0	0	10	0	0	28,011	26,986	
4	1	9,143	7,687	64	55	62,378	58,155	
 0	0	0	0	771	783	3,686	2,915	
4	1	9,143	7,697	834	838	136,683	124,213	
0	0	(9,143)	(7,687)	(28,267)	(29,819)	(92,119)	(87,880)	
0	0	0	0	0	0	(43,409)	(36,157)	
0	0	0	0	(826)	(690)	(2,481)	36	
0	0	(9,143)	(7,687)	(29,093)	(30,509)	(138,008)	(124,001)	
4	1	0	10	(28,258)	(29,671)	(1,325)	212	

2016-2017

ADMINISTERED (NON-CONTROLLED) ITEMS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Supreme Court			County Court Ma		Magistrates' Court	
	Suprem of Vic		County of Vic			tes' Court ctoria	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Administered other economic flows included in administered net result							
Net gain/(loss) on non-financial assets		0		0		0	
Net gain/(loss) on financial		0		0		0	
instruments		0		0		0	
Other gains/(losses) from other economic flows		0		0		0	
Total administered other							
economic flows	0	0	0	0	0	0	
Total administered net result	1,183	87	(1,535)	1,444	27,281	28,341	
Administered financial assets							
Cash and deposits	66	136	2,191	2,594	3,370	2,542	
Receivables	30	177	2,336	2,893	943	942	
Total administered financial assets	96	313	4,526	5,488	4,314	3,484	
Administered liabilities							
Creditors and accruals	0	0	0	0	0	(376)	
Deposits payable	51	(27)	(1,314)	(1,715)	(5,944)	(5,080)	
Provisions	0	0	0	0	(3,300)	(2,500)	
Total administered liabilities	51	(27)	(1,314)	(1,715)	(9,244)	(7,956)	
Total administered net assets	147	286	3,213	3,772	(4,930)	(4,472)	

NOTE 4.3 RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

The following net assets of the Department of Justice and Regulation became the net assets of CSV for the financial year 2015-16. CSV was not subject to any such restructuring in 2016-17. The net assets transfer to CSV is treated as a contribution of capital by the Crown.

	Transferred from DJR 2017 \$'000	Transferred from DJR 2016 \$'000
Controlled		
Property, plant and equipment - carrying value		53,436
Controlled net assets transferred	0	53,436
Net capital contribution	0	53,436

Children's Court of Victoria		Victorian Civil & Administrative Tribunal		Jurisdiction Services		Total	
2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
4	1	0	10	(28,258)	(29,671)	(1,325)	212
0	0	132	145	0	0	5,759	5,418
0	0	240	650	2,832	1,879	6,381	6,541
0	0	371	795	2,832	1,879	12,140	11,959
0	0	(320)	(751)	(472)	276	(792)	(850)
0	0	600	607	(1,866)	(1,492)	(8,472)	(7,708)
0	0	0	0	0	0	(3,300)	(2,500)
0	0	280	(144)	(2,338)	(1,216)	(12,564)	(11,058)
0	0	651	651	494	663	(425)	900

NOTE 5. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

INTRODUCTION

CSV controls infrastructure that is utilised in fulfilling its objectives and conducting activities. The infrastructure represents the key resources that have been entrusted to CSV to be utilised for delivery of its outputs.

STRUCTURE

- 5.1 Property, plant and equipment
- 5.2 Intangible assets

FAIR VALUE MEASUREMENT

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3 in connection with how those fair values were determined.

NOTE 5.1 PROPERTY, PLANT AND EQUIPMENT

	Gross carrying amount		Accumulated Depreciation		Net carrying amount	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Land at fair value	343,911	343,911			343,911	343,911
Buildings at fair value	384,468	365,593	(23,467)	[422]	361,000	365,171
Leasehold buildings at fair value subject to finance lease	203,705	202,099	(7,272)		196,433	202,099
Leasehold improvements at fair value	8,321	20,110	(2,831)	(4,296)	5,490	15,814
Plant and equipment at fair value	3,460	3,441	(1,111)	(719)	2,349	2,722
Plant and equipment under finance lease at fair value	13,269	12,409	(4,299)	(3,943)	8,969	8,465
Computer &						
telecommunications equipment at fair value	7,717	5,912	(2,842)	(1,624)	4,875	4,288
Cultural assets at fair value	896	866			896	866
Assets under construction at cost	51,313	21,209			51,313	21,209
Total property, plant and equipment	1,017,059	975,550	(41,823)	(11,005)	975,236	964,545

INITIAL RECOGNITION

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, a fair value is determined at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or its estimated useful lives.

SUBSEQUENT MEASUREMENT

Property, plant and equipment 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 and public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

NON-SPECIALISED LAND, NON-SPECIALISED BUILDINGS AND ARTWORKS

These assets are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

SPECIALISED LAND AND SPECIALISED BUILDINGS

The market approach is also used for specialised land and buildings, although it is adjusted for the community service obligation to reflect the specialised nature of the land being valued.

The community service obligation adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that these restrictions are also equally applicable to market participants.

For the majority of CSV's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation.

HERITAGE ASSETS AND INFRASTRUCTURE

Heritage assets and infrastructure are valued using the depreciated replacement cost method. This valuation generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

Vehicles are valued using the depreciated replacement cost method. CSV 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 of vehicles is managed by VicFleet 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.

Note 8.3 includes additional information in connection with fair value determination of property, plant and equipment

5.1.1 DEPRECIATION CHARGE FOR THE PERIOD

	2017 \$'000	2016 \$'000
Buildings	23,362	10,893
Leasehold buildings at fair value subject to finance lease ${}^{\mathrm{(i)}}$	7,272	5,723
Leasehold improvements at fair value	973	2,198
Plant and equipment at fair value	1,701	1,320
Plant and equipment under finance lease at fair value	2,603	2,699
Software	7,985	7,657
Total property, plant and equipment	43,895	30,489

i. Public private partnership arrangements.

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

Asset	Useful life years
Cultural assets	Indefinite
Buildings	
Structure/shell/building fabric	6 to 50
Site engineering services	6 to 50
Fit out	3 to 25
Trunk reticulated building systems	3 to 20
Leasehold improvements	2 to 37
Leasehold buildings	1 to 38
Plant and equipment	1 to 10
Computer and telecommunication equipment	1 to 10
Intangible assets	3 to 7
Antique furniture and artefacts	80

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

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

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).

INDEFINITE LIFE ASSETS

Land and 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.

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. 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.

