

Heritage Council of Victoria Annual Report 2016–17



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consequence which may arise from you
relying on any information in this
publication.

FRONT COVER: 1 Spring Street,
formerly Shell House, designed by
highly regarded commercial
architect and leading Australian
modernist, Harry Seidler, was
included in the Victorian Heritage
Register during the year.

Image: Courtesy of John Gollings.

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Accountable Officer's declaration

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



Steven Avery
Accountable Officer
Acting Director, Heritage Victoria
4 September 2017

OUR ROLE – IN SUMMARY

Advising the Minister for Planning on Victoria's cultural heritage.

Determining which places and objects are included in the **Victorian Heritage Register**.

Hearing **appeals** against permit decisions of the Executive Director (as prescribed in the *Heritage Act 1995*).

Promoting public understanding of Victoria's cultural heritage.

Advice and liaison to assist other bodies responsible for Victoria's heritage.

Initiating and undertaking **research** into Victoria's heritage.

1 – YEAR IN REVIEW

1.1 Vision, Mission, Values

VISION

Victorians connect with and value our diverse cultural heritage, acting as custodians for the stories of the past, present and future. Within this vision we aspire to have:

- Victorian communities, government, landowners and custodians understand the value of heritage and its contribution to enriched places and culture
- A world-class Victorian heritage system that protects and enhances heritage.

MISSION

To lead in the recognition and conservation of Victoria's cultural heritage.

VALUES

Respect for heritage

We value Victoria's heritage as an asset to be enjoyed and appreciated by all as an expression of our history, places and culture.

Collaboration

We value the knowledge others bring to heritage conservation, and encourage the sharing of experience and information.

Skilled practice

We value the skills and resources that enable best-practice heritage management across the state to ensure the continuation of our precious heritage resources.

Innovation

We value the exploration of new approaches to ensure a more sustainable future for Victoria's cultural heritage.

1.2 Chair's report

This year has continued to see an increasing volume of regulatory responsibilities as well as planning and development for the new Heritage Act, which will come into effect in November.

Council was closely involved in the consultation that preceded the new Act, and gave particular attention to those provisions that define the Council's roles and responsibilities, as well as how it carries out its work. There are numerous changes to our roles and responsibilities, with implications for the Council and its Secretariat.

We also held workshops and meetings to develop our Strategic Plan for the next four years and prepared a communications plan to support our objectives. Our strategic planning process provided a welcome opportunity to define priorities, goals and objectives and identify opportunities, barriers and risks facing the Council.

Members have been involved in increased training activities in recognition of the greater volume and complexity of their work in appeals and hearings, and we continue to look at ways to improve processes.

This year the Council completed three permit appeals and held seven registration hearings. Many of the hearings involved multiple days and complex assessments and reports.

We have continued our partnerships with Sacred Spaces, the Houses awards and Open House Melbourne, and this year also sponsored the heritage section of the Institute of Architects Victorian awards.

Council is continuing to work on the 'Recognising Aboriginal and Shared Cultural Values' project, in partnership with the Aboriginal Heritage Council of Victoria, and this year also commenced a project looking at the barriers and opportunities for recognising large area landscapes.

Council also continued its engagement with the Victorian Environmental Assessment Council's (VEAC) *Historic Places Investigation* and to work with VEAC on those proposals that have the potential to intersect with the Council's work.

This year's Regional Engagement Trip took us north to Murchison, Tatura, Echuca and Shepparton. We inspected a range of heritage sites, from the former Barmah Punt and Dhurringile Prison to the Echuca Wharf, SPC Factory in Shepparton, war memorials and important Indigenous sites. We also explored various town streetscapes that remain rich in local history.

Again our interaction with local communities provided the opportunity to identify a worthwhile recipient of our Volunteer award – this year for the first time it went to a couple who have devoted so many years to their local heritage. Arthur and Lurline Knee have been the key figures in the development of the museum at Tatura, which has acquired a vast collection of memorabilia from the war camps which abounded in the district.

The tour is a highlight of the yearly calendar and enables members to see first-hand the challenges of managing cultural heritage in regional areas. It is an opportunity to visit many of the fascinating heritage places in Victoria and to recognise and engage with the work of local governments, owners and volunteers.

RECOGNISING COUNCIL MEMBERS

We welcomed new councillors who took up their role this year:

- Archaeology member Megan Goulding and alternate Karen Murphy
- National Trust member Robin Crocker and alternate Natica Schmeder
- Alternate Heritage/Conservation Architect member Christine Phillips

The former alternate member Louise Honman took on the Heritage/Conservation Architect member role.

On behalf of Council, I express my special thanks to the Heritage Council members who retired at the end of June 2017. General members Tony Darvall and Patricia Vejby both contributed their skills with generosity.

I acknowledge all the Council Members for their dedicated service to the state's heritage.



Professor Stuart Macintyre AO

Chair



Heritage Council members and staff and Heritage Victoria staff at Echuca Wharf during the Heritage Council Regional Engagement Trip to North-East Victoria.

1.3 Manner of establishment and responsible minister

The Heritage Council of Victoria is an independent statutory authority established under the *Heritage Act 1995* as the Victorian Government's primary decision-making body on the identification of places and objects of (non-Indigenous) cultural heritage significance to the State of Victoria.

The relevant minister for the reporting period was the Minister for Planning, the Hon Richard Wynne MP.

1.4 Functions and duties

THE STATUTORY ROLE OF THE HERITAGE COUNCIL OF VICTORIA

The Heritage Council has the following statutory functions, as set out in the *Heritage Act 1995*:

- to advise the Minister on the state of Victoria's cultural heritage resources and on any steps necessary to protect and conserve them;
- to promote public understanding of Victoria's cultural heritage and develop and conduct community information and education programs;
- to adopt, and forward to the Minister, World heritage Strategy Plans and amendments to World Heritage Strategy Plans;
- to develop, revise and publish from time to time the assessment criteria to be used in considering the cultural heritage significance of places and objects and determining whether those places or objects warrant inclusion in the Heritage Register;
- to add places or objects to the Heritage Register;
- to remove places or objects from the Heritage Register, or to amend the registration of a place or object;
- to hear appeals against decisions of the Executive Director relating to permits and applications for permits for undertakings or works affecting a registered place or registered object;
- to advise government departments and agencies and municipal councils on matters relating to the protection and conservation of places and objects of cultural heritage significance;
- to advise the Minister administering the *Planning and Environment Act 1987*, on proposed amendments to planning schemes which may affect the protection or conservation of places and objects of cultural heritage significance;
- to liaise with other bodies responsible for matters relating to the protection, conservation, management and promotion of Victoria's cultural heritage;
- to initiate and undertake programs of research related to the identification, conservation or interpretation of Victoria's cultural heritage;
- to report annually to the Minister on –
 - (i) the carrying out of its functions under the (Heritage) Act; and
 - (ii) the state of Victoria's cultural heritage; and
 - (iii) the operation of this (Heritage) Act;
- to provide the Minister annually with a business plan of its proposed works and operations for the next year;
- to carry out any other functions conferred on the Heritage Council under this Act or any other Act.

1.5 Performance

The Heritage Council's Strategic Plan highlights its strategic directions and actions. The Heritage Council of Victoria, in fulfilling its core responsibilities during 2016–17 achieved the following outcomes.

PROMOTION

The Heritage Council works to promote public understanding of Victoria's cultural (non-Indigenous) heritage. Building appreciation of our heritage is the first step in ensuring it is well cared for into the future.

- As long-term heritage partner, the Heritage Council supported the ever-successful Open House Melbourne weekend. The weekend is a timely reminder of the enduring value of heritage properties and always attracts high attendance.
- The Heritage Council partnered with Open House Melbourne and Culture Victoria to present a highly successful Brutalism event. The event included a screening of the documentary 'Bunkers, Brutalism and Bloodymindedness: Concrete Poetry' and Q & A with renowned brutalist architect Graeme Gunn.
- Council presented the seventh Ray Tonkin Heritage Volunteer Award to Lurline and Arthur Knee. Lurline and Arthur have been recognised for their tireless work with the Tatura historical society and museum, and the extensive research they have conducted into the history of the local prisoner of war and internment camps and the people who resided there.
- The Heritage Council, in partnership with the Heritage Council of NSW, supported a national heritage architecture award with 'Houses' magazine. The 2016 award was won by a Queensland project Bayside Fire Station, by Owen Architecture.
- The Heritage Council sponsored the heritage category for the Victorian Architecture awards presented on June 30. The winner of the John George Knight Heritage award, Albert Park College Environmental Arts Hub by Six Degrees Architecture, demonstrated the value of well-designed buildings as a contributor to stronger communities.
- Council continued to support Channel 31's Sacred Spaces with two episodes filmed this year. Heritage Council Communications Committee Chair Paul Coffey explored the Springthorpe Memorial and other features of Boroondara (Kew) Cemetery, and Heritage Council member Leigh Mackay was joined by conservation architect Arthur Andronas to explore St Paul's Cathedral.
- The Council has continued to support the restoration of the Murtoa Stick Shed spending \$1.6 million over several years on its conservation. The Council, with support from Heritage Victoria, was successful in obtaining an \$80,000 grant for further works to the shed. Management has been transferred to a Committee of Management.
- The Council continued its Blue Plaque program providing the distinctive plaques to places included in the Victorian Heritage Register.

ADVISING THE MINISTER

One of the Heritage Council's key roles is to advise the Minister for Planning on the State of Victoria's cultural (non-Indigenous) heritage resources and any steps necessary to protect and conserve them.

The Council provided submissions in relation to:

- the changes to the *Heritage Act 1995* and associated regulations
- the Government Response to the Victorian Environmental Advisory Committee (VEAC) Investigation into Historic Places.

RESEARCH

The Heritage Council initiates and undertakes research to identify Victoria's heritage and assist in its conservation and interpretation.

- Council undertook two research projects in 2016–17. The first project was an investigation of the recognition and management of large area landscapes and complex areas of land under the Heritage Act. Its purpose was to explore and identify the barriers and solutions for the recognition of landscapes that are of cultural heritage significance to the State of Victoria. The second project involved the writing of technical guidelines for builders and bricklayers on best practice for repointing mortar joints in heritage or older buildings.

ADVICE AND LIAISON

The Heritage Council has an advice and liaison role to assist other bodies and individuals with responsibilities in heritage protection and conservation in Victoria. This includes local government, community organisations and heritage owners/managers.

- The Joint Working Group with the Victorian Aboriginal Heritage Council continued to progress projects of shared interest to enhance the recognition of historic places of contact, exchange, conflict and interaction between Aboriginal and non-Aboriginal people.

The Council worked in partnership with Heritage Victoria to produce a brochure that provides guidance to owners of registered heritage places. This brochure was mailed to all owners of places and objects in the Victorian Heritage Register and provided simple up-to-date information on owning and managing heritage places and objects.

1.6 State of Heritage

FINANCIAL ASSISTANCE

Under the Heritage Act, the Heritage Council also has the role of approving or rejecting recommendations for loans and grants from the Heritage Fund. It can also seek special assistance for owners through land tax remission.

LAND TAX REMISSION

Under section 144 of the Heritage Act, the Heritage Council may seek approval, on behalf of an owner, to remit or defer payment of land tax attributable to a place in the Victorian Heritage Register. The Heritage Council must first seek consent from the Minister for Planning, before approaching the Treasurer for approval. Although this is a form of financial assistance, it is not financed through the Heritage Fund.

Current Land Tax Remission

Trades Hall and Literary Council, 2 Lygon Street, Carlton

WORLD HERITAGE MANAGEMENT

The Royal Exhibition Building and Carlton Gardens (REBCG) was inscribed on the United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Heritage List on 1 July 2004, becoming Australia's first built heritage site to be recognised by UNESCO.

In November 2013 the then Planning Minister approved a management plan for the world heritage listed site, developed by the Steering Committee after extensive public consultation.

The approved plan was sent to the Federal Minister who forwarded it to the UNESCO World Heritage Centre in Paris. In 2014 UNESCO accepted receipt of the management plan and provided comment on its scope to guide future reviews.

The World Heritage Management Plan, which underwent extensive public consultation and is subject to regular review, is made up of five components:

- World Heritage Management Plan (over-arching document)
- Royal Exhibition and Carlton Gardens, Carlton, Conservation Management Plan (October 2007, updated June 2008) prepared by Lovell Chen for Heritage Victoria
- Carlton Gardens Master Plan (May 2005) prepared by the City of Melbourne
- Royal Exhibition Building and Exhibition Reserve Master Plan (February 2007) prepared by Museum Victoria and endorsed by Museums Board of Victoria
- World Heritage Environs Area Strategy Plan: Royal Exhibition Building and Carlton Gardens (2009) prepared by Lovell Chen for the Executive Director (Heritage Victoria), modified by the Heritage Council of Victoria and approved with amendments by the Minister for Planning.

The Minister for Planning re-appointed a Royal Exhibition Building Steering Committee in July 2016, established under the *Heritage Act 1995*, for a new three year term. Membership reflects the Minister for Planning's desire to meet gender equity in appointments. The committee has been broadened to formally include representatives from Yarra City Council and the National Trust of Australia (Victoria), in addition to the Director, Heritage Victoria as Chair and representation from Museums Victoria and the City of Melbourne.

Under the *Heritage Act 1995* there is a requirement to review the World Heritage Management Plan every seven years.

VICTORIAN HERITAGE REGISTER: ASSESSMENTS, DETERMINATIONS, AND CERTIFICATES

The Victorian Heritage Register (VHR) provides the state's highest level of legal protection for our cultural (non-Indigenous) heritage. The Heritage Council determines which places and objects are of state-level heritage significance.

Assessments in 2016–17

When a place or object is nominated for the register, Heritage Victoria undertakes a thorough assessment of its cultural heritage significance. The Executive Director publishes a recommendation on the nomination, followed by a 60-day period for public submissions.

The Heritage Council then assesses the recommendation and considers any submissions before making the final decision. A hearing may be held if requested by interested parties. The Heritage Council can decide to include the place or object in the VHR, refer it to the relevant local council to provide appropriate protection or recommend no heritage protection. State heritage protection includes permit requirements for changes or alterations.

Nominations accepted	62
Number of VHR assessments completed	40
Executive Director recommendations for inclusion in the register	17
Executive Director recommendations to amend the register	13
Executive Director recommendations to remove from the register	1
Executive Director recommendations to not include in the register	9
Interim protection orders requested	13
Interim protection orders issued by the Executive Director	0
Interim protection orders issued by the Heritage Council	1
Heritage Council Registration Committee	
2016–17 hearings	7
2016–17 meetings	3
Registration decisions called in by Minister for Planning	1
Pending	2

Heritage Council Determinations in 2016–17

Additions to the register	11
Amendments to existing registrations	8
Removals from register	0

Certificates in 2016–17

Heritage certificates are used mainly by the conveyancing industry to reveal whether a property is affected by the Heritage Act in any way. In 2016–17:

- 6623 (an average of 552 per month) certificates were issued
- 803 (an average of 29 per month or around 5%) were affected by the Heritage Act (or had a HERMES record).

These figures represent a decrease of approximately 0.1% from the previous year. The number of certificates issued tends to vary in line with activity in the real estate market.

Places added to the Victorian Heritage Register in 2016–17

There was a wide range of places and objects included in the Victorian Heritage Register during the year.

H2313 – BARUNAH PLAINS

4484 Hamilton Highway, Hesse, Golden Plains Shire

Added September 2016

Owned by the pioneering Russell family from 1851 to 1978, this pastoral property developed into a highly successful Victorian sheep station. It contains a fine collection of farm buildings including a large T-shaped bluestone woolshed.



H2370 – BRIGHT CHINESE CAMP SITE

14–20 Delany Avenue, Bright, Alpine Shire

Added June 2017

The Bright Chinese Camp was established on this site in 1859 by the Victorian Government to protect the residents from anti-Chinese violence. It included stores, a Joss House, gambling and opium dens, a boot maker, Presbyterian church, and a Chinese circus.



H2366 – CAVE HILL LIMESTONE QUARRY

Melba Avenue, Lilydale, Yarra Ranges Shire

Added June 2017

The Cave Hill Limestone Quarry was established in 1878 by David Mitchell, one of Victoria's most prominent nineteenth century entrepreneurs. Demonstrating three generations of lime processing, it was known for its use of innovative technologies and was recognised as one of the leading industrial plants of its time in Australia.



H2361 – FAWKNER PARK

23–169 Toorak Road West and 24–88
Commercial Road, South Yarra, Melbourne City

Added September 2016

Fawkner Park was part of Charles La Trobe's vision, to develop Melbourne as a city surrounded by extensive public parklands. One of Melbourne's outer ring parks, it has impressive avenues, plantings, lawns and playing fields and was the site of the Australian Women's Army Service (AWAS) and the Australian Corps of Signals Land Headquarters during WWII.



H2360 – FORMER RED CROSS REST HOUSE

294 Kooyong Road, Caulfield, Glen Eira City

Added March 2017

Located in the grounds of the Caulfield Repatriation Hospital, Red Cross Rest Home (1916) was one of many established in Victoria during World War I (1914–18) to provide convalescent care to soldiers recovering from wounds and disabilities.



H2362 – FORMER ROYAL AUSTRALIAN CORPS OF SIGNALS DRILL HALL

Albert Road Drive, Albert Park, Port Phillip City

Added October 2016

The Former Royal Australian Corps of Signals Drill Hall is an impressive example of the Stripped Classical architectural style. It was built in 1936 to strengthen Australia's defence forces in response to the impending threat of war, and used as a training facility for around 60 years.



H2371 – LOWER STONY CREEK DAM WALL

Anakie Gorge Walking Track, Staughton Vale,
Great Geelong City

Added June 2017

The Lower Stony Creek Dam (1873–74) is Victoria's and Australia's first mass concrete gravity dam and the third such structure of its type in the world. It is a pioneering engineering structure and demonstrates a high level of technical achievement for its time.



H2365 – 1 SPRING STREET

1 Spring Street, Melbourne, Melbourne City

Added June 2017

Shell House is a significant example of a late modernist office building designed by internationally renowned architect Harry Seidler. Completed in 1989, this award-winning building demonstrates a curvilinear sculptural form and generous civic spaces.



Right: The aesthetic qualities of 1 Spring Street are enhanced by the incorporation of large-scale artworks selected by Seidler to complement the architecture. Significant pieces include the foyer mural 'Bathers and Pulpit Rock' by Arthur Boyd (1988) and the external plaza sculpture 'Shell Mace' (*pictured*) by Charles O Perry (1989).



H2359 – ST KILDA ROAD

Melbourne, Southbank and St Kilda, Melbourne City and Port Phillip City

Added September 2016

One of Melbourne's grandest major thoroughfares, this 1850s tree-lined boulevard is an iconic part of Melbourne's urban landscape. With sweeping views between the Shrine of Remembrance and the Melbourne CBD, it has been used for important ceremonial and celebratory processions.



H2357 – ST MICHAEL'S CATHOLIC CHURCH

33–35 Wandong Avenue, Wandong, Mitchell Shire

Added October 2016

St Michael's Catholic Church (1891) is a rare example of a building constructed from terra cotta lumber, a light-weight innovative construction material manufactured in Wandong and Brunswick during Victoria's economic boom of the late nineteenth century. The external use of terra cotta lumber is an unusual feature of the building.



H2364 – THE PINES

10 Middle Crescent, Brighton, Bayside City

Added January 2017

The Pines (1866) is a rare, early and intact example of the use of formed concrete construction. It demonstrates the use of lime to bind sand and stones from the nearby Brighton foreshore, which was then rammed into layers.



Amendments to the Victorian Heritage Register in 2016–17

The majority of amendments involved the addition of land to the registration or a similar refinement. Early registrations by the former Historic Buildings Council did not define the land included in the registration.

**H0211 – FORMER LALOR HOUSE,
RICHMOND**

October 2016

**H0848 – SHRINE OF REMEMBRANCE,
MELBOURNE**

January 2017

**H1009 – DESBROWE ANNEAR HOUSE,
EAGLEMONT**

October 2016

**H0364 – INGLEBY HOMESTEAD AND
OUTBUILDINGS, BIRREGURRA**

March 2017

**H1611 – GLENORMISTON HOMESTEAD
AND FORMER AGRICULTURAL
COLLEGE, GLENORMISTON SOUTH**

December 2016

**H1074 – ROYAL MELBOURNE
ZOOLOGICAL GARDENS, PARKVILLE**

June 2017

**H2050 – RICHMOND MALTINGS,
RICHMOND**

December 2016

**H2066 – AVENUE OF HONOUR,
WOODEND**

June 2017

VICTORIAN HERITAGE REGISTER: PERMITS AND CONSENTS

Changes to places or objects in the Victorian Heritage Register require a permit from the Executive Director. When a permit decision by the Executive Director is appealed, the Heritage Council hears the appeal and decides the outcome. Works to excavate or damage an archaeological site require a consent from the Executive Director.

Permits issued by the Executive Director during the year included:

Main Outfall Sewer, Williams Landing VHR 1932

Constructed in 1892–94, the Main Outfall Sewer (MOS) was the largest civil engineering project ever undertaken in Victoria in the nineteenth century. The sewer extends over 25 kilometres across a number of suburbs and was added to the Victorian Heritage Register in 2001. Melbourne Water manage the sewer structures and VicRoads the sewerage easement on either side. The elements that characterise the entire sewer are a combination of open brick-lined channels, open concrete channels, covered brick-lined channels, brick aqueducts, brick road bridges and concrete road bridges. Since its replacement by the Western Trunk Sewer, the Main Outfall Sewer's function has been made redundant.

In 2016, Heritage Victoria worked with stakeholders and a permit was issued to approve a pilot project which involved the infilling of a 100-metre section of the MOS (between Tiller Court and Mallard Close, Williams Landing) to provide for a connection across the channel and to display storm-water harvesting. This particular section was an open concrete channel and it was infilled and capped on top with rock wall beaching at either end. Pathways, directional signage, fitness stations, picnic tables, seating, landscaping, interpretation and lighting were installed on top. A biofilter was also constructed within the MOS which would use storm water sourced from the surrounding catchment to provide a sustainable source of water for irrigation.

The transformation of the structure took a number of weeks and the works both retained and conserved the MOS in such a condition that it is able to illustrate its function to the community and provide for an adaptive reuse.