	Pu	blic safety and environment
	2017 \$'000	2016 \$'000
Crown land at fair value (i)	343,911	343,911
Buildings at fair value ⁽ⁱ⁾	361,000	365,171
Leasehold buildings subject to finance lease at fair value $^{\left(ii ight)}$	196,433	202,099
Leasehold improvements at fair value (iii)	5,490	15,814
Plant and equipment at fair value (iii)	2,349	2,722
Plant and equipment under finance lease at fair value (iii)	8,969	8,465
Computer & telecommunications equipment at fair value (iii)	4,875	4,288
Cultural assets at fair value (i)	896	866
Assets under construction at cost	51,313	21,209
Total property, plant and equipment	975,236	964,545

5.1.2 CARRYING VALUES BY 'PURPOSE' GROUPS

Notes

i. An independent revaluation of CSV land, buildings and cultural assets was performed by the Valuer-General of Victoria as at 30 June 2016.

ii. Fair value of finance leasehold buildings and improvements is depreciated replacement cost.

iii. The fair value of plant, equipment, computer and telecommunications assets is depreciated cost. This represents a reasonable approximation of fair value as there is no evidence of a reliable market-based fair value for this class of asset.

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

5.1.3	RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF PROPERTY,
	PLANT AND EQUIPMENT

	Land at fair value	Buildings at fair value	Buildings leasehold at fair value	Leasehold improvements at fair value
2017	\$'000	\$'000	\$'000	\$'000
Opening balance	343,911	365,171	202,099	15,814
Additions		6,075		174
Disposals				
Depreciation		(23,362)	(7,272)	(973)
Revaluation of property		2,281	1,606	
Transfer between asset classes		9,441		(9,525)
Transfer to disposal group held for sale				
Transfer in/out of assets under construction		1,395		
Closing balance	343,911	361,000	196,433	5,490

	Land at fair value	Buildings at fair value	Buildings leasehold at fair value	Leasehold improvements at fair value	
2016	\$'000	\$'000	\$'000	\$'000	
Opening balance	163,016	304,395	207,822	17,516	
Additions		14			
Disposals					
Machinery of government transfer in	49,120	4,316			
Depreciation		(10,893)	(5,723)	(2,198)	
Revaluation of property	131,775	51,068			
Transfer between asset classes		669			
Transfer to disposal group held for sale					
Transfer in/out of assets under construction		15,602		496	
Closing balance	343,911	365,171	202,099	15,814	

Total	Assets under construction at cost	Cultural assets at fair value	Leased plant & equipment at fair value	Computer & communication equipment	Plant and equipment at fair value	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
964,545	21,209	866	8,465	4,288	2,722	
44,572	33,302	30	4,971		19	
(1,632)			(1,632)			
(35,911)			(2,603)	(1,217)	(484)	
3,894					8	
(0)					84	
(233)			(233)			
0	(3,199)			1,804		
975,236	51,313	896	8,969	4,875	2,350	

Plant and equipment at fair value	Computer & communication equipment	Leased plant & equipment at fair value	Cultural assets at fair value	Assets under construction at cost	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
5,670	5,214	7,387	826	14,725	726,571
77	28	5,496	9	20,997	26,622
(9)		(1,567)			(1,576)
					53,436
(500)	(819)	(2,699)			(22,833)
			31		182,874
(2,516)	(135)			1,585	(396)
		(153)			(153)
				(16,098)	0
2,722	4,288	8,465	866	21,209	964,545

NOTE 5.2 INTANGIBLE ASSETS

	Computer Softwar		
	2017 \$'000	2016 \$'000	
Gross carrying amount			
Opening balance	40,304	39,374	
Additions	43	45	
Additions to work in progress	961	488	
Transfer between asset classes		396	
Gross value at the end of the financial year	41,308	40,304	
Accumulated depreciation, amortisation and impairment			
Opening balance	(15,069)	(7,412)	
Depreciation	(7,985)	(7,657)	
Closing balance	(23,053)	(15,069)	
Net book value at the end of the financial year	18,254	25,235	

Notes

i. The consumption of intangible produced assets is included in 'depreciation' line item on 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 (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- 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

Intangible produced assets with finite useful lives, are depreciated as an 'expense from transactions' on a straight line basis over their useful lives. Produced intangible assets have useful lives of between 3 and 5 years (2016: 3 and 5 years).

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. The amortisation period is 3 to 5 years (2016: 3 and 5 years).

IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. 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 5.1.1.

NOTE 6. OTHER ASSETS AND LIABILITIES

INTRODUCTION

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

STRUCTURE

- 6.1 Receivables
- 6.2 Payables
- 6.3 Other non-financial assets

NOTE 6.1 RECEIVABLES

	2017 \$'000	2016 \$'000
Current receivables		
Contractual		
Other receivables	2,649	4,630
Provision for doubtful contractual receivables	(15)	[4]
Statutory		
Amounts owing from Victorian Government	77,548	58,310
GST input tax credit recoverable	1,697	1,849
Total receivables	81,879	64,785
Represented by:		
Current receivables	78,335	60,780
Non-current receivables	3,544	4,005

CONTRACTUAL RECEIVABLES

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

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. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Past due but not impaired Not past due Less 1-5 Carrying and not than 1 1 to 3 3 months amount impaired month months to 1 year Years 2017 (\$'000) (\$'000) (\$'000) (\$'000) (\$'000) (\$'000) Receivables 73 39 32 Other receivables 2,634 2,363 127 Total contractual financial assets 2,634 73 39 32 2,363 127

6.1.1 AGEING ANALYSIS OF CONTRACTUAL FINANCIAL ASSETS

		Past due but not impaired				
2016	Carrying amount (\$'000)	Not past due and not impaired (\$'000)	Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1-5 Years (\$'000)
Receivables						
Other receivables	4,626	3,181	1,438	3	5	
Total contractual financial assets	4,626	3,181	1,438	3	5	0

No interest is charged for the first 30 days from the invoice date. The average credit period for sales of goods / services and other receivables is 30 days. There are no material financial assets that are individually determined to be impaired. Currently, CSV does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

NOTE 6.2 PAYABLES

	2017 \$'000	2016 \$'000
Current Payables		
Contractual		
Trade creditors and other payables	15,578	16,086
Unearned revenue	1,438	
Accrued capital works	5,305	453
Salaries and wages	4,731	3,635
Statutory		
Payroll tax	1,007	864
Fringe benefits tax	834	813
Amounts payable to the Judicial College of Victoria	2,223	1,042
Total payables	31,116	22,894
Represented by:		
Current payables	31,077	22,841
Non-current payables	39	53

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to CSV prior to the end of the financial year that are unpaid; 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.