Palais Theatre St Kilda VHR 0947

Concerns about the physical condition of the Palais Theatre were a “hot button” issue of the 2014 Victorian Election, with an independent candidate standing in a marginal seat on a single-issue platform vowing to fight for funding to restore the theatre. State and local government funding totalling \$26 million was secured and a permit for major works was issued in August 2016. The works included a whole-of-building electrical and safety services upgrade, including both fire services and OH&S upgrades for the back-of-house facilities, and the undertaking of research into the theatre's original external treatment. Once it was determined that the building was originally finished in a “Copperas” wash solution which gave it a characteristic sandy golden colour, it was determined to recreate this finish, albeit in a painted finish. The exterior rendered brick and concrete finishes were repaired prior to the application of the sand-coloured painted finish, the rusting metal-framed windows restored and replaced where they were too deteriorated for restoration, and the neon signage was carefully removed and re-lamped with LED lighting and then reinstalled. Finally, the canopy was patch-repaired and refabricated and finished in a metallic bronze paint. These works were supervised by Development Victoria, carried out by Built Constructions and supervised by Lovell Chen Architects & Heritage Consultants.

At the conclusion of these works, another permit application was lodged and subsequently approved in February 2017 for a further body of works funded by the theatre's newly appointed operators Live Nation. These works provided for the introduction of a number of new facilities to meet compliancy requirements under the *Disability Discrimination Act 1992*, including a passenger lift, internal toilet facilities and improved auditorium seating for patrons and their carers. These works will provide access for the first time to seating in the dress circle and balcony for mobility-impaired theatre-goers. In addition, a new centralised bar service point in the dress circle foyer, improved food and beverage facilities and the removal of the modern offices that have blighted the facade of the building since 1973 are under way. The latter will be replaced by a new enclosed glazed addition to the dress circle, to be known as the Wintergarden. Investigation of the original painted finishes throughout the building has guided the repainting of the auditorium ceiling, and an upgrade of the lighting to the auditorium domes with the introduction of new LED fittings has also been approved. The Live Nation works were designed and supervised by Michael Taylor Architecture and Heritage and undertaken by Hutchinson Builders.

The completion of the approved works in just over twelve months means that the Palais Theatre has gone from being a run-down but well-patronised venue operating on a "make do and mend" basis in 2014, to a restored, DDA-compliant venue in good shape ahead of its 90th birthday celebrations in November this year.

Ballarat Botanical Gardens VHR 2252

In 2017 a permit was issued which will result in the North Gate Lodge House being returned to the Ballarat Botanic Gardens after 90 years. The cottage at 1414 Gregory Street was constructed in the Botanic Gardens in 1877 but was relocated by 1930. The owner of the cottage intended to redevelop the site and offered the cottage to the City of Ballarat for its return to the Botanic Gardens.

The cottage is not being returned to its original location as the gardens are no longer surrounded by a fence and the gate lodge has no purpose at its original location. The original site is also remote from the main activity area of the Gardens. The site of the relocated cottage is currently an old playground comprised of two swings and play equipment of no significance. No trees will be removed or affected by moving the cottage to the new site. It is very unusual to see an historic building being returned to its original place. The intention is that the relocated cottage will be used as an Education Centre. The history of the cottage, its original location and the reconstruction of fretwork and landscape will see a high level of interpretation. This will provide a better understanding of the 1877 cottage's history and importance. The Friends of the Ballarat Botanical Gardens were instrumental in getting the cottage returned to the Gardens.

Permits and Appeals in 2016–17

Total permits issued by the Executive Director	255
Cost of works covered by permits issued	\$1,700,178,121
Permit exemptions issued by the Executive Director pursuant to section 66(3)	868
Cost of works covered by permit exemptions	\$19,831,378
Total value of works covered by heritage permits and exemptions	\$1,720,009,499
Permits refused or part refused	3
Permit amendments approved	36
Permit amendments refused	0
Appeals lodged with Heritage Council	6
Appeals determined by Heritage Council	3
Appeals called in by Minister for Planning	0
Appeals withdrawn	4
Appeals pending (as at 30 June, 2017)	1

Archaeological Consents in 2016–17

Consents to Damage (over half of site)	28
Consents to Damage (under half of site)	53
Consents to Excavate	35
Total	116

(In addition, there were 11 permits issued for works on Archaeological places on the VHR, which are included in permit figures.)

Maritime Permits in 2016–17

Permits under Victorian Act	10
Extensions	1
Permits under Commonwealth Act	5

LIVING HERITAGE GRANTS PROGRAM

The Living Heritage Program launched in 2016 with \$30 million committed over four years to safeguard and reactivate Victoria's key heritage resources. The program supports the repair and conservation of 'at risk' heritage places and objects identified as being of state significance and included in the Victorian Heritage Register (VHR) under the provisions of the *Heritage Act 1995*.

The program is managed by Heritage Victoria and has been informed by last year's 'free health check', which documented and prioritised repair and maintenance requirements for 155 VHR places considered to be 'at risk'.

In 2016–17, the Living Heritage Program is funding 12 iconic heritage places in Victoria that have highly complex conservation needs. The following major projects will safeguard and reactivate highly valued community heritage assets for ongoing public use:

- Trades Hall, Carlton – \$10 million for essential conservation and activation works, including compliant access to all floors of the building
- Abbotsford Convent, Abbotsford – \$2.7 million for activation of the Magdalen Laundries buildings
- Her Majesty's Theatre, Ballarat – \$2 million for urgent roof replacement, drainage and internal render repair works
- Returned Soldier's Memorial Hall, Bendigo – \$1.5 million for urgent conservation and restoration works as part of a broader redevelopment project
- John Kelly's Former House, Beveridge – \$1 million for urgent stabilisation and reactivation works of the "Kelly House"
- Sunnyside Wool Scour, Geelong – \$1 million for priority conservation works to stabilise the building
- Former Royal Australian Army Medical Corps Training Depot (Drill Hall), Melbourne – up to \$1 million for urgent conservation works
- Former Reid's Coffee Palace, Ballarat (now Reid's Guest House) – \$700,000 for urgent exterior conservation works to the parapet and verandah
- Polly Woodside, South Wharf – \$500,000 for essential repairs to the three timber masts and riggings
- Day's Flour Mill Complex, Murchison – \$500,000 for urgent exterior conservation works
- Camperdown Turf Club Grandstand, Camperdown – \$330,000 for the final stage of conservation works to restore access to the grandstand
- Former Moonee Ponds Court House – \$300,000 for emergency stabilisation and conservation works following fire damage.

The first round of the Contested (community) Grants Stream in 2016–17 provided a total of \$1.65 million for urgent conservation works or studies to 20 significant and publically accessible places across Victoria. Following assessment by Heritage Victoria, the Heritage Council is involved in the selection of these projects to be recommended to the Minister for Planning. The following projects were funded in 2016–17:

- Captain John Mills House, Port Fairy – \$200,000 for exterior and specialist interior conservation works

- Tarndwarncoort, Warncoort near Colac – \$50,000 for stage 1 documentation and stage 2 priority conservation works
- Psyche Bend Pumping Station, Psyche Bend near Mildura – \$50,000 for reconstruction of the timber support structure
- Barmah Punt, Barmah near Echuca – \$200,000 for lifting of the punt and urgent stabilisation works
- Water Tower, Fletcher Jones Factory and Gardens, Warrnambool – \$70,000 for urgent conservation works to the silver ball and adjacent roofs; funding to be matched
- Mortuary Chapel, Bendigo Cemetery, Bendigo – \$200,000 for urgent exterior and interior conservation works
- Globe Theatre, Winchelsea – \$70,000 for essential timber and metal repairs
- Traralgon Court House, Traralgon – \$115,000 for essential exterior and interior conservation works
- Maryborough Olympic Swimming Complex, Maryborough – \$35,000 for documentation and structural engineers report
- Portland Battery & Gun, Portland – \$30,000 for a structural engineering report that includes a geotechnical investigation
- Bendigo Trades Hall, Bendigo – \$25,000 for urgent roof replacement
- Tyntyndyer Homestead, Beverford near Swan Hill – \$20,000 for priority works plan
- Curator's Cottage, Portland Botanical Gardens – \$70,000 for urgent exterior and interior conservation works
- Former Footscray Town Hall, Footscray – \$200,000 for essential conservation works to the portico
- Mount Martha House, Mount Martha – \$50,000 for urgent timber repairs
- Ercildoune, Footscray – \$45,000 for urgent timber joinery repairs
- Churchill Island, Phillip Island – \$75,000 for conservation works to the Amess House and Barn, Cellar, Cottage Kitchen, Laundry and Rodger's Cottage buildings
- Columbarium, Box Hill Cemetery, Box Hill – \$25,000 for documentation and conditions assessment of Columbarium
- Ebenezer Mission, Antwerp near Horsham – \$45,000 for documentation and conditions assessment of complex
- Castlemaine Market, Castlemaine – \$75,000 for conservation works to address rising damp and salt damage.

There are subsequent funding rounds in 2017, 2018 and 2019.

HISTORIC ARCHAEOLOGY

A landmark year for archaeology in Melbourne

The 2016–17 financial year has been a remarkable one for historical archaeological investigations in the City of Melbourne. Sixty-two Heritage Act consents have been issued by Heritage Victoria to authorise excavations and monitoring programs in the city.

Ten years ago, in the 2006–07 year, only 41 consents were issued for archaeological work in the whole of Victoria, which puts the current annual figure of 62 approvals for the city alone (out of a total for the state of 116) into stark perspective.

The strong growth in archaeological work in the city is mainly due to the continuing boom in construction, primarily for residential developments, and also to the commencement of below-ground testing as part of the Melbourne Metro Rail Project.

The education and promotional work of the Heritage Council and Heritage Victoria has also increased the awareness of the requirement for archaeological work as part of development projects. Many of the city excavation projects have received strong coverage in television and print media this year.

The recent excavations have demonstrated the diversity of the city's archaeological record. Digs have taken place this year at pub sites (the Great Western Hotel/Mistletoe Hotel in Mackenzie Street), a livery in La Trobe Street, the former Carlton & United Brewery site, the gatekeepers cottage at the University of Melbourne, a school in the grounds of Parliament House, the Royal Mint in William Street and a cable-tram engine house.

Highlights have been the discovery of extensive remains dating to the first decade of Melbourne's settlement at the Wesley Church site (Jones Lane), and the investigation of the final part of one of the world's most renowned historical archaeological neighbourhoods in the "Little Lon" block.

More significant than the numbers that underline the growth in city archaeology is the fact that the excavations conducted this year have been carried out to much higher standards than was the case 10 years ago. As part of Heritage Act requirements, archaeologists are now asked to develop detailed Research Frameworks, informed by the results of previous projects that have taken place in the city and by current research.

Major excavations are typically resourced to run for three to four months, rather than the six-to-eight-week period that was previously the norm. The Heritage Council, particularly through the work of its Archaeology Advisory Committee, continues to work with Heritage Victoria to produce policy, such as the *Guidelines for Investigating Historical Archaeological Artefacts and Sites*, to promote the effective management of Victoria's archaeological sites.