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 dates				
2017	Carrying amount (\$'000)	Nominal Amount (\$'000)	Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)	Greater than 5 years (\$'000)
Other trade creditors and other payables	15,578	15,578	15,578				
Accrued capital works	5,305	5,305	5,305				
Accrued salaries	4,731	4,731	4,731				
Total	25,614	25,614	25,614	0	0	0	0

MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES

2016	Carrying amount (\$'000)	Nominal Amount (\$'000)	Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)	Greater than 5 years (\$'000)
Other trade creditors and other payables	16,086	16,086	16,086				
Accrued capital works	453	453	453				
Accrued salaries	3,635	3,635	3,635				
Total	20,175	20,175	20,175	0	0	0	0

NOTE 6.2 OTHER NON-FINANCIAL ASSETS

	2017 \$'000	2016 \$'000
Current other assets		
Prepayments	2,129	1,736
Total current other non-financial assets	2,129	1,736
Non-current other assets		
Total non-current other assets		
Total other non-financial assets	2,129	1,736

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

NOTE 7. HOW WE FINANCED OUR OPERATIONS

INTRODUCTION

This section provides information on the sources of finance utilised by CSV during its operations and other information related to the financing of activities.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

STRUCTURE

- 7.1 Borrowings
- 7.2 Leases
- 7.3 Cash flow information and balances
- 7.4 Trust account balances
- 7.5 Commitments for expenditure

NOTE 7.1 BORROWINGS

	2017 \$'000	2016 \$'000
Current borrowings		
Finance lease liabilities (i)		
 Public Private Partnership (PPP) related finance lease liabilities 	12,299	12,303
Non-PPP related finance lease liabilities	4,509	4,275
Total current borrowings	16,808	16,579
Non-current borrowings		
Finance lease liabilities		
PPP related finance lease liabilities	57,541	69,840
Non-PPP related finance lease liabilities	4,726	4,388
Total non-current borrowings	62,267	74,228
Total borrowings	79,075	90,807

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.

'Borrowings' refer to interest bearing liabilities mainly raised from public borrowings raised through finance leases and other interest bearing arrangements.

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether CSV has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest bearing liabilities. CSV determines the classification of its interest bearing liabilities at initial recognition.

Defaults and breaches: During the current and prior year, there were no defaults or breaches of any of the loans.

7.1.1 MATURITY ANALYSIS OF BORROWINGS

			Maturity dates				
2017	Carrying amount (\$'000)	Nominal Amount (\$'000)	Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)	Greater than 5 years (\$'000)
Contractual Payables:							
PPP Finance lease liabilities	69,840	86,892	1,496	4,633	12,064	68,699	
Other finance lease liabilities payable	9,235	9,586	1,335	873	2,522	4,855	
Total	79,075	96,478	2,831	5,507	14,586	73,554	0

			Maturity dates				
2016	Carrying amount (\$'000)	Nominal Amount (\$'000)	Less than 1 month (\$'000)	1 to 3 months (\$'000)	3 months to 1 year (\$'000)	1 to 5 years (\$'000)	Greater than 5 years (\$'000)
Contractual Payables:							
PPP Finance lease liabilities	82,144	106,217	1,594	4,926	12,806	70,893	15,999
Other finance lease liabilities payable	8,663	9,034	1,091	581	2,850	4,512	
Total	90,807	115,252	2,685	5,507	15,656	75,405	15,999

INTEREST EXPENSE

	2017 \$'000	2016 \$'000
Interest on finance leases	7,174	8,201
Total interest expense	7,174	8,201

Interest on finance leases comprises interest relating to the County Court Facility Public Private Partnership (PPP) arrangement of \$7.02 million (2016: \$8.05 million) and motor vehicles of \$0.15 million (2016: \$0.15million).

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

NOTE 7.2 LEASES

7.2.1 FINANCE LEASE LIABILITIES (CSV AS LESSEE)

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum lease payments		
Finance lease liabilities payable	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Commissioned PPP related finance lease liabilities payable					
Not longer than 1 year	18,194	19,325	12,299	12,303	
Longer than 1 year and not longer than 5 years	68,699	70,893	57,541	54,538	
Longer than 5 years		15,999		15,302	
Other finance lease liabilities payable (iii)					
Not longer than 1 year	4,730	4,522	4,509	4,275	
Longer than 1 year and not longer than 5 years	4,855	4,512	4,726	4,388	
Minimum future lease payments	96,478	115,252	79,075	90,807	
Less future finance charges	(17,403)	(24,445)			
Present value of minimum lease payments	79,075	90,807	79,075	90,807	
Included in the financial statements as:					
Current borrowings lease liabilities (note 7.1)			16,808	16,579	
Non-current borrowings lease liabilities (note 7.1)			62,267	74,228	
Total lease liabilities	0	0	79,075	90,807	

Note

i. Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

ii. Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 7.5.

COMMISSIONED PUBLIC PRIVATE PARTNERSHIP:

The state entered into a 20 year contract with the private sector for the design, construction and management of the County Court. The facility provides the County Court and court users with accommodation services throughout the term of the contract, which ends in 2022. The operation and maintenance commitments are disclosed in Note 7.5.

7.2.2 FINANCE LEASE LIABILITIES (CSV AS LESSEE)

OTHER LEASING ARRANGEMENTS:

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

NOTE 7.3 CASH FLOW INFORMATION AND BALANCES

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank that are held for the purpose of meeting short-term cash commitments, rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents are included on the balance sheet, as indicated in the reconciliation below.

	2017 \$'000	2016 \$'000
Cash	(1,718)	(1,519)
Funds held in trust	10,804	9,898
Balance as per cash flow statement	9,086	8,379

Due to the State's investment policy and funding arrangements, CSV does not hold a large cash reserve in its bank accounts. Cash received from generation of income is generally paid into the State's bank account ('public account'). Similarly, CSV expenditure, including in the form of cheques drawn for the payments to its suppliers and creditors, is made via the public account. The public account remits to CSV the cash required upon presentation of cheques by CSV's suppliers or creditors. These funding arrangements often result in CSV having a notional shortfall in the cash at bank required for payment of unpresented cheques at reporting date. At 30 June 2017, cash at bank included the amount of a notional shortfall for the payment of unpresented cheques of \$1.4 million (2016: \$1.2 million).

7.3.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

	2017 \$'000	2016 \$'000
Net result for the period	1,682	(4,527)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	(461)	530
Depreciation and amortisation of non-current assets	43,895	30,489
Allowance for doubtful debts and bad debts	10	(8)
Resources free of charge	(13)	250
Movements in net assets and liabilities		
Decrease/(increase) in receivables	(16,838)	(3,745)
Decrease/(increase) in prepayments	(393)	(534)
Increase/(decrease) in payables	3,371	(3,366)
Increase/(decrease) in provisions	393	6,867
Net cash from/(used in) operating activities	31,646	25,957

NOTE 7.4 TRUST ACCOUNT BALANCES

Funds held in trust are quarantined for use specifically for the purposes under which each trust fund has been established and are not used for operating purposes.