MARITIME HERITAGE

Community outreach

The Heritage Victoria maritime installation *From the Deep: Revelations from the Sea*, funded through the Commonwealth Historic Shipwrecks Program in 2015–16, made two appearances in the financial year 2016–17.

The display showcases a variety of items recovered from seven shipwrecks in the mid to late nineteenth century, to create an evocative first-class dining setting. It centres on the frame of the first-class dining table from the *SS City of Launceston*, mounted on stainless steel legs with an acrylic tabletop. The table is set as if for a dinner party that has been abandoned, and is bathed in a dappled blue light to simulate an underwater setting. All artefacts underwent conservation at the Heritage Victoria artefact repository. They include etched liqueur glasses from the *Fiji*; cutlery, a cruet set, sauce bottle, oil bottle, and fluted pickle jar from the *Loch Ard*; a glass vase and champagne bottle from the *PS Clonmel*; candlesticks from the *Sacrament*; serving spoons from the *SS Cheviot* and a ceramic ladle from *Light of the Age*.

The display appeared at a pop-up shop in High Street, Northcote, for one week at the end of June 2017, once again funded through the Commonwealth Historic Shipwrecks Program. (See the Conservation Centre/Artefact Repository section following for more information about the Northcote pop-up).

This physical display of artefacts from the seven different shipwrecks also appeared at the Department of Environment, Land, Water and Planning stand at the Coast to Coast conference at the MCG in August 2016.

Google Cultural Institute

The digital version of 'From the Deep' was officially launched on the Google Cultural Institute platform. This platform enables cultural institutions from around the world to showcase their collections online and will provide Heritage Victoria's state collection with an international audience. Other pieces from both the land and maritime collection are being added and future online exhibitions are being planned including one that reveals the results of a tasting of the wines recovered from the *William Salthouse* wreck.

Sketchfab

Heritage Victoria established a 3D modelling presence on the Sketchfab website. This site provides another digital avenue to showcase elements of the state archaeology collection.

Fieldwork

Heritage Victoria partnered with Flinders University in delivering the two-week maritime field school at Phillip Island. This unit of study is a compulsory element of the university's postgraduate masters program.

Heritage Victoria staff provided one AIMA/NAS part 1 course during the year. This course provides an introduction to the ethical management and use of underwater cultural heritage sites.

CONSERVATION CENTRE / ARTEFACT REPOSITORY

While all conservation activities at the Heritage Victoria Artefact Repository in Abbotsford ceased in June 2014, the facility continues to accession, manage and curate artefacts recovered from land and maritime excavations across the state, and to provide access to the collection via exhibitions, research support, and volunteer and work experience opportunities.

Conservation of archaeological material is now carried out by external conservators, administered, advised and approved by Heritage Victoria archaeological and curatorial staff in accordance with the *Heritage Act 1995*.

Material has been lent to the University of Melbourne, La Trobe University, Flagstaff Hill Maritime Museum, Old Treasury Museum and the Museum of Australian Democracy at Eureka for exhibition and research projects.

An Education Kit for primary school students, funded by the Heritage Council, has been developed using artefacts from assemblages within the collection which have been assessed as being of low significance. The kit will place physical artefacts in schools across Victoria along with activities and documentation that allow the exploration of artefacts and archaeology in line with the Victorian Curriculum. Eighty-five kits have been created and their distribution out to schools has begun, after a successful pilot was run for primary school students in Murrumbidgee.

Continuing its partnership with the Grimwade Centre for Cultural Materials Conservation at the University of Melbourne, the Artefact Repository has also supported the teaching program by providing objects for treatment by post-graduate students.

The installation *From the Deep: Revelations from the Sea* was presented as a pop-up at a shop in High Street, Northcote. An interpretive scheme designed to tease out themes of decay, survival, and the human experience of shipboard life and shipwreck, the display raises awareness of Victoria's maritime heritage, and deliberately targets audiences who might never visit a maritime museum, or be aware of the existence of the collection (see the Maritime Heritage section on the previous page for more information about the display).

The Northcote pop-up attracted an average of 110 people per day for the seven days that it ran. Heritage Victoria staff from the Conservation Repository and the Maritime unit were on site throughout the week to answer questions from members of the public who 'popped in' to visit. An accompanying education program was designed and delivered to visiting primary school students from Northcote Primary School. More than 200 students from grades 3 to 6 (94 grades 3–4; 110 grades 5–6) visited the installation, participating in activities designed to teach them more about Victoria's little-known maritime heritage.

1.7 Performance – Financial Operations

The Annual Report of the Heritage Council is prepared in accordance with all relevant Victorian legislations and pronouncements.

SUMMARY OF FINANCIAL OPERATIONS

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Revenue	1,319	1,135	1,501	1,759	2,389
Expenses	1,230	1,002	2,011	3,357	1,612
Net Result	90	133	(510)	(1,598)	777
Total Assets	2,734	2,728	2,735	4,634	5,955
Total Liabilities	305	368	495	1884	1607

SIGNIFICANT CHANGES IN FINANCIAL POSITION

There were no significant matters which changed the financial position of the Heritage Council during the reporting period.

MAJOR CHANGES OR FACTORS AFFECTING PERFORMANCE

There were no significant changes or factors which affected the performance of the Heritage Council during the reporting period.

CAPITAL PROJECTS

The Heritage Council of Victoria does not manage any capital projects.

SUBSEQUENT EVENTS WHICH WILL AFFECT OPERATIONS IN FUTURE YEARS

The Heritage Council is not aware of any events that have occurred since balance date which would impact its future financial position.

2 – GOVERNANCE AND ORGANISATIONAL STRUCTURE

The Heritage Council of Victoria is an independent statutory authority established under the *Heritage Act 1995*. The Council's 10 members and 10 alternate members represent a broad cross-section of heritage specialists and the community. Members are appointed by the Governor-in-Council on the recommendation of the Minister for Planning.

HERITAGE COUNCIL MEMBERS 2016–17

Chair

Stuart Macintyre,
(Period of appointment
14/07/15 – 30/06/18)

Alternate

Jennifer Moles
(14/07/15 – 30/06/18)

**Deputy Chair/
Property Management**

Lindsay Merritt
(14/07/15 – 30/06/18)

Alternate

Leigh Mackay
(14/07/15 – 30/06/18)

Architect

Louise Honman
(14/07/15 – 30/06/18)

Alternate

Christine Phillips
(05/06/16 – 30/06/19)

Archaeologist

Megan Goulding
(05/06/16 – 30/06/19)

Alternate

Karen Murphy
(05/06/16 – 30/06/19)

Engineering/Building

Paul Coffey
(14/07/15 – 30/06/18)

Alternate

Jeffrey Robinson
(05/06/16 – 30/06/19)

General Member

Trish Vejby
(30/09/14 – 30/06/17)

Alternate

Penelope Smith (Martyn)
(14/07/15 – 30/06/18)

General Member

Tony Darvall
(15/09/14 – 30/06/17)

Alternate

Lucinda Peterson
(14/07/15 – 30/06/18)

Historian

Andrew May
(14/07/15 – 30/06/18)

Alternate

Garrie Hutchinson
(14/07/15 – 30/06/18)

Planning Law

Juliette Halliday
(14/07/15 – 30/06/18)

Alternate

Patrick Doyle
(14/07/15 – 30/06/18)

National Trust

Christopher (Robin) Crocker
(05/06/16 – 30/06/19)

Alternate

Natica Schmeder
(05/06/16 – 30/06/19)

ORGANISATIONAL STRUCTURE

The Heritage Council does not employ any staff but is supported by a Secretariat consisting of Department of Environment, Land, Water and Planning (DELWP) employees.

OCCUPATIONAL HEALTH & SAFETY

The Heritage Council is supported by the Heritage Council Secretariat staff, who are employed within the DELWP and are embraced by the Department's OH&S Management. There were no incidents reported during the year.

STANDING DIRECTIONS EXEMPTION

In 2016–17 the Heritage Council of Victoria had an exemption for Direction 3.2.1 and 3.2.2 of the Standing Directions of the Minister for Finance 2016 and therefore does not have an Audit Committee. The Finance and Risk Management Committee manage all financial matters as necessary.

MEETINGS REPORT 2016–17

	Heritage Council	Heritage Council observer	Communications	Finance & Risk Management	Heritage Policy and Practice	Protocols	Heritage Act	HC/AHC Joint Working Group	Registration Hearings*	IPOs*	Permit Appeals*	Archaeology Advisory	Technical Advisory
Members													
Stuart Macintyre	8			7			1						
Lindsay Merritt	8			7	5				3		4		
Andrew May	7					3		3	10	3			
Paul Coffey	8		5		1		1		1	1	2		10
Juliette Halliday	7			6			2		5	2	2		
Louise Honman	8			4	5				5	4	4		1
Megan Goulding	8				6		2	3	5			2	
Robin Crocker	8		5						1				
Tony Darvall	6					6			1	1			
Trish Vejby	4		3										
Alternates													
Leigh Mackay	2	4	5			6	1		3				
Garrie Hutchinson	3	4	5						3	1			
Jenny Moles	1	6				5				1	6		
Lucinda Peterson	4	4			6				10		2		
Christine Phillips	2	5	4					3	4		2		
Karen Murphy	3	3	2								2	1	
Patrick Doyle	2	2				6			5		2		
Penelope Smith (Martyn)	5	2				4	2		10	2	2		
Jeffrey Robinson	2	5		6	5				1		2		
Natica Schmeder	2	5			5				3				5

*Some hearings involved multiple days of hearings.

Members and Alternates attended a range of other meetings and workshops.

HERITAGE COUNCIL COMMITTEES

Finance and Risk Management

Role: to ensure the financial affairs of the Council are well managed and that risks facing the Council are appropriately managed.

Heritage Council Members

Chair: Lindsay Merritt. Jeffrey Robinson, Stuart Macintyre, Louise Honman, Juliette Halliday.

Registrations

Role: to conduct registration meetings and hearings.

Heritage Council Members

All Members

Chair: Juliette Halliday

Permit Appeals

Role: to conduct permit appeal hearings.

Heritage Council Members

All Members

Chair: Lindsay Merritt

Heritage Policy and Practice

Role: to champion and support exemplary heritage conservation and practice.

Heritage Council Members

Chair: Louise Honman. Natica Schmeder, Lindsay Merritt, Megan Goulding, Lucinda Peterson, Jeffrey Robinson

Protocols

Role: to provide the Heritage Council with policy advice and develop protocols and procedures for Heritage Council processes.

Heritage Council Members

Chair: Tony Darvall. Leigh Mackay, Andrew May, Penelope Smith (Martyn), Patrick Doyle, Jenny Moles

Communications

Role: to engage Victorians in discourse about our cultural heritage and its enduring contribution to identity and quality of life.

Heritage Council Members

Chair: Paul Coffey. Christine Phillips, Trish Veijby, Garrie Hutchinson, Leigh Mackay, Karen Murphy, Christopher (Robin) Crocker

HC/VAHC Joint Working Group

Role: the Joint Working Group consists of up to three members each of the Heritage Council of Victoria and the Victorian Aboriginal Heritage Council. The purpose of the Joint Working Group is to “work towards a better understanding of places and objects with shared values”.