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

	Opening balance as at 1 July 2016 \$'000	Total receipts \$'000	Total payments \$'000
Cash and cash equivalents and investments			
CONTROLLED TRUSTS			
Treasury Trust Fund			
 Financial Management Act 			
Working account for CSV	8,143	13,346	12,567
Vehicle Lease Trust Account			
 Financial Management Act 			
 Working account for the sale of VicFleet motor vehicles 	0	500	413
Victorian Civil and Administrative Tribunal Trust Account			
 Financial Management Act 			
 Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes 	1,755	18,591	18,552
Total controlled trusts	9,898	32,437	31,531

Closing balance as at 30 June 2017 \$'000	Opening balance as at 1 July 2015 \$'000	Total receipts \$'000	Total payments \$'000	Closing balance as at 30 June 2016 \$'000
8,922	9,097	9,437	10,391	8,143
87	0	556	556	0
1,795	0	18,553	16,797	1,755
10,804	9,097	28,546	27,745	9,898

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

	Opening balance as at 1 July 2016 \$'000	Total receipts \$'000
ADMINISTERED TRUSTS		
Courtlink Trust Account		
 Financial Management Act 		
 Working account for the Magistrates' Courts court orders 	1,243	43,870
Suspense Account		
Financial Management Act (No. 18/1994), Part 4		
 Working account for CSV 	556	51
Public Service Commuter Club		
Financial Management Act		
 Working account for the Public Service Commuter Club 	(245)	770
Revenue Suspense		
Financial Management Act		
Working account for the allocation of revenue	0	0
Treasury Trust Fund		
Financial Management Act		
 Working account for CSV 	862	407
Security Account		
 Financial Management Act 		
Holds monies as security for good behaviour	69	16
Victorian Civil and Administrative Tribunal Trust Account		
 Financial Management Act 		
 Working account for the Owners Corporation, Domestic Building and Residential Tenancies disputes 	650	20
Total administered trusts	3,135	45,134

Closing balance as at 30 June 2016 \$'000	Total payments \$'000	Total receipts \$'000	Opening balance as at 1 July 2015 \$'000	Closing balance as at 30 June 2017 \$'000	Total payments \$'000	
_						
1,243	43,685	44,421	507	1,156	43,958	
556	62	53	565	579	28	
(245)	679	782	(348)	(305)	830	
0	0	0	0	0	0	
862	1	346	517	1,254	15	
69	0	24	45	85	0	
650	0	650	0	240	430	
3,135	44,427	46,276	1,286	3,008	45,261	

THIRD PARTY FUNDS UNDER MANAGEMENT

CSV holds funds comprising of cash, property and other tangible assets under management in trust for certain clients and individuals. They are not used for government purposes and therefore are not included in CSV's financial statements.

Any earnings on the investments held pending distribution are also applied to the trust assets under management as appropriate.

	2017 \$'000	2016 \$'000
COURTS		
Bail Monies	4,191	3,834
Court Infant Investment Accounts	20	21
Crimes Compensation Infant Investment Accounts	0	496
Assets under management by the Senior Master of the Supreme		
Court (Funds in Court)	1,726,077	1,628,290
	1,730,288	1,632,640

Since 1 July 2004, the *Courts Legislation Act 2004* allows funds held in the County Court Infant Investment Trust Accounts, the VOCAT Infant Investment Trust Accounts and the Magistrates' Court Infant Investment Trust Accounts to be transferable to the management of the Senior Master's Office (Funds in Court) of the Supreme Court. The decision for transferring funds is discretionary. Each court retains discretion as to where control of the funds is held and each case is considered individually to determine whether the funds should be transferred to the Senior Master. Although in the majority of cases, funds have been transferred from the courts to the Senior Master, the courts have used their discretion to retain control of a portion of the funds held for persons with a disability.

NOTE 7.5 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

7.5.1 TOTAL COMMITMENTS PAYABLE (a)

Nominal Amounts: 2017	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Public private partnership - operation and maintenance commitments (7.2.1)	13,748	56,002		69,750
Capital expenditure commitments payable	34,546	2,893		37,439
Operating and lease commitments payable	15,540	13,758	150	29,448
Other commitments payable	134	53		187
Total commitments (inclusive of GST)	63,968	72,705	150	136,823
Less GST recoverable	5,815	6,610	14	12,438
Total commitments (exclusive of GST)	58,153	66,096	136	124,385

Nominal Amounts: 2016	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Public private partnership - operation and maintenance commitments (7.2.1)	13,651	55,594	14,156	83,401
Capital expenditure commitments payable	52,255	23,617		75,872
Operating and lease commitments payable	8,159	16,379		24,538
Other commitments payable	4,747	2,850	16	7,613
Total commitments (inclusive of GST)	78,812	98,440	14,172	191,424
Less GST recoverable	7,165	8,949	1,288	17,402
Total commitments (exclusive of GST)	71,647	89,491	12,884	174,022

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

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

CSV has entered into this type of SCA for the design, construction and management of the County Court. Details of the County Court SCA can be found at Note 7.2.1.

The other, less common form of SCA is one in which CSV grants to an operator, for a specified period of time, the right to collect fees from users of the SCA asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. These private sector entities typically lease land, and sometimes state works, from CSV and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, are returned to the grantor CSV. CSV has not entered into this type of concession arrangement.

NOTE 8. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

INTRODUCTION

CSV 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 instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for CSV relate mainly to fair value determination.

STRUCTURE

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

NOTE 8.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

INTRODUCTION

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

CATEGORIES OF FINANCIAL INSTRUMENTS

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). CSV recognises the following assets in this category:

- cash; and
- receivables (excluding statutory receivables).

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. CSV recognises the following liabilities in this category:

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

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.
Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, CSV has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

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

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

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

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

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

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

8.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

2017	Contractual financial assets - loans and receivables (\$'000)	Contractual financial liabilities amortised cost (\$'000)	Total (\$'000)
CONTRACTUAL FINANCIAL ASSETS			
Cash and deposits/(overdrawn)	(1,718)		(1,718)
Funds held in Trust	10,804		10,804
Receivable			
Other receivables	2,634		2,634
Total contractual financial assets	11,720	0	11,720
CONTRACTUAL FINANCIAL LIABILITIES			
Payable:			
Trade creditors and other payables		15,578	15,578
Accrued capital works		5,305	5,305
Salary and wages		4,731	4,731
Borrowings:			
PPP related finance lease liabilities		69,840	69,840
Non PPP related finance lease liabilities		9,235	9,235
Total contractual financial liabilities	0	104,689	104,689

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

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

	2017 Total expense \$'000	2016 Total expense \$'000
Contractual financial liabilities under the PPP arrangement for the County Court Facility	(7,022)	(8,055)
Contractual financial liabilities for VicFleet	(152)	(146)
	(7,174)	(8,201)

8.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES



As a whole, CSV's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 8.3 to the financial statements.

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

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

CSV's uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with CSV's Finance Portfolio Committee.

FINANCIAL INSTRUMENTS: CREDIT RISK

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

Credit risk associated with CSV's contractual financial assets is minimal as its main debtor is the Victorian Government. For debtors other than the Government, CSV monitors outstanding debtors on a monthly basis.

In addition, CSV does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that CSV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts 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 CSV's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

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

2017	Financial institutions (triple-A credit rating) (\$'000)	Government agencies (triple-A credit rating) (\$'000)	Other (min triple-B credit rating) (\$'000)	Total (\$'000)
Cash and deposits/(overdrawn)		(1,718)		(1,718)
Funds held in trust		10,804		10,804
Other receivables		2,560	74	2,634
Total contractual financial assets	0	11,646	74	11,720

2016	Financial institutions (triple-A credit rating) (\$'000)	Government agencies (triple-A credit rating) (\$'000)	Other (min triple-B credit rating) (\$'000)	Total (\$'000)
Cash and deposits/(overdrawn)		(1,519)		(1,519)
Funds held in trust (i)		9,898		9,898
Other receivables		4,437	189	4,626
Total contractual financial assets	0	12,817	189	13,005

Note

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

FINANCIAL INSTRUMENTS: LIQUIDITY RISK

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

CSV is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet.

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

NOTE 8.2 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 value.

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

CONTINGENT ASSETS

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There are no contingent assets as at 30 June 2017 (2016: nil).

QUANTIFIABLE CONTINGENT LIABILITIES (ARISING FROM OUTSIDE OF GOVERNMENT)

	2017 \$'000	2016 \$'000
Contingent liabilities		
Liabilities pending the outcome of legal action	755	400
Make good provision (i)	512	570
Total contingent liabilities	1,267	970

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

CONTINGENT LIABILITIES

Contingent liabilities are:

- possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

NON-QUANTIFIABLE CONTINGENT LIABILITIES

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
- performance guarantees, warranties, letters of comfort and the like;
- deeds in respect of certain obligations; and
- unclaimed monies, which may be subject to future claims by the general public against the State.

NOTE 8.3 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 CSV.

This section sets out information on how CSV 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;
- Available for sale financial assets; and
- Land, buildings, plant and equipment

CSV 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.

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

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);
- the level of the fair value hierarchy that 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 Note 8.3.1) and non-financial physical assets (refer 8.3.2).

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

CSV currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2017-18 reporting period.

These financial instruments include:

Financial assets

- Cash and deposits; and
- Other receivables.

Financial liabilities

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

8.3.2 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS

FAIR VALUE MEASUREMENT HIERARCHY

	Fair value measuremen reporting period u Carrying				
2017	amount as at 30 June 2017 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 ⁽ⁱ⁾ \$'000	
LAND AT FAIR VALUE					
Specialised land	343,911			343,911	
Total of land at fair value	343,911	0	0	343,911	
BUILDINGS AT FAIR VALUE					
Specialised buildings	246,393			246,393	
Heritage assets	114,607			114,607	
Total of buildings at fair value	361,000	0	0	361,000	
PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE					
Plant and equipment	2,349			2,349	
Total of plant, equipment and vehicles at fair value	2,349	0	0	2,349	
COMPUTER & TELECOMMUNICATIONS EQUIPMENT AT FAIR VALUE					
Computer & telecommunications equipment	4,875			4,875	
Total of computer & telecommunications equipment at fair value	4,875	0	0	4,875	
CULTURAL ASSETS AT FAIR VALUE					
Artworks	896		896		
Total of cultural assets at fair value	896	0	896	0	

FAIR VALUE MEASUREMENT HIERARCHY (CONTINUED)

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

Notes

i. CSV holds \$114.61 million worth of properties listed as heritage assets. These heritage assets cannot be modified nor disposed of without formal ministerial approval.

ii. There have been no transfers between levels during the period.

SPECIALISED LAND AND SPECIALISED BUILDINGS

The market approach is also used for specialised land, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of CSV's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of CSV's specialised land and specialised buildings was performed by the Valuer-General of Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2016.

In accordance with FRD 103F, CSV has reviewed it non financial physical assets based on the Valuer-General of Victoria indices. The review indicates that there is no exceptionally material movement in land, and no adjustment is thereby necessary this financial year

LEASEHOLD BUILDINGS

Leasehold Buildings are valued using the depreciation replacement value. An Independent valuation of CSV leasehold buildings was performed by the Valuer-General Victoria as at 30 June 2016.

HERITAGE ASSETS

Heritage assets are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/ component after applying depreciation rates on a useful life basis. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of CSV's heritage assets was performed by the Valuer-General of Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2016.

VEHICLES

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

PLANT AND EQUIPMENT

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

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	Specialised land \$'000	Specialised buildings \$'000	Plant and equipment \$'000	Computer & communication equipment \$'000
OPENING BALANCE	343,911	365,171	2,722	4,288
Purchases (sales)		6,075	19	
Transfers in (out) of level 3		9,441	84	
Disposal				
Depreciation		(23,362)	(484)	(1,217)
Accumulated depreciation transferred to reduce the carrying value				
Revaluation		2,281	8	
Transfer in/out of assets under construction		1,395		1,804
Closing balance	343,911	361,000	2,350	4,875

2016	Specialised land \$'000	Specialised buildings \$'000	Plant and equipment \$'000	Computer & communication equipment \$'000
OPENING BALANCE	163,016	304,395	5,670	5,214
Purchases (sales)	49,120	4,330	77	28
Transfers in (out) of level 3		669	(2,516)	(135)
Disposal			(9)	
Depreciation		(10,893)	(500)	(819)
Accumulated depreciation transferred to reduce the carrying value				
Revaluation	131,775	51,068		
Transfer in/out of assets under construction		15,602		
Closing balance	343,911	365,171	2,722	4,288

Specialised buildings includes heritage buildings

result in a significantly

higher or lower valuation.

Details	Valuation technique	Significant unobservable inputs used in valuation	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	CSO adjustment	25 per cent	Significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings Structure/ shell/building fabric	Depreciated replacement cost	Useful life	6-37 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Specialised buildings Site engineering services	Depreciated replacement cost	Useful life	6 - 33 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Specialised buildings Fit out	Depreciated replacement cost	Useful life	3 - 25 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Specialised buildings Trunk reticulated building systems	Depreciated replacement cost	Useful life	3-20 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage buildings Structure/	Depreciated replacement cost	Useful life	50 years	Significant increase or decrease in the estimated useful life of the asset would

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATION

shell/building

fabric

		Significant unobservable	Range	Sensitivity of fair value measurement to changes
Details	Valuation technique	inputs used in valuation	(weighted average)	in significant unobservable inputs
Heritage buildings Site engineering services	Depreciated replacement cost	Useful life	50 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage buildings Fit out	Depreciated replacement cost	Useful life	10 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Heritage buildings Trunk reticulated building systems	Depreciated replacement cost	Useful life	10 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Leasehold improvements	Depreciated replacement cost	Term of lease	2 - 37 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life	1 - 10 years	Significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATION (CONTINUED)

NOTE 9. OTHER DISCLOSURES

INTRODUCTION

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

STRUCTURE

- 9.1 Other economic flows included in net result
 9.2 Non financial physical assets classified as held for sale
- 9.3 Responsible persons
- 9.4 Remuneration of executives and other personnel
- 9.5 Remuneration of auditors
- 9.6 Other accounting policies
- 9.7 Australian Accounting Standards issued that are not yet effective

NOTE 9.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

		2017 \$'000	2016 \$'000
(a)	Net gain/(loss) on non-financial assets		
	Net gain/(loss) on disposal of property, plant and equipment	461	530
	Total net gain/(loss) on non-financial assets	461	530
(b)	Net gain/(loss) on financial instruments		
	Bad debts written off	(13)	8
	Total net gain/(loss) on financial instruments	(13)	8
(c)	Other gains/(losses) from other economic flows		
	Net gain/(loss) arising from revaluation of long		
	service leave liability	3,774	(4,593)
	Total other gains/(losses) from other economic flows	3,774	(4,593)