Heritage Council Members

Andrew May (co-chair), Megan Goulding, Christine Phillips

Victorian Aboriginal Heritage Council Members

Eleanor Bourke (co-chair), Jennifer Beer, Nellie Flagg

HERITAGE COUNCIL ADVISORY COMMITTEES

Archaeology Advisory Committee

Role: to advise the Heritage Council of Victoria on issues of archaeological heritage. One of its aims is to increase the knowledge and appreciation of archaeological heritage within the community.

Heritage Council Members

Megan Goulding, Karen Murphy

Heritage Victoria Member

Jeremy Smith, Brandi Bugh (Secretary)

External Members

Mark Eccleston, Susan Lawrence, Peter Lovell, Charlotte Smith, Kristal Buckley, Andrew Jamieson, Catherine Tucker

Chair – Megan Goulding

Landscape Advisory Committee

Role: to advise the Heritage Council on landscapes of cultural heritage significance in Victoria. Recommends priorities for identification of cultural landscapes, gardens, trees and plants, works, precincts and sites.

Heritage Council Members

Christopher (Robin) Crocker, Trish Vejby

Heritage Victoria Members

John Hawker

External Members

Helen Martin, Kristal Buckley, Anna Foley, Claire Scott, Keir Reeves

Chair – Christopher (Robin) Crocker

Local Government and Urban Areas Advisory Committee

Role: to provide direction on the management of heritage protection through planning schemes, considers the design of new buildings in heritage areas, provides guidance on local heritage policies and controls and promotes the protection of places in planning schemes where recommended by the Heritage Council.

This committee is currently being re-established.

Maritime Heritage Advisory Committee

Role: to consider and advise the Heritage Council on matters related to historic shipwrecks, historic shipwreck relics and remains of ships and articles associated with ships that might be registered as historic shipwrecks or historic shipwreck relics.

Heritage Council Members

Leigh Mackay, Karen Murphy

Heritage Victoria Members

Peter Harvey, Jane Mitchell

External Members

Jan Carey, Wayne Hill, Shirley Strachan, Peter Abbott, Kellie Clayton, Catherine Tucker, Peter Taylor, Rick Bullers

Chair – Leigh Mackay

Technical Advisory Committee

Role: to supplement the skills and expertise of the Heritage Council in technical and practical issues of conservation of (principally) built heritage, and to steer and monitor the standards of technical advice. It also aims to raise standards of, and promote best practice in, materials and conservation.

Heritage Council Members

Paul Coffey, Natica Schmeder

Heritage Victoria Members

Jenny Dickens

Other Members

Donald Ellsmore, Meredith Gould, Peter Lovell, Stuart McLennan, David Young, Ken MacLeod, Grey Owen

Chair – Paul Coffey

HERITAGE COUNCIL REPRESENTATION

Victorian Heritage Restoration Fund – Lindsay Merritt

History Council – Garrie Hutchinson

Murtoa Stick Shed – Lindsay Merritt

Living Heritage Program Assessment Panel – Leigh Mackay

3 – WORKFORCE DATA

WORKFORCE DATA

The Heritage Council does not employ any staff but is supported by a Secretariat consisting of DELWP employees and, where required under the *Heritage Act 1995*, by the Director, Heritage Victoria.

MERIT AND EQUITY

The Council notes the merit and equity principles under the *Public Administration Act 2004* and complies with these principles. It also follows its own protocols designed to ensure its actions are fair, impartial and responsive.

WORKFORCE INCLUSION POLICY

The Heritage Council of Victoria supports DELWP's Workforce inclusion policy.

4 – OTHER DISCLOSURES

LOCAL JOBS FIRST – VICTORIAN INDUSTRY PARTICIPATION POLICY

The Heritage Council has not engaged or had any ongoing contracts (tenders) to which the Victorian Industry Participation Policy (VIPPP) applies. Therefore it has not implemented the VIPPP.

CONSULTANCY EXPENDITURE

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

In 2016–17, there were four consultancies engaged 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 was \$61,155 (exc GST).

Details of individual consultancies are outlined on the Heritage Council of Victoria's website at www.heritagecouncil.vic.gov.au.

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

In 2016–17, there were three consultancies engaged during the year, where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2016–17 in relation to these consultancies was \$13,950 (exc GST).

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

For the 2016–17 reporting period, the Heritage Council of Victoria had a total ICT expenditure of \$19,111 (exc GST) with the details shown below.

All operational ICT expenditure		ICT expenditure relating to projects to create or enhance ICT capabilities	
<i>Business As Usual (BAU) ICT expenditure</i>	<i>Non-Business As Usual (non-BAU) ICT expenditure</i>	<i>Operational expenditure (OPEX)</i>	<i>Capital expenditure (CAPEX)</i>
(Total)	(Total = Operational expenditure and Capital Expenditure)		
\$19,111	0	0	0

- **ICT expenditure** refers to the Heritage Council of Victoria's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.
- **Non-BAU ICT expenditure** relates to extending or enhancing the Heritage Council of Victoria's current ICT capabilities.
- **BAU ICT expenditure** is all remaining ICT expenditure, which primarily relates to ongoing activities to operate and maintain the current ICT capability.

DISCLOSURE OF MAJOR CONTRACTS

The Heritage Council's contract with Period Restoration Services for the repair and restoration of the Murtoa Stick Shed Grain Store continued. The Victorian Government has expended \$1.6 m on this project over several years.

No major contracts (above \$10 million) were entered into in the 2016–17 reporting period.

FREEDOM OF INFORMATION

The *Freedom of Information Act* 1982 allows the public a right of access to documents held by the Heritage Council. There was one request received during the 2016–17 reporting period.

Freedom of Information requests are made in writing describing the documents requested and including payment of the \$27.90 (as at 1 July 2016). Further charges may be payable. FOI fees and charges are not subject to GST.

Requests are sent to:
 Rhonda McLaren
 Manager – Heritage Council Secretariat
 PO Box 2392
 Melbourne, 3001
 Telephone: (03) 9651 5060
 email: heritage.council@delwp.vic.gov.au

COMPLIANCE WITH BUILDING ACT 1993

The Heritage Council of Victoria does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

NATIONAL COMPETITION POLICY

Under the National Competition Policy (NCP), the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

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

The Heritage Council of Victoria continues to comply with the requirements of the NCP.

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

The Heritage Council of Victoria is working to ensure that Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the Competition and Infrastructure Reform Agreement.

PROTECTED DISCLOSURE ACT 2012

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

What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

The Heritage Council of Victoria is a public body for the purposes of the Act.

What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a 'Protected Disclosure'?

You can make a protected disclosure about the Heritage Council of Victoria or its board members, officers or employees by contacting IBAC on the contact details provided below.

Please note that Heritage Council of Victoria is not able to receive protected disclosures.

How can I access the Heritage Council of Victoria's procedures for the protection of persons from detrimental action?

The Heritage Council of Victoria is establishing procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the Heritage Council of Victoria based on the procedure used by DELWP.

Contacts

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

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
Internet: www.ibac.vic.gov.au
Phone: 1300 735 135
Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures

COMPLIANCE WITH THE HERITAGE ACT

Under the *Heritage Act 1995* the Council is required to report annually to the Minister on –

- the carrying out of its functions under the (Heritage) Act; and
- the State of Victoria's cultural heritage; and
- the operation of this (Heritage) Act.

The Annual Report provides the information required under the Act.

The Council is also required to provide the Minister annually with a business plan of its proposed works and operations for the next year. A copy of the Council's 2016–17 Business Plan was provided to the Minister.

STATEMENT OF EXPECTATIONS

The Minister for Planning set four targets in the Statement of Expectations (SOE) for the Heritage Council of Victoria for the period 1 July 2016 to 30 June 2017. The table below outlines the specific targets and activities undertaken to reach the improvements set out in the SOE.

Element of good regulatory practice	SOE Target	Status
Clear and consistent regulatory activities	Improve administrative processes for hearings and appeals to ensure consistency and clear communication to stakeholders by June 2017	Completed Plain English cover pages developed and Protocols reviewed
Accountability and transparency	In consultation with Heritage Victoria, review the effectiveness of regulatory practices for small business in relation to permit conditions and exemptions by February 2017	Progressing Training developed for the writing of permit conditions; to be rolled out in September/October
Risk-based strategies	Use risk-based approach to allocate limited resources to regulatory activities, based on the outcome of the Heritage Council Operational Review, by December 2017	Completed Risks identified in HC Risk Matrix and addressed, including increased training for members and increased resources for Act transition

Accountability and
transparency
Timeliness

Improve communication of key
administrative obligations of owners and
managers of places and objects included
in the Victorian Heritage Register by June
2017

Completed

Owners Guides have been finalised
and mailed to all owners of places
on the Victorian Heritage Register

COMPLIANCE WITH 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 <http://www.data.vic.gov.au/> in electronic readable format.

OFFICE-BASED ENVIRONMENTAL IMPACTS

The Heritage Council does not have its own offices. However, the Council supports programs implemented by the Department of Environment, Land, Water and Planning to minimise environmental impacts through reduced energy use, waste production, paper use and water consumption and transportation.

It also gives preference to environmentally friendly products in print and other purchases.

AVAILABILITY OF OTHER INFORMATION

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

(a) a statement that declarations of pecuniary interests have been duly completed by all relevant council members

(b) Publications

Publication	Produced	How obtained
Annual Report 2015–16	September 2016	See: http://heritagecouncil.vic.gov.au/about-heritage-council/annual-reports/ or email heritage.council@delwp.vic.gov.au

(c) Changes in fees and charges – The Heritage Council does not charge fees but some of the permit and consent fees and certificate fees charged by Heritage Victoria were increased as per the Heritage (General) Regulations 2015 on 1 July 2015 – see <http://www.dtpli.vic.gov.au/heritage/apply-for-heritage-permits/how-to-apply-for-a-permit>

(d) There was no major research or development activity (more than \$100,000) carried out on the entity during the 2016–17 financial year.

The information is available on request from:

The Manager

Heritage Council Secretariat

Phone: (03) 9651 5060

Email: heritage.council@delwp.vic.gov.au

RISK MANAGEMENT FRAMEWORK

Attestation for compliance with the Australian/New Zealand Risk Management Standard

I, Stuart Macintyre, certify that the Heritage Council of Victoria has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes.