NOTE 9.2 NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE

	2017 \$'000	2016 \$'000
Finance lease motor vehicles held for sale	233	153
Total non-financial physical assets classified as held for sale	233	153

NOTE 9.3 RESPONSIBLE PERSONS

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

NAMES

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

RESPONSIBLE MINISTER

Attorney-General, The Hon. Martin Pakula MP	1 July 2016 to 30 June 2017
Acting Attorney-General, The Hon. Natalie Hutchins MP	1 July 2016 to 5 July 2016
Acting Attorney-General, The Hon. Jill Hennessy MP	6 July 2016 to 10 July 2016
Acting Attorney-General, The Hon. Lisa Neville MP	2 September 2016 to 13 September 2016
Acting Attorney-General, The Hon. Steve Herbert MP	16 September 2016 to 25 September 2016
Acting Attorney-General, The Hon. Gayle Tierney MP	17 December 2016 to 20 December 2016
Acting Attorney-General, The Hon. Lisa Neville MP	21 December 2016 to 24 December 2016
Acting Attorney-General, The Hon. Jill Hennessy MP	25 December 2016 to 29 December 2016
Acting Attorney-General, The Hon. Gayle Tierney MP	30 December 2016 to 8 January 2017
Acting Attorney-General, The Hon. Lisa Neville MP	23 January 2017 to 29 January 2017
Acting Attorney-General, The Hon. Lisa Neville MP	24 February 2017 to 1 March 2017

The Attorney-General remuneration and allowances is set by the *Parlimentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

ACCOUNTABLE OFFICER	
Chief Executive Officer, Kerry Osborne	1 July 2016 to 28 November 2016
Acting Chief Executive Officer, Brian Stevenson	17 November 2016 to 29 January 2017
Chief Executive Officer, David Ware	30 January 2017 to 30 June 2017
CHAIR OF THE COURTS COUNCIL	
The Hon. Chief Justice Marilyn Warren AC	1 July 2016 to 30 June 2017
RESPONSIBLE BODY: COURTS COUNCIL	
The Honourable Chief Justice Marilyn Warren AC	1 July 2016 to 30 June 2017
The Honourable Justice Gregory Garde AO RFD	1 July 2016 to 30 June 2017
His Honour Chief Judge Peter Kidd	1 July 2016 to 30 June 2017
His Honour Chief Magistrate Peter Lauritsen	1 July 2016 to 30 June 2017
Her Honour Judge Amanda Chambers	1 July 2016 to 30 June 2017
Her Honour Judge Sara Hinchey	1 July 2016 to 30 June 2017
Dr Philip Williams	1 July 2016 to 30 June 2017

Renumeration: Accountable Officer	2017 No.	2016 No.
\$40,000-\$49,999		1
\$60,000-\$69,999	1	
\$110,000-\$119,999		1
\$210,000-\$219,999	1	
\$250,000-\$259,999		1
\$390,000-\$399,999	1	
	3	3

Remuneration received or receivable by the independent member during the reporting period was in the range: \$20,000-\$29,999 (\$20,000-\$29,999 in 2016-17)

Judicial members of the responsible body are remunerated under the *Judicial Salaries Act 2004* as holders of judicial positions defined by the respective acts of law that create the Victorian judiciary, namely the *Constitution Act 1975* s 82, *County Court Act 1958* s.10, *Magistrates Court Act shc.1 Pt1 cl.10 and Victorian Civil and Administrative Tribunal Act. 1998* s.17AA. The Judicial members receive no additional remuneration in their capacity as members of the Courts Council.

The key management personnel of CSV is the Courts Council and Chief Executive officer.

NOTE 9.4 REMUNERATION OF EXECUTIVES AND OTHER PERSONNEL

The number of executive officers, other than ministers. the responsible body and accountable officer, 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

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

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

OTHER LONG-TERM BENEFITS

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

TERMINATION BENEFITS

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

REMUNERATION OF EXECUTIVE OFFICERS

	2017
Short-term employee benefits	2,130
Post-employment benefits	175
Other long-term benefits	67
Termination benefits	111
Total remuneration ^(a)	2,483
Total number of executives	11
Total annualised employee equivalents ^(b)	11

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 9.5 REMUNERATION OF AUDITORS

	2017 \$'000	2016 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	224	209
Total remuneration of auditors	224	209

NOTE 9.6 OTHER ACCOUNTING POLICIES

CONTRIBUTIONS BY OWNERS

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of CSV.

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

REASSESSMENT OF ESTIMATED USEFUL LIVES OF ASSETS

An independent valuation of CSV specialised land and specialised buildings was performed by the Valuer-General Victoria as at 30 June 2016. The valuation was performed using the market approach adjusted for CSO and componentisation of buildings.

Componentisation of buildings is a change in accounting policy. The nature and amount of change in an accounting estimate that has an effect in the current period and is expected to have an effect in future periods. Assuming the assets are held until the end of their estimated useful lives, depreciation of CSV assets for the next four years in relation to these assets will be increased by the following amounts:

Year ending	Amount \$'000
2017	12,183
2018	12,183
2019	12,183
2020	10,789

Year four estimated depreciation is reduced as some components of the assets will be fully depreciated over 3 years.

NOTE 9.7 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Standard/		Applicable for annual reporting periods	Impact on CSV financial
Interpretation AASB 15 Revenue from Contracts with Customers	Summary 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.	beginning after 1-Jan-18	statements The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.	1-Jan-17 except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1-Jan-18	The assessment has indicated that there will be no significant impact for CSV.
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-18	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-7 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-19	This amending standard will defer the application period of AASB 15 for not-for- profit entities to the 2019-20 reporting period.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not- for-Profit Entities	 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 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-19	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning after	Impact on CSV financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non- Cash-Generating Specialised Assets of Not-for-Profit Entities	The Standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1-Jan-17	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 Income of Not-for-Profit Entities	This Standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

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

- AASB 2016-1 Amendments to Australian Accounting Standards Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards Disclosure Initiative: Amendments to AASB 107
- AASB 2016-5 Amendments to Australian Accounting Standards Classification and Measurements of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts

NOTE 10. GLOSSARY

COMPREHENSIVE RESULT

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

CONTROLLED ITEM

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

CURRENT GRANTS

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

COMMUNITY SERVICE OBLIGATION (CSO)

Community Service Obligation (CSO) is an allowance made to reflect the difference between unrestricted freehold land and assets held by the Public Sector which may be affected by social and economic restraints. This may arise because the land is Crown land and in a public use zone or it is considered an iconic property that would be difficult to sell.

DEPRECIATION

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

EFFECTIVE INTEREST METHOD

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

EMPLOYEE BENEFITS EXPENSES

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

EX-GRATIA EXPENSES

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

FINANCIAL ASSET

Financial asset is any asset that is:

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

FINANCIAL INSTRUMENT

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 LIABILITY

Financial liability is any liability that is:

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

FINANCIAL STATEMENTS

Financial statements in this report comprises:

- a. a balance sheet as at the end of the period;
- b. a comprehensive operating statement for the period;
- c. a statement of changes in equity for the period;
- d. a 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 paragraph 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.