**Professor Stuart Macintyre AO
Chair
Heritage Council of Victoria**

30 June 2017

5 – FINANCIAL REPORT




Independent Auditor's Report

To the Council Members of the Heritage Council of Victoria

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

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members • conclude on the appropriateness of the Council Members' 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 council'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 council 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. <p>I communicate with the Council Members 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.</p>
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MELBOURNE
13 September 2017


Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Heritage Council of Victoria

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

COMPREHENSIVE OPERATING STATEMENT **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$	2016 \$
Income from transactions			
Government grants	2.1	500,000	500,000
Sale of goods and services	2.2	672,796	573,537
Interest income	2.3	43,148	52,165
Other income	2.4	103,250	9,225
Total income from transactions		1,319,194	1,134,927
Expenses from transactions			
Members fees and other costs	3.1	(252,225)	(233,550)
Supplies and services	3.2	(934,653)	(767,316)
Grants to local government, individuals and business	3.3	(42,645)	0
Other operating expenses	3.4	0	(880)
Total expenses from transactions		(1,229,523)	(1,001,746)
Net operating balance		89,671	133,181
Other economic flows included in net results			
Net gain/(loss) on financial instruments	3.5	(20,313)	(12,740)
Total other economic flows included in net results		(20,313)	(12,740)
Comprehensive result		69,358	120,441

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

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017	2016
		\$	\$
Assets			
Cash and deposits	4.1	2,115,762	2,066,608
Receivables	5.1	68,084	111,294
Investments and other financial assets	7.2	550,000	550,000
Total assets		2,733,846	2,727,902
Liabilities			
Payables	5.2	98,723	113,887
Security deposits	5.3	205,941	254,191
Total liabilities		304,664	368,078
Net assets		2,429,182	2,359,824
Equity			
Accumulated surplus/(deficit)		899,169	829,811
Contributed capital		1,530,013	1,530,013
Net worth		2,429,182	2,359,824
Commitments		6.1	
Contingent assets and liabilities		7.3	

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Accumulated surplus/(deficit) \$	Contribution by owners \$	Total \$
Balance at 1 July 2015	709,370	1,530,013	2,239,383
Comprehensive result	120,441	0	120,441
Balance as at 30 June 2016	829,811	1,530,013	2,359,824
Comprehensive result	69,358	0	69,358
Balance as at 30 June 2017	899,169	1,530,013	2,429,182

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

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts			
Receipt from government		500,000	500,000
Receipts from other entities		753,353	557,955
Interest received		43,148	53,286
GST recovered from ATO		31,289	10,750
Total receipts		1,327,790	1,121,991
Payments			
Payments to suppliers and employees		(1,187,741)	(1,129,096)
Payments to grants and other transfers		(42,645)	0
Total payments		(1,230,386)	(1,129,096)
Net cash flows from operating activities	4.1(b)	97,404	(7,105)
Cash flows used in investing activities			
Net cash flows used in investing activities		0	0
Cash flows (used in)/from financing activities			
Proceeds/(repayments) of security deposits		(48,250)	200
Net cash flows (used in)/from financing activities		(48,250)	200
Net increase in cash and cash equivalents		49,154	(6,905)
Cash and cash equivalents at the beginning of the financial year		2,066,608	2,073,513
Cash and cash equivalents at the end of the financial year	4.1(a)	2,115,762	2,066,608

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

1. ABOUT THIS REPORT

The financial statements cover the Heritage Council of Victoria as an individual reporting entity. The Heritage Council of Victoria is a body corporate established by the *Heritage Act 1995* and is a controlled entity of the State of Victoria.

Its address is: Heritage Council of Victoria

3 Treasury Place

Melbourne, VIC, 3002

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

Basis of preparation

This financial report was authorised for issue by the Chair – Stuart Macintyre and the Accountable Officer – Steven Avery on 11/09/2017.

Comprehensive operating statement

Net result from transactions is a key fiscal aggregate, measuring an entity's profit or loss. It:

- is equal to income from transactions minus expenses from transactions;
- is a summary of the ongoing sustainability of operations;
- excludes gains and losses resulting from changes in price levels and other changes in the volume of assets; and
- is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

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

The sum of net result from transactions and other economics flows forms the comprehensive result.

The comprehensive result represents the net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current (expected to be recovered or settled more than 12 months after the reporting period) assets and liabilities are disclosed in note 4, 5, 6 and 7.

Statement of changes in equity

The statement of changes in equity presents reconciliation between the carrying amount of each non-owner and owner equity opening balance at the beginning of the reporting period and the closing balance at the end of the reporting period, showing separately movements included in the comprehensive result and movements due to transactions with owners in their capacity as owners.

Cash flow statements

Cash flows are classified according to whether or not they arise from operating, investing or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

General

These financial statements:

- are presented in Australian currency and prepared in accordance with historical cost convention. Amounts have been rounded to the nearest \$1 unless otherwise stated;
- have the accrual basis of accounting applied; assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid; and
- have been prepared on a going concern basis and in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards (AAS), which include Interpretations issued by the Australian Accounting Standards Board (AASB), ensuring that the substance of the underlying transactions or other events is reported.

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

The Heritage Council of Victoria determines the policies and procedures for recurring and non-recurring fair value measurements in accordance with the requirements of AASB 13 *Fair Value Measurement* and the relevant Financial Reporting Directions.

Assets and liabilities for which fair value is measured or disclosed are generally categorised within a hierarchy, described 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.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Classes of assets and liabilities are determined by the Heritage Council of Victoria based on the nature, characteristics, risks of the asset or liability and where it is categorised in the hierarchy.

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

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

2. FUNDING DELIVERY OF OUR SERVICES

Introduction	Structure
<p>The Heritage Council of Victoria's role is to:</p> <ul style="list-style-type: none"> advise the Minister for Planning on the protection and conservation of Victoria's cultural heritage. decide which places and objects are added to the Victorian Heritage Register. hear appeals on permit applications. promote public understanding of Victoria's cultural heritage and conduct community education and information programs. undertake research related to identification, conservation and interpretation of cultural heritage. advise and liaise with state government departments and agencies and municipal councils on the protection and conservation of places and objects of cultural significance. <p>Income from transactions is the primary method the Heritage Council of Victoria generates funds. To enable the Heritage Council of Victoria to fulfill its objective and provide outputs, it receives income from grants provided by the Department of Environmental, Land, Water and Planning (DELWP).</p>	<p>2.1 Government grants</p> <p>2.2 Sales of goods and services</p> <p>2.3 Interest income</p> <p>2.4 Other income</p>

2.1 Government grants

	2017	2016
	\$	\$
Government grants		
Grants from DELWP	500,000	500,000
Total government grants	500,000	500,000

Government contributions are recognised when the Heritage Council of Victoria obtains control of the funds. All other revenue is recognised when controlled (i.e. when received or receivable).

2.2 Sale of goods and services

	2017	2016
	\$	\$
Sale of goods and services		
Planning fees	624,546	573,537
Other fees for service	48,250	0
Total sale of goods and services	672,796	573,537

Income from the sale of goods is recognised when:

- the Heritage Council of Victoria no longer has any of the significant risks and rewards of ownership of the goods;
- the Heritage Council of Victoria no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of income and the costs incurred or to be incurred in respect of the transactions can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Heritage Council of Victoria.

The Heritage Council of Victoria has two main types of fees:

- Planning fees - levied to advise an applicant whether or not a place or object is included in the Heritage Register under the *Heritage Act 1995* and the category in which it is registered. Planning certificate fees are recognised at the time applications are lodged together with payment of fees.
- Permit and consent fees - The Heritage (General) Regulations 2005 set out the prescribed fee required to accompany an application for a permit or consent application pursuant to the *Heritage Act 1995*. A permit is required for alterations to a place included in the Victorian Heritage Register unless a permit exemption is provided. A consent is required for works which may affect the historical archaeology of a Heritage Inventory site. Permit and consent fees are recognised when the applications are lodged, together with payment of fees

2.3 Interest income

	2017	2016
	\$	\$
Interest income		
Interest from cash, deposits and investments	43,148	52,165
Total interest income	43,148	52,165

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

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

2.4 Other income

	2017	2016
	\$	\$
Other income		
Grants and donations	103,250	9,225
Total other income	103,250	9,225

3. THE COST OF DELIVERING SERVICES

Introduction	Structure
This sections provides an accounts of the expenses incurred by the Heritage Council of Victoria. In section 2, the funds that enable the provision of services were disclosed and in this section the costs associated with provision of services are recorded.	1.1 Member fees and other costs 3.1.1 Superannuation 3.1.2 Responsible persons 3.1.3 Related Parties 1.2 Supplies and services 3.2.1 Audit fees 1.3 Grants to local government, individuals and businesses 1.4 Other operating expenses 1.5 Other economic flows included in net result

The Heritage Council of Victoria does not employ any staff directly. The staffing resources are provided by DELWP and all provisions for employee benefits are held by the Department.

3.1 Member fees and other costs

	2017	2016
	\$	\$
Member fees and other costs		
Sitting fees	(210,711)	(184,547)
Travel and subsistence expenses	(5,019)	(14,683)
Superannuation	(18,878)	(21,372)
Other on-costs	(17,617)	(12,948)
Total member fees and other costs	(252,225)	(233,550)

The Heritage Council of Victoria members are remunerated for attending various council meetings, including hearings and appeals.

3.1.1 Superannuation

The names, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Heritage Council of Victoria are as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2017 \$	2016 \$	2017 \$	2016 \$
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	5,951	6,716	1,304	2,420
Various other	9,534	8,994	2,089	3,242
Total	15,485	15,710	3,393	5,662

Members of the Heritage Council of Victoria are entitled to receive superannuation benefits and the Council contributes to defined contribution plans.

The Heritage Council of Victoria does not recognise any defined benefit liability in respect of the plan because the Heritage Council of Victoria has no legal or constructive obligation to pay future benefits relating to its members; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance (DTF) recognises and discloses the State's defined benefit liabilities in its financial statements.

Superannuation contributions paid or payable for the reporting period are included as member benefits in the comprehensive operating statement of the Heritage Council of Victoria.

Contributions are set at a minimum of 9.50% of member's wages and salaries and are legally enforceable on the Heritage Council of Victoria.

3.1.2 Responsible persons

The following table lists persons who held the positions of accountable officer and board members at the Heritage Council of Victoria:

Minister for Planning	The Hon. Richard Wynne MP	1 July 2016 to 30 June 2017
Chair	Stuart Macintyre	1 July 2016 to 30 June 2017
Accountable Officer	Tim Smith	1 July 2016 to 30 June 2017
Member	Tony Darvall	1 July 2016 to 30 June 2017
Member	Andrew May	1 July 2016 to 30 June 2017
Member	Paul Coffey	1 July 2016 to 30 June 2017
Member	Juliette Halliday	1 July 2016 to 30 June 2017
Member	Trish Vejby	1 July 2016 to 30 June 2017
Member	Lindsay Merritt	1 July 2016 to 30 June 2017
Member	Megan Goulding	5 July 2016 to 30 June 2017
Member	Louise Honman	5 July 2016 to 30 June 2017
Member	Christopher Crocker	5 July 2016 to 30 June 2017
Alternate Member	Patrick Doyle	1 July 2016 to 30 June 2017
Alternate Member	Leigh Mackay	1 July 2016 to 30 June 2017
Alternate Member	Jennifer Moles	1 July 2016 to 30 June 2017
Alternate Member	Garrie Hutchinson	1 July 2016 to 30 June 2017
Alternate Member	Lucinda Peterson	1 July 2016 to 30 June 2017
Alternate Member	Penelope Martyn	1 July 2016 to 30 June 2017
Alternate Member	Karen Murphy	5 July 2016 to 30 June 2017
Alternate Member	Christine Phillips	5 July 2016 to 30 June 2017
Alternate Member	Natica Schmeder	5 July 2016 to 30 June 2017
Alternate Member	Jeffrey Robinson	5 July 2016 to 30 June 2017

The person who held the position of Accountable Officer of the Heritage Council of Victoria was Tim Smith. Tim Smith left his position with DELWP on 14 July 2017 and since that time Steven Avery has been the Accountable Officer.

The following table provides a breakdown of remuneration received or receivable by the board members in connection with the management of the Heritage Council of Victoria:

	2017 No.	2016 No.
Income band (\$)		
0 – 9,999	12	11
10,000 – 19,999	8	9
Total number	20	20
Total remuneration	\$223,739	\$196,704

Amounts relating to the Minister is reported in the financial statements of the Department of Parliamentary Services.

The Accountable Officer is reported separately in the Financial Statements of DELWP.

The Heritage Council of Victoria does not have any Executive Officers.

3.1.2 (a) Acting arrangements

The Hon. Wade Noonan MP acted as Minister for Planning during the period 4 to 5 July 2016.

The Hon. Jill Hennessy MP acted as Minister for Planning during the period 6 to 14 July 2016.

The Hon. Lily D'Ambrosio MP acted as Minister for Planning during the period 1 to 8 January 2017.

The Hon. Lisa Neville MP acted as Minister for Planning during the periods 1 to 5 August 2016 and 9 to 25 January 2017.

Geoff Austin acted as the Accountable Officer during the period 9 to 20 January 2017.

Steven Avery acted as the Accountable Officer during the period 23 to 30 January 2017.

3.1.3 Related Parties

The Heritage Council of Victoria is a wholly owned and controlled entity of the State of Victoria. Related parties of the Heritage Council of Victoria include:

- all key management personnel, their close family members and business interest; and
- the Department of Environment, Land, Water and Planning, related public sector entities and the relevant minister.

All related party transactions have been entered on an arm's length basis. All transactions that have occurred with key management personnel and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the Heritage Council of Victoria's financial position and profit and loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments with such parties.

Key management personnel of the entity include the responsible persons listed in 3.1.2.

The remuneration breakdown of the Heritage Council of Victoria's key management personnel is shown in the table below:

Compensation of key management personnel	Amount (\$)
Short term benefits	204,861
Post-employment benefits	18,878
Total	223,739

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

During the year, the Heritage Council of Victoria had the following government-related entity transactions:

- Operating funding totaling \$500,000 received from the Department of Environment, Land, Water and Planning (DELWP) through the Planning Group. The funding supports the general operations of the Heritage Council of Victoria and is utilised in accordance with section 137 of the *Heritage Act 1995*.
- Operating funding totaling \$9,000 paid to the Borough of Queenscliffe.
- Operating funding totaling \$5,000 paid to the Horsham City Council.

3.2 Supplies and services

	2017	2016
	\$	\$
Supplies and services		
Community awareness and publicity	(58,521)	(49,219)
Contract and professional services	(784,359)	(653,618)
Equipment and maintenance hire	(3,655)	0
General expenses	(26,372)	(21,370)
IT expenses	(19,111)	(16,305)
Motor vehicle expenses	(232)	0
Office and accommodation	(25,491)	(10,149)
Payments for shared services	(1,158)	(649)
Postage and telephone	(3,393)	(4,737)
Travel and subsistence	(12,361)	(11,269)
Total supplies and services	(934,653)	(767,316)

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

The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed. They generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the entity.

More specific example includes hiring of professional services for heritage building feasibility studies, education and training, conservation management plans, advertising, publicity and information costs and project staffing and expenses for contractors.

3.2.1 Audit fees

	2017	2016
	\$	\$
Victorian Auditor General's Office		
Audit review of the financial statements	16,000	15,100
Total	16,000	15,100

3.3 Grants to local government, individuals and businesses

	2017	2016
	\$	\$
Grants		
Grants to local government	(14,000)	0
Grants to private individuals, businesses and non-profit organisations	(28,645)	0
Total	(42,645)	0

Grants to third parties are recognised as an expense in the reporting period in which they are paid or payable. These grants assist with the conservation of any part of Victoria's cultural heritage. These grants are provided based on the consent of the Executive Director of Heritage Victoria and the Heritage Council of Victoria.

3.4 Other operating expenses

	2017	2016
	\$	\$
Other operating expenses		
Cost of goods sold/distributed	0	(880)
Total other operating expenses	0	(880)

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

3.5 Other economic flows included in net result

	2017	2016
	\$	\$
Net gain/(loss) on financial instruments		
Net gain/(loss) on loans and receivables ⁽ⁱ⁾	(20,313)	(12,740)
Total net gains/(loss) on financial instruments	(20,313)	(12,740)

(ii) Revaluation gain/(loss) due to write offs.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Heritage Council of Victoria controls investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Heritage Council of Victoria to be utilised for delivery of those outputs.

Structure

4.1 Cash

4.1.1 Ageing analysis of cash

4.1 Cash

	2017 \$	2016 \$
(a) Reconciliation of cash and cash equivalents		
At call deposits	1,950,000	1,950,000
Cash equivalent	165,762	116,608
Total cash and deposits disclosed in the balance sheet	2,115,762	2,066,608
Balance per cash flow statement	2,115,762	2,066,608
(b) Reconciliation of net result for the period		
Comprehensive result	69,358	120,441
Movements in assets and liabilities		
(Increase)/Decrease in receivables	43,210	(197)
Increase/(Decrease) in payables	(15,164)	(127,349)
Net cash flows from operating activities	97,404	(7,105)

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

4.1.1 Ageing analysis of cash

	Carrying amount	Not past and impaired	due not	Past due but not impaired			
				Less than 1 Month	1 – 3 months	3 months – 1 year	1-5 years
				\$	\$	\$	\$
2017							
Cash and deposits	2,115,762	2,115,762	0	0	0	0	
Total	2,115,762	2,115,762	0	0	0	0	
2016							
Cash and deposits	2,066,608	2,066,608	0	0	0	0	
Total	2,066,608	2,066,608	0	0	0	0	

5. OTHER ASSETS AND LIABILITIES

Introduction	Structure
This section sets out those assets and liabilities that arose from the Heritage Council of Victoria's controlled operations.	<p>5.1 Receivables</p> <p>5.1.1 Ageing analysis of contractual receivables</p> <p>5.2 Payables</p> <p>5.2.1 Maturity analysis of contractual payables</p> <p>5.3 Security deposits</p> <p>5.3.1 Maturity analysis of security deposits</p>

5.1 Receivables

	2017 \$	2016 \$
Current receivables		
Contractual		
Accrued revenue	31,507	32,537
Trade receivables	0	10,891
Total contractual receivables	31,507	43,428
Statutory		
GST input tax credit recoverable	5,315	36,604
Total statutory receivables	5,315	36,604
Total current receivables	36,822	80,032
Non-current receivables		
Contractual		
Loans receivable	31,262	31,262
Total non-current receivables	31,262	31,262
Total receivables	68,084	111,294

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

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

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

5.1.1 Ageing analysis of contractual receivables

The following table discloses the aging only of contractual receivables that are past due but not impaired.

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired			
			Less than 1 Month \$	1 – 3 months \$	3 months – 1 year \$	1-5 years \$
2017						
Receivables ⁽ⁱ⁾						
Accrued revenue	31,507	31,507	0	0	0	0
Trade receivables	0	0	0	0	0	0
Loans receivable	31,262	31,262	0	0	0	0
Total	62,769	62,769	0	0	0	0
2016						
Receivables ⁽ⁱ⁾						
Accrued revenue	32,537	32,537	0	0	0	0
Trade receivables	10,891	10,891	0	0	0	0
Loans receivable	31,262	31,262	0	0	0	0
Total	74,690	74,690	0	0	0	0

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

5.2 Payables

	2017 \$	2016 \$
Current payables		
Contractual		
Other accrued expenses	83,254	99,042
Trade creditors ⁽ⁱ⁾	12,076	0
Superannuation payable	3,393	349
Total contractual payables	98,723	99,391
Statutory		
Amounts payable to Government and agencies	0	14,301
Payroll tax payable	0	195
Total statutory payables	0	14,496
Total current payable	98,723	113,887
Total payables	98,723	113,887

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

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

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost as they do not arise from a contract.

5.2.1 Maturity analysis of contractual payables

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

	Carrying Amount \$	Nominal amount \$	Maturity dates				
			Less than 1 month \$	1 - 3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2017							
Payables ⁽ⁱ⁾							
Other accrued expenses	83,254	83,254	83,254	0	0	0	0
Trade creditors	12,076	12,076	12,076	0	0	0	0
Superannuation payable	3,393	3,393	3,393	0	0	0	0
Total	98,723	98,723	98,723	0	0	0	0
2016							
Payables ⁽ⁱ⁾							
Other accrued expenses	99,042	99,042	99,042	0	0	0	0
Trade creditors	0	0	0	0	0	0	0
Superannuation payable	349	349	349	0	0	0	0
Total	99,391	99,391	99,391	0	0	0	0

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

5.3 Security deposits

	2017 \$	2016 \$
Current security deposits		
Archaeological security deposits	11,500	35,000
Total current security deposits	11,500	35,000
Non-current security deposits		
Archaeological security deposits	44,441	69,191
Long term security deposits	150,000	150,000
Total non-current security deposits	194,441	219,191
Total security deposits	205,941	254,191

Archaeological security deposits are held in trust to ensure the site is returned to its former state and the proper cataloguing and conservation of any excavated material occurs.

The Heritage Council of Victoria's deposits consist of:

- Archaeological security deposits – Until 1 February 2014, proponents undertaking works in accordance with approvals issued under the Heritage Act, likely to contain significant historical archaeological artefacts, have been required to provide payment of an Archaeological Security Deposit. The security deposit funds conservation and collection management work at the Conservation Centre. On the generation of a security deposit, 20% of the amount is recognised as revenue. The remaining amount is withheld in a liability account to fund all required artefact conservation works at the conclusion of the excavation project. At the completion of the conservation works, an assessment is done to verify the value of the completed works, and the corresponding amount is recognised as revenue. The remainder is returned to the proponent (less the initial 20% levy).

- Long-term security deposits – Section 74(4) of the *Heritage Act 1995* allows the Executive Director to impose a condition on a permit requiring security to be given to ensure satisfactory completion of works. This generally applies to conservation works. It also allows the form and amount of security to be determined by the Executive Director.

5.3.1 Maturity analysis of security deposits

	Carrying Amount \$	Nominal amount \$	Maturity dates				
			Less than 1 month	1 - 3 months	3 months – 1 year	1-5 years	5+ years
			\$	\$	\$	\$	\$
2017							
Security deposits	205,941	205,941	0	0	11,500	194,441	0
Total	205,941	205,941	0	0	11,500	194,441	0
2016							
Security deposits	254,191	254,191	0	0	35,000	219,191	0
Total	254,191	254,191	0	0	35,000	219,191	0

6 HOW WE FINANCED OUR OPERATIONS

Introduction

This section provides information on the sources of finance utilised by the Heritage Council of Victoria during its operations.

Structure

6.1 Commitments

6.1.1 Commitments to pay out grants and loans

6.1.2 Commitments for operating expenditure

6.1.3 Commitments for capital expenditure

6.2 Leases

6.1 Commitments

Commitments for future expenditure include paying out grants and loans, operating commitments and capital commitments arising from contracts. These commitments are recorded below their nominal value and are inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present value of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.1.1 Commitments to pay out grants and loans

In addition to the grants and loans issued during the year, total approvals given by the Heritage Council up to 30 June 2017 provide for the issue of \$557,683 (2016 - \$530,983) in grants and loans in future years.