GRANT EXPENSES AND OTHER TRANSFERS

Grant expenses and other transfers are 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.

GENERAL GOVERNMENT SECTOR

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

GRANTS FOR ON-PASSING

Grants for on-passing are grants paid to one institutional sector (e.g. a State general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

INTEREST EXPENSE

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

LEASES

Leases are rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

NET FINANCIAL WORTH

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

NET OPERATING BALANCE

Net operating balance or net result from transactions is a key fiscal aggregate and is revenue 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 RESULT

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

NET WORTH

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

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

OPERATING RESULT

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

OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

OTHER ECONOMIC FLOWS – OTHER COMPREHENSIVE INCOME

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus and gains and losses on remeasuring available-for-sale financial assets.

PAYABLES

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

PRODUCED ASSETS

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

RECEIVABLES

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

SALES OF GOODS AND SERVICES

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets, such as buildings and entertainment, but excludes rent income from the use of nonproduced assets, such as land. User charges includes sale of goods and services income.

SUPPLIES AND SERVICES

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

TAXATION INCOME

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax, land tax and duties levied principally on conveyances and land transfers;
- insurance duty relating to compulsory third party, life and non life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, licence and concession fees.

TRANSACTIONS

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

STYLE CONVENTIONS

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

The notation used in the tables is as follows:

-	zero, or rounded to zero
(xxx)	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 CSV's annual reports.

APPENDIX 1

BUDGETARY REPORTING: EXPLANATION OF MATERIAL VARIANCES BETWEEN BUDGET AND ACTUAL OUTCOME

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Variance note	Original budget 2017 (\$ million)	Actual 2017 (\$ million)	Variance (\$ million)
CONTINUING OPERATIONS				
Income from transactions				
Output appropriations		325.0	332.2	7.2
Special appropriations	1	145.0	125.5	(19.5)
Grants	2	17.0	26.9	9.9
Other income			6.2	6.2
Total income from transactions		487.0	490.9	3.9
EXPENSES FROM TRANSACTIONS				
Employee expenses	3	295.0	278.5	(16.5)
Depreciation and amortisation		34.0	43.9	9.9
Interest expense	4	11.0	7.2	(3.8)
Grants and other transfers	5	1.0	8.5	7.5
Capital asset charge		40.0	39.8	(0.2)
Supplies and services			115.4	115.4
Other operating expenses	6	106.0		(106.0)
Total expenses from transactions		487.0	493.4	6.4
Net result from transactions (net operating balance)		0.0	(2.5)	(2.5)
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT				
Net gain/(loss) on non-financial assets			0.5	0.5
Net gain/(loss) on financial instruments			-0.0	-0.0
Other gains/(losses) from other economic flows	7		3.8	3.8
Total other economic flows included in net result		0.0	4.2	4.2
Net result		0.0	1.7	1.7
OTHER ECONOMIC FLOWS - OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET RESULT				
Changes in physical asset revaluation reserve	8		3.9	3.9
Total other economic flows - other comprehensive income		0.0	3.9	3.9
Comprehensive result		0.0	5.6	5.6

BALANCE SHEET AS AT 30 JUNE 2017

	Variance note	Original budget 2017 (\$ million)	Actual 2017 (\$ million)	Variance (\$ million)
FINANCIAL ASSETS				
Cash and deposits	9	5.0	9.1	4.1
Receivables	10	101.0	81.9	(19.1)
Total financial assets		105.0	91.0	(15.0)
NON-FINANCIAL ASSETS				
Non-financial physical assets classified as held for sale			0.2	0.2
Property, plant and equipment	11	762.4	975.2	212.8
Intangible assets		18.4	18.3	(0.1)
Prepayments			2.1	2.1
Total non-financial assets		782.0	995.9	215.1
Total assets		887.0	1,086.8	200.0
LIABILITIES				
Payables	12	25.0	31.1	6.1
Borrowings	13	91.0	79.1	(11.9)
Provisions	14	70.0	76.9	6.9
Total liabilities		185.0	187.1	1.1
Net assets		702.0	899.7	198.9
EQUITY				
Accumulated surplus/(deficit)			1.2	1.2
Physical asset revaluation surplus			711.7	711.7
Contributed capital		704.0	186.8	(517.2)
Net worth		702.0	899.7	195.7

	Physical asset revaluation surplus (\$ million)	Accumulated surplus/ (deficit) (\$ million)	Contributions by owner (\$ million)	Total (\$ million)
ORIGINAL BUDGET				
Opening balance			658.0	658.0
Net result for the year				
Other comprehensive income for the year				
Transactions with the State in its capacity as owners			43.0	43.0
Administered liability transfer from DJR to CSV				
Transactions with owners in their capacity as owners				
Balance at 30 June 2017	0	0	701.0	701.0
ACTUALS				
Balance as at 1 July 2016	182.9	(0.4)	692.1	874.6
Net result for the year		1.7		1.7
Other comprehensive income for the year	3.9			3.9
Transactions with the State in its capacity as owners				-
Transactions with owners in their capacity as owners			19.5	19.5
Balance at 30 June 2017	186.8	1.2	711.7	899.7
VARIANCE TO BUDGET				
Balance as at 1 July 2016		(0.4)	34.1	33.7
Net result for the year		1.7		1.7
Other comprehensive income for the year	3.9			3.9
Transactions with the State in its capacity as owners			(43.0)	(43.0)
Transactions with owners in their capacity as owners			19.5	19.5
	3.9	1.2	10.7	15.8

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Variance Note	Original Budget 2017 (\$ million)	Actual 2017 (\$ million)	Variance (\$ million)
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Receipts from Government	15	447.0	437.2	(9.8)
Receipts from other entities		16.6	30.4	13.8
Goods and services tax recovered from the ATO			14.7	14.7
Total receipts		463.6	482.4	18.8
PAYMENTS				
Payments to suppliers and employees		(401.0)	(397.6)	3.4
Payments of grants and other transfers		(1.0)	(6.1)	(5.1)
Capital assets charge payments		(40.0)	(39.8)	0.2
Interest and other costs of finance paid		(11.0)	(7.2)	3.8
Total payments		(453.0)	(450.7)	2.3
Net cash provided by/(used in) operating activities		10.6	31.6	21.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of non-financial assets	16	(49.0)	(41.0)	8.0
Proceed sales of non-financial assets			2.2	2.2
Net investment				-
Net cash provided by/(used in) investing activities		(49.0)	(38.7)	10.3
CASH FLOWS FROM FINANCING ACTIVITIES				
Owner contributions by State Government		43.0	19.5	(23.5)
Repayment of borrowing and finance leases		(4.8)	(11.7)	(6.9)
Net cash provided by/(used in) financing activities		38.2	7.8	(30.4)
Net increase (decrease) in cash held			0.7	(0.7)
Cash and cash equivalents at the beginning of the financial year		5.0	8.4	
Cash and cash equivalents at the end of the financial year		5.0	9.1	0