These commitments are represented in the table below. These are not reflected in the Comprehensive Operating Statement and Balance Sheet until the option has been taken up by the applicant.

	2017	2016
	\$	\$
Grant commitments		
Not later than one year	276,364	150,019
Later than one year but no later than five years	281,319	357,964
Later than five years	0	23,000
Total	557,683	530,983

6.1.2 Commitments for operating expenditure

The Heritage Council of Victoria has operating expenditure of \$110,000 committed in 2017-18 for "Valuing Victoria's Heritage" work to be performed by SGS Economics & Planning Pty Ltd (2016: Nil).

6.1.3 Commitments for capital expenditure

At reporting date, the Heritage Council of Victoria has no capital commitments (2016: Nil).

6.2 Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

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

At reporting date, the Heritage Council of Victoria has no leases (2016: Nil).

7 Risks, Contingencies and Valuation Judgements

Introduction

The Heritage Council of Victoria 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 relate mainly to fair value determination.

Structure

- 7.1 Financial instrument specific disclosures
 - 7.1.1 Financial assets
 - 7.1.1 (a) Loans and receivables and cash
 - 7.1.2 Financial liabilities
 - 7.1.2 (a) Financial liabilities at amortised cost
- 7.2 Financial risk management objective and policies
 - 7.2.1 Credit risk
 - 7.2.2 Liquidity risk
 - 7.2.3 Market risk
 - 7.2.3 (a) Interest rate sensitivity analysis and assumptions
 - 7.2.3 (b) Comparison between carrying amount and fair value
- 7.3 Contingent assets and liabilities
 - 7.3.1 Unquantifiable Contingent liabilities

7.1 Financial instrument specific disclosures

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

Where relevant for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

Categories of financial instruments

7.1.1 Financial assets

A financial asset is any asset that is:

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

7.1.1 (a) Loans and receivables and cash

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

This category includes cash and deposits (refer to note 4.1), investments (term deposits with maturity dates greater than three months) and receivables (excluding statutory receivables).

7.1.2 Financial liabilities

A financial liability is any liability that is:

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

7.1.2 (a) Financial liabilities at amortised cost

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

- payables (excluding statutory payables); and
- security deposits.

7.2 Financial risk management objective and policies

The Heritage Council of Victoria's principal financial instruments comprise of:

- cash and deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- security deposits.

The main purpose in holding financial instruments is to prudentially manage the Heritage Council of Victoria's financial risks in the government policy parameters.

The Heritage Council of Victoria is exposed to the following risks:

- Credit risk.
- Liquidity risk.
- Market risk.

The carrying amounts of the Heritage Council of Victoria's financial assets and financial liabilities are listed in the table below.

	2017			2016		
	Contractual financial assets – loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$	Contractual financial assets – loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial assets						
Cash and deposits	2,115,762	0	2,115,762	2,066,608	0	2,066,608
Receivables ⁽ⁱ⁾						
Accrued revenue	31,507	0	31,507	32,537	0	32,537
Loans receivables	31,262	0	31,262	31,262	0	31,262
Trade receivables	0	0	0	10,891	0	10,891
Investments	550,000	0	550,000	550,000	0	550,000
Total contractual financial assets	2,728,531	0	2,728,531	2,691,298	0	2,691,298
Contractual financial liabilities						
Payables ⁽ⁱⁱ⁾						
Accrued expenses	0	83,254	83,254	0	99,042	99,042
Trade creditors	0	12,076	12,076	0	0	0
Superannuation payable	0	3,393	3,393	0	349	349
Security deposits	0	205,941	205,941	0	254,191	254,191
Total contractual financial liabilities	0	304,664	304,664	0	353,582	353,852

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

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

7.2.1 Credit risk

Credit risk arises from the contractual financial assets of the Heritage Council of Victoria's debtors. The Heritage Council of Victoria's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the entity. Credit risk is measured at fair value and is monitored on a regular basis.

For debtors other than Government, it is the Heritage Council of Victoria's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Heritage Council of Victoria does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest.

Provision of impairment for financial assets is recognised when there is objective evidence that the Heritage Council of Victoria will not be able to collect a receivable.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Heritage Council of Victoria's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Currently the Heritage Council of Victoria does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the contractual financial assets are impaired.

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.

7.2.2 Liquidity risk

Liquidity risk is the risk that the Heritage Council of Victoria would be unable to meet its financial obligations as they fall due. The Heritage Council of Victoria operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. Risk is managed through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Heritage Council of Victoria's exposure to liquidity risk is deemed insignificant based on prior period data and current assessment of risk.

7.2.3 Market risk

The Heritage Council of Victoria's exposure to market risk is primarily through interest rate risk, with insignificant exposure to foreign currency and other price risks.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Heritage Council of Victoria does not hold any interest bearing financial instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Heritage Council of Victoria has minimal exposure to cash flow interest rate risk through its term deposits.

The carrying amount of financial assets and financial liabilities that are exposed to interest rate risk are set out in the table below.

	Weighted average interest rate	Interest rate exposure			
		Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2017					
Contractual financial assets					
Cash and deposits	1.61%	2,115,762	1,900,000	50,000	165,761
Receivables ⁽ⁱ⁾					
Accrued revenue		31,507	0	0	31,507
Loans receivables		31,262	0	0	31,262
Trade receivables		0	0	0	0
Investments	1.89%	550,000	550,000	0	0
Total		2,728,531	2,450,000	50,000	228,530
Contractual financial liabilities					
Payables: ⁽ⁱⁱ⁾					
Accrued expenses		83,254	0	0	83,254
Trade creditors		12,076	0	0	12,076
Superannuation payables		3,393	0	0	3,393
Security deposits		205,941	0	0	205,941
Total		304,664	0	0	304,664
2016					
Contractual financial assets					
Cash and deposits	1.83%	2,066,608	1,900,000	50,000	116,608
Receivables ⁽ⁱ⁾					
Accrued revenue		32,537	0	0	32,537
Loans receivables		31,262	0	0	31,262
Trade receivables		10,891	0	0	10,891
Investments	2.11%	550,000	550,000	0	0
Total		2,691,298	2,450,000	50,000	191,298
Contractual financial liabilities					
Payables ⁽ⁱⁱ⁾					
Accrued expenses		99,042	0	0	99,042
Trade creditors		0	0	0	0
Superannuation payables		349	0	0	349
Security deposits		254,191	0	0	254,191
Total		353,582	0	0	353,582

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

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

The Heritage Council of Victoria's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Based on this historical data, the Heritage Council of Victoria's has no sensitivity to movements in market interest rates, as there are no financial instruments exposed to variable interest rates.

7.2.3 (a) Interest rate sensitivity analysis and assumptions

Reviewing past account performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the Heritage Council of Victoria believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia):

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates

2017 Interest rate risk			
	Carrying amount	-1% -100 basis points	1% 100 basis points
2017			
Contractual financial assets			
Cash and deposits – floating interest	2,115,762	(500)	500
Total	2,115,762	(500)	500
2016			
Contractual financial assets			
Cash and deposits – floating interest	2,066,608	(500)	500
Total	2,066,608	(500)	500

7.2.3 (b) Comparison between carrying amount and fair value

	2017		2016	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Contractual financial assets				
Cash and cash deposits	2,115,762	2,115,762	2,066,608	2,066,608
Receivables⁽ⁱ⁾				
Accrued revenue	31,507	31,507	32,537	32,537
Loans receivables	31,262	31,262	31,262	31,262
Trade receivables	0	0	10,891	10,891
Investments	550,000	550,000	550,000	550,000
Total contractual financial assets	2,728,531	2,728,531	2,691,298	2,691,298
Contractual financial liabilities				
Payables⁽ⁱⁱ⁾				
Accrued expenses	83,254	83,254	99,042	99,042
Trade creditors	12,076	12,076	0	0
Superannuation payable	3,393	3,393	349	349
Security deposits	205,941	205,941	254,191	254,191
Total contractual financial liabilities	304,664	304,664	353,582	353,582

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

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

7.3 Contingent assets and liabilities

At the reporting date, the following contingent assets exist:

- Bank guarantees, totaling \$10,054,437 (2016: \$2,549,637) are held by the Heritage Council Victoria as financial security for the following:
 - (a) pursuant to a condition of a permit \$9,881,000 (2016: \$2,376,200)
 - (b) loans \$128,833 (2016: \$128,833)
 - (c) Murtoa Stick Shed contracts \$44,604 (2016: \$44,604)

The Council provides grants and low interest loans to persons currently in the possession of buildings of historic significance for restoration and maintenance. When a loan is provided, a signed contract is entered in to secure the Council's interest. Prior to 1991, the need for a Bank Guarantee was determined by the Heritage Council of Victoria's Finance Committee, based on the loan applicant's ability to repay the loan at that point in time. Subsequently the Council now requires that all loans to be fully secured by a Bank Guarantee with the exception of loans provided to church authorities and local and state government authorities.

There are no quantifiable contingent liabilities (2016: Nil).

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.

7.3.1 Unquantifiable contingent liabilities

There are no unquantifiable contingent liabilities.

2016: The Heritage Council of Victoria and the Executive Director, Heritage Victoria are joint defendants for a Supreme Court appeal hearing that was heard on 16 August 2015. The Court's decision has been handed down in favour of the Heritage Council of Victoria and the Executive Director and costs have been awarded but are currently under appeal.

8 Other disclosures

Introduction

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

Structure

8.1 Accounting Policy

8.1.1 Accounting for the goods and services tax (GST)

8.1.2 Net result

8.1.3 Transactions

8.1.4 Other transactions

8.1.5 Events after the reporting date

8.1.6 Subsequent events

8.2 Reclassification of financial information

8.3 Australian Accounting Standards issues that are not yet effective

8.1 Accounting Policy

8.1.1 Accounting for the goods and services tax (GST)

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

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

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

8.1.2 Net result

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

8.1.3 Transactions

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

8.1.4 Other transactions

Other related party transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

8.1.5 Events after the reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the entity and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting and before the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

8.1.6 Subsequent events

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

8.2 Reclassification of financial information

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

The Heritage Council of Victoria has reviewed its financial statements and has made the following revisions:

- The account mapping for the Heritage Council of Victoria has been updated to align with DELWP and its small entity financial statements. The account mapping was previously reported on project level. This has now changed to an account level, impacting the financial statements and notes.
- The superannuation breakdown in note 3.2.1 has been updated to better reflect the nature of superannuation paid and outstanding.

8.3 Australian Accounting Standards issued that are not yet effective

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

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

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

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

Standard/Interpretation ¹	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments:</p> <ul style="list-style-type: none"> require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>No change for lessors.</p>
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	<p>The assessment has indicated that there is minimal impact.</p> <p>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 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.</p>
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on 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*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle*

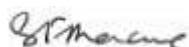
Accountable Officer's declaration and statutory certification

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

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

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

We authorise the attached financial statements for issue on 11 September 2017.



Stuart Macintyre

Chair

Heritage Council of Victoria

Melbourne

11 September 2017



Steven Avery

Accountable Officer

Heritage Council of Victoria

Melbourne

11 September 2017

APPENDIX 1

DISCLOSURE INDEX

This index has been prepared to facilitate identification of the Council's compliance with statutory disclosure requirements.

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