ADMINISTERED (NON-CONTROLLED) ITEMS

	Variance note	Original budget 2017 \$'million	Actual 2017 \$'million	Variance \$'million
ADMINISTERED INCOME FROM TRANSACTIONS				
Special appropriations applied		63.0	42.6	(20.4)
Fines			28.0	28.0
Sales of goods and services (including fees)		57.0	62.4	5.4
Other income		21.0	3.7	(17.3)
Total administered income from transactions		141.0	136.7	(4.3)
ADMINISTERED EXPENSES FROM TRANSACTIONS				
Payments into the Consolidated Fund		78.0	92.1	14.1
Criminal injuries compensation			43.4	43.4
Other expenses			2.5	2.5
Grants and other transfer		58.0		(58.0)
Expenses on behalf of the State		5.0		(5.0)
Total administered expenses from transactions		141.0	138.0	(3.0)
TOTAL ADMINISTERED NET RESULT FROM TRANSACTIONS (NET OPERATING BALANCE)		0	(1.3)	(1.3)
Total administered comprehensive result		0	(1.3)	(1.3)
ADMINISTERED FINANCIAL ASSETS				
Cash and deposits		7.0	5.8	(1.2)
Receivables			6.4	6.4
Total administered financial assets		11.0	12.1	5.1
ADMINISTERED LIABILITIES				
Creditors and accruals			0.8	0.8
Payable		7.0	8.5	1.5
Provisions		3.0	3.3	0.3
Total administered liabilities		10.0	12.6	2.6
Total administered net assets		1.0	(0.4)	2.6

THE FOLLOWING ARE BRIEF EXPLANATIONS FOR MAJOR VARIANCES THAT ARE ASSESSED TO BE RELEVANT FOR THE ENTITY'S PERFORMANCE ANALYSIS, AND THE DISCHARGE OF ACCOUNTABILITY.

- Special appropriation budget represents the annual warrant provided to cover judicial entitlements and non-judicial members of the Victorian Civil and Administrative Tribunal (VCAT). The variance from controlled special appropriations represents undrawn revenue and it is mainly due to the timing of cash requirements.
- Grants variance relates to VCAT received more than anticipated grants on VCAT hearings on Consumer Affairs Victoria (CAV) specialist list. CSV also received additional grants from Department of Justice and Regulations (DJR), Department of Health and Human Service (DHHS) and Department of Premier and Cabinet (DPC) to the Magistrates Court and Children's Court for family violence contingency and specialist courts and court support services.
- Employee expense variance to budget is due to the increase in judicial entitlements budget which is determined by the Federal Government Judicial Remuneration Tribunal and only came into actual effect in April 2017, increase in employee budget in VCAT additional Warrant, unused Treasury Advance (TA) supplementation funding for additional judicial resource to County Court, Bourke Street Incident and the delay in implementation of Ending Violence against Women and Children initiative, Expansion of Drug Court and Shepparton Law Court Redevelopment projects.

- 4. Interest expense materially relates to the finance lease interest paid for the schedule of amortisation for County Court Public Private Partnership (PPP) contract. The interest expense has declined as the lease principal has reduced over the term of the contract.
- The grants variance is materially due to statutory reporting requirements relating to appropriation revenue allocated to the Judicial College of Victoria, additional grants to Corrections Victoria (CV) Housing Program, DHHS Housing Agreement, Supreme Court Library, Youth Diversion Pilot Program, Court Network and Coronial Council of Victoria Reportable Deaths Project.
- The supplies and services variance is mainly driven by the engagement of contractors and professional services for the CSV Family Violence Reform Program, Supreme Court Digital Strategy and general supplies and consumables.
- 7. The variance is due to the revaluation of long service leave as a result of change in discounting factor.
- This variance is due to the revaluation of Heidelberg Magistrates Court and County Court; non-financial physical assets were revalued by the Valuer-General's Office.
- The cash and deposits year end balance consists mainly of deposits held in Trust for third parties.

- 10. The receivables balance represents primarily the annual appropriation revenue drawdown from the State Administration Unit (SAU), for funding that is owed from the Victorian Government for output expenses recognised by CSV as they are incurred.
- 11. The property, plant and equipment variance is mainly due to the revaluation as at 30 June 2016 of CSV's non-financial physical assets under the requirements of Financial Reporting Direction FRD 103F, not reflected in the 2016-17 Budget and increase to Assets Under Constructions for the Shepparton Law Court Redevelopment, CSV Video Conferencing Pilot project, Court Safety and Security Assets upgrade, Ending Violence Against Women and Children Initiative, Expansion of the Drug Court and various minor capital works for the refurbishment and upgrade of CSV buildings and facilities.
- 12. The payables balance represents accrued liabilities for creditors, salary and wages, and accrued capital works for the Shepparton Law Court Redevelopment project.
- The borrowing balance includes the finance lease liabilities for County Court PPP contract and the VicFleet finance lease liabilities.

- 14. The variance to published budget relates to the movement in provision of leave liabilities and employee on-costs.
- 15. The receipts from government variance is due to VCAT received more than anticipated grants from Consumer Affairs Victoria (CAV) for VCAT Specialist Lists, an increase in revenue retention under Section 29 of the Financial Management Act, Treasurer's Advance (TA) for Bourke Street Incident, Fast Track Remand Court, County Count additional judicial resource, supplementation funding for courts depreciations and County Court PPP land tax and a net increase of carryover from prior year under Section 32 of the Financial Management Act; offset by a transfer from Annual Appropriations to Capital.
- 16. Purchases of non-financial assets is lower than budget primarily due to the delays to various projects including the Shepparton Law Court Redevelopment, Court Safety and Security Courts Assets Upgrade, Video Conferencing Project, Implementation of eLodgement and minor capital works.

CSV ANNUAL REPORT 2016-17 GLOSSARY

CEO	Chief Executive Officer
the College	The Judicial College of Victoria
Court CEOs	The CEOs of the jurisdictions (Victorian courts and tribunal)
Courts Council	The governing body of Court Services Victoria, comprising the Heads of Jurisdiction and up to two non-judicial members appointed by the Heads of Jurisdiction
CSV	Court Services Victoria
DTF	Department of Treasury and Finance
FOI	Freedom of information
FTE	Full-time equivalent
HR	Human resources
IMES	Infringement Management and Enforcement Services
IT	Information technology
ITS	Information Technology Services
Jurisdictions	Victorian courts and tribunal, which are the Supreme Court of Victoria, the County Court of Victoria, the Magistrates' Court of Victoria, the Children's Court of Victoria, the Coroners Court of Victoria and the Victorian Civil and Administrative Tribunal
Jurisdiction Services	Collective term used internally to refer to the four divisions within CSV
MOU	Memorandum of Understanding
OH&S	Occupational health and safety
RDA	Retention and Disposal Authority
VCAT	Victorian Civil and Administrative Tribunal
VGRS	Victorian Government Reporting Service
VPS	Victorian Public Service



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